S. HRG. 108–705

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Before the Committee on Appropriations

Department of Homeland Security

Fiscal Year 2005

108*th* CONGRESS, SECOND SESSION

H.R. 4567/**S.** 2537

DEPARTMENT OF HOMELAND SECURITY
NONDEPARTMENTAL WITNESSES

Department of Homeland Security, 2005 (H.R. 4567/S. 2537)

S. HRG. 108–705

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 4567/S. 2537

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF HOMELAND SECURITY FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005, AND FOR OTHER PURPOSES

Department of Homeland Security
Nondepartmental witnesses

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DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

TUESDAY, FEBRUARY 10, 2004

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

The subcommittee met at 10:02 a.m., in room SD–106, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Specter, Domenici, Gregg, Craig, Byrd, Inouye, Leahy, Harkin, Mikulski, Kohl, and Murray.

DEPARTMENT OF HOMELAND SECURITY

STATEMENT OF HON. TOM RIDGE, SECRETARY

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The hearing of our committee will please come to order.

Today we begin our review of the fiscal year 2005 budget request for the Department of Homeland Security. I am pleased to welcome to the hearing the Secretary of the Department of Homeland Security, the Honorable Tom Ridge.

Under the Secretary's leadership, this new department, which became operational not quite 1 year ago, has undertaken the challenge to improve the safety and security of the United States. Merging some 180,000 employees from 22 separate agencies into a new department has been a very challenging endeavor. Recent events have underscored our awareness that challenges still lie ahead as the department continues its work to prevent terrorism, to reduce the Nation's vulnerability to terrorist acts, and to increase our disaster response capabilities.

While we all understand that more will be done, the administration with the active support of this committee and the Congress is succeeding to improve our intelligence-gathering capabilities; achieve a greater degree of coordination and cooperation among all those involved in homeland security; develop and deploy new detection technologies; and heighten security of our borders, ports, transportation systems, and other critical infrastructure.

We will review this year's budget request and work with you, Mr. Secretary, to provide the resources the department requires to manage its responsibilities and to successfully carry out its mission. For fiscal year 2005, the President's budget requests $40.2 billion to fund programs and activities of the department, including

mandatory and discretionary appropriations, user fee collections, and trust funds.

At this point, I am very pleased to yield to other senators on the committee, first to my distinguished friend from West Virginia, who is the ranking Democrat on this subcommittee, Senator Byrd, for any statements he might wish to make.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you, Mr. Chairman, my colleagues on the committee, and welcome, Mr. Secretary.

As we approach the 1-year anniversary of the creation of the Department of Homeland Security, this subcommittee will be holding a series of hearings on the President's request for your agency. These hearings will focus not just on the budget request for the department, but also on the effectiveness of the department in using the resources that have been available to it to make this country safer. I look forward to your testimony on efforts to secure the homeland by other Federal agencies, by State, regional, and local governments, and by the private sector.

ALERT LEVEL CHANGE

On Sunday, December 21, you raised the Nation's terror alert level to orange. In justifying this action you said, and I quote, "The strategic indicators, including Al Qaeda's continued desire to carry out attacks against our homeland, are perhaps greater now than at any point since September 11." In explaining why you thought there was a high risk of terrorist attack, you said, and I quote, "Information indicates that extremists abroad are anticipating near-term attacks that they believe will rival or exceed the scope and impact of those that we experienced in New York, at the Pentagon, and in Pennsylvania 2 years ago."

That was a pretty sobering assessment. When I read your testimony, I note that the President claims he is seeking a 10-percent increase for your department. I thought perhaps the administration had finally gotten the message that it was time to back up the President's rhetoric on homeland security with real resources.

FISCAL YEAR 2005 BUDGET INCREASE

But, Mr. Secretary, I was disappointed to learn that when one looks at the details in the President's budget, the 10-percent increase is just another puffed-up gimmick. The fact is that the Department of Homeland Security receives only a 4-percent proposed increase in discretionary spending, only slightly more than enough to cover inflation and the 2005 pay raise.

In the fiscal year 2004 Homeland Security Appropriations Act, Congress approved advanced appropriations of $2.5 billion for Project BioShield for the period from fiscal year 2005 to fiscal year 2008. In your budget presentation, you include the entire $2.5 billion as 2005 spending, despite the fact that those funds are supposed to last 4 years.

Your own budget documents show that you expect to spend only $890 million of the $2.5 billion in fiscal year 2005. After adjusting the budget request for that gimmick, the increase in the fiscal year

2005 budget is only 4 percent. So that means that the President is seeking a 4-percent increase when you believe that the threat of another terrorist attack is higher than at any time since September 11.

I share the view, Mr. Secretary, that this Nation is at risk of more terrorist attacks. We continue to be vulnerable to a wide range of potential threats. On December 15, 2003, the advisory panel to assess domestic response capabilities for terrorists involving weapons of mass destruction issued their final report. The panel, which was headed by the former Republican Governor of Virginia, James Gilmore, concluded that the department must learn from history without falling into the trap of fighting the last war by concentrating too heavily on the tactics and techniques used by the September 11 terrorists.

Yet in this budget, 97 percent of the budget for the Transportation Security Administration is for aviation security with a focus on more airline hijackings. What about the security of our ports? What about our buses, our trains? Why does the President propose to reduce grants to ports for improved security by over 60 percent, when over 95 percent of all overseas trade coming in or out of the country moves by ship? Why does the President refuse to increase resources for securing cargo on passenger aircraft?

Eight days ago, in this very room, Senate employees were quarantined and decontaminated for an attack with a dangerous toxin, ricin. Clearly, the risks of a chemical or biological attack in this Nation remain high. According to the EPA, over 100 chemical plants located throughout the country could affect over 1 million people if the plants were attacked.

In February of 2003, the National Infrastructure Protection Center, which is now part of your department, issued a threat warning that Al Qaeda operatives also may attempt to launch conventional attacks against the U.S. nuclear and chemical industrial infrastructure to cause contamination, disruption, and terror. Nuclear power plants and industrial chemical plants remain viable targets. And yet, Mr. Secretary, the President's budget does not include the request of the Post Office for $779 million to develop biodetection systems that would help protect citizens across the Nation and for ventilation and filtration systems to protect their employees. The President also proposes to cut by 10 percent the HHS program designed to equip and train State and local health agencies to detect and respond to biological or chemical attacks.

FUNDING FOR FIRST RESPONDERS

In June of 2003, the Council on Foreign Relations' report, authored by Former Senator Rudman and others, entitled, "Emergency Responders: Drastically Underfunded, Dangerously Unprepared," asserted that America will fall approximately $98 billion short of meeting emergency responder needs in the next 5 years, if current funding levels are maintained.

The Federal Emergency Management Agency, part of your department, in a report entitled "A Needs Assessment of the U.S. Fire Service," found that only 13 percent of the fire departments have the equipment and training to handle an incident involving chemical or biological agents. And yet, Mr. Secretary, the Presi-

dent's budget proposes to cut grants that equip and train police, fire, and emergency medical care personnel by $729 million. Fire grants alone are to be reduced by 33 percent.

In addition to these resource issues, this Subcommittee will also examine the effectiveness of our homeland security programs. We will ask questions about your methods for collecting and sharing intelligence. Just last week, we learned that the White House had been the target of a ricin attack. Sharing information with State and local law enforcement is a critical ingredient to effective deterrence.

We will also ask if the department is doing everything possible to make sure that State, local, and regional governments are effective partners in deterring a terrorist attack. We will ask whether we are providing the right incentives, including money, to make sure that chemical and other industries are doing their fair share to make this country more secure.

CAPPS II

Finally, we will closely examine your plan to implement CAPPS II, a new information system for screening airline passengers. And I encourage you not to implement the new system until the requirements of the law have been met.

Mr. Secretary, you and the 179,000 employees in your department are to be commended for your efforts to preserve our freedoms, to protect America, and to secure our homeland. We share your vision. I share your belief that we are a vulnerable Nation. We will ask many questions in an effort to understand what more needs to be done and what needs to be done differently in order to respond to the terrorist threat. We look forward to your testimony.

Senator COCHRAN. Senator Gregg, you are recognized for any opening statement you may have.

STATEMENT OF SENATOR JUDD GREGG

Senator GREGG. Well, Mr. Chairman, first, I appreciate your holding this hearing. And I appreciate Governor Ridge's attendance. And I have a lot of questions. I have obviously been involved in this issue, as many members of this panel have, for a long time. And just to highlight a couple of them quickly, I am very concerned about the discussion as to how this money is going out to first responders.

THREAT-BASED DISTRIBUTION

I am totally supportive of the department's effort to do a threat-based distribution. I think we need to look at the history of this. The original concept here was created by the Domenici-Nunn bill, which the Defense Department had. And the idea was we were going to train the top 162 cities first and make them capable of handling a major threat event. That whole concept was carried forward under the prior committee that had jurisdiction over first responders, which was my committee, CJS. We set up the first responder money. And we wanted to make it a threat-based approach.

This idea that we are just going to put money across the board to every community in America, we cannot afford that. What we need to do is focus it. And I congratulate the department for that. And I hope you will give us some more expansive thoughts on that and assure us that it is a threat-based approach for distribution there.

ENTRY-EXIT

Secondly, I am concerned about the exit-entry issue. The technology appears to me to be serious problems with that technology. And I am not sure that Customs and the Border Patrol activities are going to get the technology they need. I would like to get an update on that.

COUNTERTERRORISM COMMUNICATION

I am concerned about the communication efforts in the area of counterterrorism. There appears to be lapses there. And the bioterrorism issue is our problem. We, as a Congress, have not passed BioShield. You have given us a proposal. We have not passed it. You should have that in hand. And if you want to castigate us on that, we deserve it. And please do today.

AIRPORT SECURITY

And I am very concerned about the amount of money we are spending on airport security, as Senator Byrd outlined, and whether or not we are effectively addressing the threat coming across our borders by focusing so many resources on airport security. Anybody who goes through airport security today knows a lot of it is regrettably mindless security, which we have to get a handle on. Literally, you go into some of these airports, and you will have 20 or 30 security people standing there for an airport that has 20 flights a day. And it does not seem to have much relationship, especially now that we have secured the cockpit doors and these planes cannot be used as missiles any longer, but can still be blown up, of course.

But the ports are a threat. Other entry points are a threat. And are we over-weighting our security efforts to airports, to the transportation of individuals versus transportation of cargo through ports or in airplanes?

So there are a lot of questions. I look forward to hearing your answers and thoughts. And I would like to hear from you, so I will not take any more time. Thank you.

Senator COCHRAN. Thank you, Senator.

Senator Inouye.

STATEMENT OF SENATOR DANIEL K. INOUYE

Senator INOUYE. Mr. Chairman, I request that my full statement be made part of the record.

Senator COCHRAN. Without objection, it is so ordered.

Senator INOUYE. I just want to state that, as one living far away, I am a constant air traveler. And as such, I have been in a position to note differences, if any. And I must commend the Secretary, because there has been much improvement in our security system, as

far as the air operations are concerned. Little things, such as they are not giving any preference to big shots, which I think is a clear indication of better discipline. The operation is much smoother. It moves faster and, I believe, much more effective.

PREPARED STATEMENT

Secondly, coming from the ocean, I am naturally concerned about port security. I commend you for the increase in your funding there. But as my colleague from West Virginia indicated, I hope that improvements can be made on the grand picture.

With that, I would like to thank you, Mr. Secretary.

Secretary RIDGE. Thank you, Senator.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUYE

Mr. Chairman, I look forward to discussing with Secretary Ridge the fiscal year 2005 budget for the Department of Homeland Security. In my review of the budget documents I was pleased to note the emphasis placed on port security, an issue of great importance to my state. However, I am concerned by many of the planned program consolidations and reductions that will impact state first responders. I am interested to learn how you will ensure that the Federal Government maintains the intent and results of the current programs that are proposed for consolidation.

Senator COCHRAN. Thank you, Senator.

Senator Stevens.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Well, thank you, Mr. Chairman, Mr. Secretary. I join my colleague from Hawaii, Senator Inouye. I think the two of us spend more time on airplanes than any other member of the Senate. And there is no question that the system is improved. It was my privilege to spend some time with the members of our Nation who manage airports over the recess right after Christmas. And that was the general consensus, that everything has improved.

But one of the things that almost everyone there expressed a hope was that we would analyze this now and see what is the threat. The threat in the beginning was perceived to be one thing. We basically have equipment now to examine for metal, for guns, for knives. But we are dealing with many substances now that those people who manage airports would like to work with you in order to see how we could address the possible broad spectrum of threats that affect us now.

NATIONAL ALERT SYSTEM

The only other question, if I am not here, Mr. Chairman, I would like to put it on the record, pertains to the national alert system. The Appropriations Committee provided specific money for a study concerning the national alert system, which currently still deals only with radio.

And we affirmatively believe that the mechanisms of communications now are so—there are such a myriad of methods now that there ought to be some consideration given to a ubiquitous system that no matter what form of communication you listen to or use, you would receive a message, whether it is over a cell phone or a blackberry or a computer or your radio or the television or cable,

that every system would have an announcement of items of national concern. Not local concern. Leave that to the local people to decide what they want to do. But the national alert system, I think, needs to be reviewed. And we asked for a study. And my question pertains to when we will receive that study.

Thank you very much, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Harkin.

STATEMENT OF SENATOR TOM HARKIN

Senator HARKIN. Thank you, Mr. Chairman. I would like to ask that my full statement be made a part of the record.

Senator COCHRAN. Without objection, it is so ordered.

Senator HARKIN. Just a couple of comments, Mr. Secretary. Again, as we all know, we cannot protect the Nation perfectly against every conceivable threat. And, therefore, we have to make choices and devote our limited resources to those threats that we judge to be most likely and most serious. So this poses some very difficult choices for our first responders, those people out on the front lines.

I made it a point, when this department was created, when I was appointed to this subcommittee, to go around the State of Iowa, to talk with the Governor, his staff, others in State Government. We visited each of 99 counties in Iowa to talk to the local emergency management personnel, the firefighters, police, EMS people, other officials. I wanted to find out what was on their minds, what they thought was most important, what they thought was working, what was not.

Again, aside from all the other things, I was told by almost all these people that the biggest challenges they face today are the same they faced prior to 9/11: Crime, methamphetamine, natural disasters. FEMA is now a part of Homeland Security. It has become a really remarkable, world-class organization dealing with fires, floods, tornadoes, things that happen every year. We cannot renege on our commitment to help people in need due to these natural disasters. That is why I and others have fought so hard to keep the fire grant program.

INCREASED BURDENS ON FIRST RESPONDERS

The first responders in Iowa would tell me that they are frustrated. When the alert level changes, they learn about it from CNN and not from the department. They do not know why the alert level is raised or what kind of threats they ought to be looking for. They tell me they are obliged to respond to vague mandates they do not fully understand, taking time away from other priorities. Often these mandates are unclear and costly.

At the same time, some current reporting requirements are onerous and illogical. One county emergency manager in Iowa told my staff that he is required to report on contingency plans in case there is a tidal wave. And as he understands it, he is not allowed to answer "not applicable."

And again, these increased burdens are coming at a time when State and local governments are hurting. Many are already laying off police, fire and emergency management personnel. The vast ma-

jority of firefighters in the United States are volunteers. Increased training requirements are needed. And they are burdensome. And at the time, local governments just do not have the wherewithal to do this.

AGRO-TERRORISM

One last thing I would just mention is agro-terrorism and the focus on the subject of agro-terrorism and what can be done with a small amount of agricultural commodities. I am concerned that perhaps we are not focusing enough on the subject of agro-terrorism and what could be done to interrupt our food supply, to contaminate food. Not that it might kill a lot of people, but just to spread terror, from things that could be done to our food supply chain.

PREPARED STATEMENT

With that, Mr. Secretary, thank you. I compliment you on the job you are doing very well down there and look forward to working with you to keep this going.

Thank you, Mr. Chairman.

Secretary RIDGE. Thank you, Senator.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TOM HARKIN

President Kennedy said that "to govern is to choose." We cannot protect the Nation perfectly against every conceivable threat. We have to choose. We have to devote our limited resources to address those threats we judge to be the most likely and most serious. This poses difficult choices for Congress and the Administration, as well as for local communities. It poses especially difficult choices for the first responders, those men and women who are truly on the front line—and whose lives are on the line when emergencies arise.

One of my highest priorities since being appointed to the Homeland Security Appropriations Subcommittee has been to address directly the needs of these front-line professionals all across Iowa. My staff and I have had numerous conversations with the Governor of Iowa, with his staff, and with others in State government. I also asked members of my Iowa staff to visit each of the state's 99 counties to talk with local emergency management personnel, firefighters, police, EMS and other officials. I wanted to get the best ideas from these front-line professionals: What do they think is most important when it comes to homeland security. What do they think is working, and what is not.

These meetings have been extraordinarily valuable to me. Security is on people's minds. Not surprisingly, Iowans were more than eager to share their insights and priorities. And their input has shaped my own approach to homeland security issues here in Washington.

When the creation of a new Department of Homeland Security was first proposed, I supported the effort. We knew then that balancing, and probably shifting, among competing priorities would be a challenge. We must do all we can to protect the America from terrorist threats.

But, at the same time, it remains vitally important that we protect Americans from other, more likely hazards. It is important that we not focus exclusively on large cities and major strategic assets. Frankly, I am extremely concerned about the shift of priorities in this proposed budget away from rural areas. Rural communities will continue to face major challenges. But, under this budget, they will face those challenges with fewer resources.

It is a mistake to redirect funds from badly needed current programs. That just creates new holes in our homeland security infrastructure. In fact, wherever possible, we should aim to expand and strengthen existing emergency-response mechanisms. We should increase the capacity of local authorities to prevent or respond to terrorist threats and to deal more effectively with the much more common threats and emergencies they face.

Iowans told my staff that the biggest challenges Iowans face today include many of the same problems they faced in June of 2000: crime, the methamphetamine scourge, natural disasters.

Over the past several years, FEMA, now part of Homeland Security, has become a truly remarkable, world-class organization for dealing with fires, floods, tornados, and earthquakes. These things occur every year, regardless of other threats, and they continue to threaten lives and livelihoods. We cannot renege on our commitment to help people in need due to these natural disasters. This is exactly why I and others have fought hard to ensure that the fire grant program is retained.

At the same time, first responders in Iowa tell me that they are frustrated. When the alert level changes, they learn about it from CNN, not from the Department of Homeland Security. They don't know why the alert level is raised, or which kinds of threats they ought to be looking out for. They are obliged to respond to vague mandates that they don't fully understand, taking time away from other priorities. Often, these mandates are unclear—and costly. While some funding is flowing, communities are unsure how exactly they should be spending it, and they fear spending it in a way that might not meet a later mandate.

At the same time, some current reporting requirements are onerous and illogical. One county emergency manager in Iowa told my staff that he is required to report on contingency plans in case there is a tidal wave—and, as he understands it, he is not allowed to answer "not applicable." I suspect that if a tidal wave big enough to cause damage in Iowa were to hit the United States, our least concern will be inadequate tidal wave planning in rural Iowa!

These increased burdens are coming at a time when State and local governments are hurting. Many already are laying off police, fire, and emergency management personnel. The vast majority of firefighters in the United States are volunteer. Increased training requirements for these personnel, while useful, can be extremely burdensome. We are losing firefighters in Iowa. If we at the Federal level are going to create mandates, then funds must follow those mandates.

Finally, I would like to mention the subject of agri-terrorism. As my colleagues know, a major agri-terrorism event could easily cause billions of dollars in losses. Anyone who has spent time in rural America knows the difficulty in trying to guard against every avenue of vulnerability. The key to protecting U.S. agriculture is making sure that our intelligence and response capabilities are in place both to prevent acts of terrorism in the first place, and to respond quickly should an attack occur. I think we are still falling short on response. I am very disappointed not to see more resources directed to building the capacity of our agricultural first-response system. We really need to take a hard look, and make sure we are doing all we can to protect U.S. agriculture and rural communities.

I have been working closely with my State government—particularly with the state Homeland Security director, Ellen Gordon—to identify appropriate state and Federal responses to agri-terror. Iowa has been working overtime trying to map out a comprehensive plan to deal with this very difficult issue. I applaud their good work. And I look forward to working with Secretary Ridge and with my colleagues to give greater focus and priority to the threat of agri-terrorism.

Senator COCHRAN. Senator Mikulski.

STATEMENT OF SENATOR BARBARA A. MIKULSKI

Senator MIKULSKI. Thank you very much, Mr. Chairman and Mr. Secretary. Mr. Chairman, I, too, ask unanimous consent that my full statement be in the record.

Senator COCHRAN. Without objection, it is so ordered.

[The statement follows:]

PREPARED STATEMENT OF BARBARA A. MIKULSKI

First of all, Mr. Secretary, I want to thank you for your personal visit to Maryland when Hurricane Isabel hit last September. It was of a magnitude that we have not seen for more than 80 years in Maryland. And your personal visit and the excellent response of FEMA is indeed appreciated. I'm here to thank you on behalf of the people of Maryland for coming to the State and touring the hard hit areas and for your team doing such a good job.

I'd also like to thank the Department of Homeland Security and all of our security agencies for averting another terrorist attack on the United States of America. Through classified briefings and others, I know that the threat over the holidays

was indeed real. The fact that were sitting here today having this hearing with no TV cameras shows that something must be working right. But for what you did over the holidays—and when I say you, I mean every single person who worked overtime—while we were sitting there having turkey and opening presents, there were people putting themselves out there. So I just wanted to say thank you, again, on behalf of the people of Maryland and all of us here, for all that you do to keep us safe.

I have four areas of concern, however, that I want to address in the Department of Homeland Security fiscal year 2005 budget: High Threat Urban Area funding, Fire Grants, Port Security, and Coast Guard funding.

First of all, I am very concerned about cuts to grant programs for State and local governments. The funding request for key first responder programs is down to $3.2 billion, which is $474 million less than last year. The State block grant program, which is distributed by formula, is reduced from $1.7 billion to $750 million. The Fire Grant program is reduced from $750 million to $500 million. However, I am happy to see an increase in grants to high threat, high density urban area funding, which is doubled to $1.45 billion.

The High Threat Urban Areas funding is extremely important. The Mayor of Baltimore recently said that "Cities are on the front line of homeland security, but in the back of the line funding. . . . The Administration and Congress should act now to direct appropriate homeland security funds to cities and eliminate the bureaucracy of a middle man." So while I applaud the President for recognizing the critical funding needs of our high threat, high-density regions, I hope I can work with you and the Members of the Committee to ensure that this money is getting where it is needed most: in the hands of the police, firefighters, and other emergency responders on the front lines.

I am very concerned about the Fire Grant program, which is one of the true grassroots programs that we have. Senator Bond and I worked so hard on Fire Grant funding when FEMA was in our VA–HUD bill. However, this year's budget calls for $500 million in funding, which is $246 million less than the 2004 level and $400 million less than the authorized level. I believe there is a compelling need to fund this program at its authorized level. In 2003 the U.S. Fire Administration received over 20,000 applications totaling $2.5 billion in requests. We know from FEMA and the National Fire Protection Association that at least 57,000 fire fighters lack personal protective clothing. That item in and of itself speaks to the enormous need in this area.

Another area of concern is the budget request for port security grants. President Bush's request calls for $46 million in Port Security Grants, which is well below last year's level of $124 million. The Coast Guard estimates that $5.4 billion is needed for port security improvements. I want to echo again comments about Baltimore and how deeply concerned we are about the fact that our ports continue to be vulnerable. And its not only about money, but its also about a smarter, more efficient strategy for protecting our critical infrastructure.

I am very supportive and proud of our U.S. Coast Guard, which is truly one of the most efficient and effective of all Federal agencies. The men and women of the Coast Guard put their lives on the line everyday to apprehend drug smugglers, protect our marine resources, and safeguard our environment. However, since September 11th they have been called on more than ever to protect our borders and ports. We need to provide the Coast Guard with the resources to meet these new challenges. Yet, the Guard operates a fleet of ships airplanes that are nearing the end of their useful life. In fact, some of their ships date back to World War II. That's why I am a strong supporter of the Coast Guard Deepwater Program, which would replace these antiquated systems with cutting edge technology.

And last, but not at all least, I would hope that you would comment on one of the biggest changes that you are proposing: the combining of 24 grant programs into a new office called the Office of State and Local Government Coordination and Preparedness. I presume the fire grants move over there. I believe you talk about it on page seven of your testimony. This is a big deal because people have complained about the need for a more efficient and effective coordination between Federal, State, and local governments, particularly as it relates to resources like we talked about—better communication and coordination.

But I'd like to know where you're heading with this consolidation. And also, what will it mean? Will it be a disruption for all those who know how to apply? Is this going to be a whole new set of rules, regulations, and trade routes that our first responders will have to learn to be able to come to Washington for help? Or is this really going to solve the problems that mayors and governors have raised with you? But again, a really heart-felt gratitude for all that you do. I look forward to your testimony today.

Senator MIKULSKI. First of all, Mr. Secretary, thanks are in order. I want to thank you for your personal visit to Maryland when Hurricane Isabel hit. It was of a magnitude that we have not seen for more than 80 years in Maryland. Your personal visit and the excellent response of FEMA is appreciated. I am here to thank you on behalf of the people of Maryland for coming and for your team doing such a good job.

Additionally, I would like to thank the Department of Homeland Security and all of our security agencies for averting another attack on the United States of America. Through classified briefings, I know that the threat over the holidays was indeed real. And the fact that we are sitting here today having a conversation with no TV cameras shows that something must be working right. I would like to thank you for what you did over the holidays—and when I say you, I mean every single person who worked overtime. While we were sitting at home having turkey and opening presents, there were people who were putting themselves out there. So I just wanted to say thank you, and again on behalf of the people of Maryland and all of us, for everyone who worked so hard.

In terms of where we are in homeland security, I want to echo concerns about the fire grant program, which is one of the true grassroots programs that we have. And, of course, Senator Bond and I worked so hard on that program when FEMA was over in our VA/HUD bill. The cut is $246 million from last year. And I would like to hear your elaboration on it.

FEMA and the National Fire Protection Association found that at least 57,000 firefighters lack personal protective clothing. That item in and of itself, where we have to protect the protector, speaks to the enormous need.

PORT SECURITY

The other is the whole issue of port security, which, again, echoing my comments, affects a Maryland port. We are deeply concerned about the fact that our ports continue to be vulnerable. And it is not only about money, but it is also about a more efficient strategy.

GRANT CONSOLIDATION

And last but not at least, I would hope that you would comment on the fact that one of the biggest changes is that you propose combining 24 grant programs into a new office called the Office for State and Local Government Coordination and Preparedness, one of which is moving FEMA over there. I presume the fire grants move over there. And I believe you talk about it on page seven of your testimony.

This is really a big deal, because people have complained about the need for more efficient and effective coordination between our State and local governments, particularly resources, like we talked about, communication coordination. But to move 24 grant programs, I would like to know where you are heading and also what will it mean. Will it be a disruption for all those who knew how to apply? Is this going to be a whole new set of rules, regs, trade routes that they have to learn to be able to come to Washington,

or is this really going to solve the problems that mayors and governors have raised with you?

But again, a really heartfelt gratitude.

Secretary RIDGE. Thank you, Senator.

Senator COCHRAN. Thank you, Senator.

Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman. And thank you to Senator Byrd and all of our colleagues for their comments today. I welcome you, as well, Mr. Secretary, and appreciate the tremendous job you are doing for our country. And I especially want to echo the comments of Senator Mikulski and thank you and everyone in your department for all of the work you do tediously every day to protect all of us. We all do appreciate it.

PORT SECURITY

I agree with my colleagues. A lot has been done in the area of airport security. All of us know tremendous changes have been made. Where I continue to have a tremendous concern is in the area of port security. And I know you joined the President last week in Senator Hollings's backyard at the Port of Charleston. And the White House issued a press release and described the event as the President focusing on seaport and cargo security. But I noticed that only a couple of minutes of his speech actually talked to that. And I think that kind of rhetoric without the backup is deeply concerning to me and to everyone, really, in this country.

We saw last week that a small bit of ricin shut down three buildings here on this campus for an entire week. A container coming into one of our terminals with an explosive device or any kind of biological agent could have a devastating effect obviously on human life, but a huge impact on the economy, if any of our ports or all of our ports were to shut down for any amount of time.

OPERATION SAFE COMMERCE

And I think you know what I am concerned about is that the backup is not there for the words and the rhetoric that the administration is focused on port security. I noticed in the President's budget request that a very promising security initiative, called the Operation Safe Commerce is killed in the President's budget. That is a program that is just beginning. And the first cargo ship actually with that in place is coming into my home State in Tacoma in just a couple weeks. And I think it is just not a good way to go, to kill that before it has even gotten started.

MARITIME TRANSPORTATION ACT

Another example is the President's budget director last week on the Budget Committee told me that the White House is committed to implementing the Maritime Transportation Act, the law that ensures that all of our ports and all the vessels calling on them have approved security plans. Mr. Bolton said the President was committed to implementing that, but his budget only provides 7 per-

cent of the funding that the Coast Guard testified to us they would need to implement that.

COAST GUARD

And the third example is that the administration is adding new homeland security duties to the Coast Guard's mission without providing them the support necessary to accomplish those tasks, as well as to deal with its traditional missions that are so critical. We all know the Coast Guard is stretched thin. They are working long hours. They are a dedicated group of people. But I think we need to back up what we are asking them to do in terms of homeland security duties and provide them with the funds. So I will be asking you about that today.

CUTS IN GRANT FUNDING

I share with my colleagues the concern about first responder grants that are being cut. And I want to mention as well the emergency management planning grants that go out to communities are being cut and restricted. If our communities cannot plan for a disaster, they will not know what to do if something occurs. And I think it is really important that we maintain our focus and our funds in that direction.

So those are some of the issues that I will raise in the question and answer period. But again, Mr. Secretary, thank you for the job you do for our country.

Senator COCHRAN. Thank you, Senator.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATTY MURRAY

I want to join you, Senator Byrd, and the rest of our colleagues in welcoming Secretary Ridge today. He has been handed a tough task in a very difficult time. I know he is committed to keeping our country safe, and I thank him for his leadership.

Mr. Secretary, I want to work with you to ensure our budget will actually deliver the security we both seek for our country.

Just last week, you joined President Bush at an event in Senator Hollings' backyard at the Port of Charleston.

A White House press release described the event this way—quote—"President Bush Focuses on Seaport and Cargo Security." He stood in front of a Coast Guard cutter and a container barge, yet he only focused on port security for about two minutes of his 30 minute speech.

Sadly that seems par-for-the-course for this White House.

The President offers a few words about port security here and there, but does not make the financial commitment we need to actually keep our ports safe.

And, the latest example came just last week with the President's budget request.

The President wants to kill a promising port security initiative called Operation Safe Commerce.

Mr. Secretary, as you know, our largest ports have been working to improve cargo security through Operation Safe Commerce for the past 2 years. In fact, the first cargo ship using this innovative program will arrive at the Port of Tacoma later this month, setting a new standard for port security. The President's budget would end Operation Safe Commerce.

That's just one disappointing example in this budget.

Here is another example: Last week the President's budget director told me the White House is committed to implementing the Marine Transportation Act. That's the law which will ensure all of our ports—and the vessels calling on them—have approved security plans.

Mr. Bolton said the President was committed to implementing MTSA, but his budget only provides 7 percent of the funding the Coast Guard says is required.

And, here's a third example, the Administration is adding new Homeland Security duties to the Coast Guard's mission without providing the support necessary to accomplish these new tasks as well as its traditional mission.

Mr. Secretary, we all agree that the Coast Guard is doing an admirable job balancing its many missions. However, the Coast Guard is stretched thin, and this budget stretches it further.

These brave men and women are working longer hours and doing more, but the President's budget offers no relief.

It's one thing to give a speech in front of our Coast Guard assets and quite another to actually provide the men and women of the Coast Guard with the tools they need to do the job.

Words won't help protect our Nation's seaports, but—

—Operation Safe Commerce,

—adequate support for the Coast Guard,

—and funding for marine security plans will make our ports safer.

And that is my focus today.

I do have other concerns with this budget beyond port security, for example:

I am concerned that first responder grants would be cut by more than $800 million.

I am also concerned that Emergency Management Planning Grants would be cut and restricted, putting our emergency management and response system in jeopardy.

These are some of the issues I hope to explore with the Secretary this morning.

Thank you Mr. Chairman.

INVITATION TO SECRETARY RIDGE TO MAKE A STATEMENT

Mr. Secretary, we have a copy of the statement you prepared. It will be made a part of the record. We invite you to make any additional statement you think would be helpful to our understanding of the budget request. You may proceed.

Secretary RIDGE. Senator, if I might just highlight some of the points for my opening address and summarize it briefly.

Senator COCHRAN. That will be fine.

STATEMENT OF SECRETARY TOM RIDGE

Secretary RIDGE. Thank you.

Mr. Chairman, Senator Byrd, members of the subcommittee, I am certainly grateful for the opportunity to appear before you today and present the President's budget and priorities for the Department of Homeland Security in the coming year.

With the creation of the Department of Homeland Security, that charge was given to us, 22 different agencies and nearly 180,000 employees, brought together to pursue a single mission. The recent ricin scare serves as a very difficult and poignant and relevant reminder that terrorism is a threat that we must confront each and every day with the same commitment and the same sense of urgency we all remember from the day our Nation was attacked 2 years ago.

As we prepare to celebrate the first year of the department, it is important to remind the public that it has been with the steadfast support of this Congress and the resources you have provided that have made it possible for the department to not only carry out a vigorous and ambitious slate of security initiatives, but also to say to Americans with confidence today that we are indeed safer.

ACCOMPLISHMENTS ACHIEVED BY THE DEPARTMENT OF HOMELAND SECURITY

We have strengthened airline security, increased vigilance at our borders and ports, forged unprecedented partnerships across the private sector and with State and local government, improved information sharing, launched robust efforts to engage citizens in preparedness efforts, and distributed funds and resources for our dedicated first responders.

FISCAL YEAR 2005 BUDGET REQUEST

To highlight an observation made by Senator Byrd, his analysis of the budget is correct. If you include the entire BioShield amount within the $40.2 billion, it is a 10-percent increase. If you add the nondiscretionary money and some of the fee increases we request, it is about a 6-percent increase. And then just with the discretionary money appropriated by Congress, it is about a 4.4-percent increase. We believe the increase in funding will provide the necessary resources we need to expand and improve existing projects and programs, as well as build new barriers to terrorists who wish to do us harm.

PREPARED STATEMENT

I think the balance of my testimony highlights the areas that we have sought an increase, Mr. Chairman. But since you have the testimony as part of the record, I assume some or all of it has been digested. I think it would probably be even more useful for all of us just to engage in the kind of conversation, the question and answer that has been so fruitful in the past. If my entire statement is included as part of the record, I would conclude by again thanking my colleagues in public service for the opportunity to appear before you and look forward to the ensuing conversation.

[The statement follows:]

PREPARED STATEMENT OF TOM RIDGE

INTRODUCTION

Mr. Chairman, Senator Byrd and Members of the Subcommittee: I am honored and pleased to appear before the Committee to present President Bush's fiscal year 2005 budget for the Department of Homeland Security. Before beginning to outline our fiscal year 2005 budget request, I want to thank you for the strong support you showed for the Department in the fiscal year 2004 budget and for the fact that that appropriation was passed in time for it to be signed by the President on October 1, 2003—the first day of the fiscal year.

The $40.2 billion request represents a ten percent increase in resources available to the Department over the comparable fiscal year 2004 budget and reflects the Administration's strong and continued commitment to the security of our homeland. The fiscal year 2005 budget is a $3.6 billion increase over fiscal year 2004, and it includes increased funding for new and expanded programs in border and port security, transportation security, immigration enforcement and services, biodefense, incident preparedness and response, and the implementation of a new human resources system that will reward outstanding performance. The budget also continues our momentum toward integrating intelligence, operations and systems in a way that increases our Nation's security.

The Department of Homeland Security has made great organizational strides during the first year of operations. Nearly 180,000 employees and a budget of $31.2 billion were brought under DHS less than a year ago. The Department established a headquarters operation and successfully began operations on March 1, 2003—bringing together the legacy agencies and programs that now make up DHS. Customs,

border and immigration activities have been reformulated into new agencies that will increase the effectiveness of our dedicated employees. DHS continues to create new ways to share information and intelligence within the Department and between levels of governments, and horizontally across agencies and jurisdictions. Already, over 350 different management processes have been consolidated to 130, and DHS has begun consolidating 2,500 support contracts into roughly 600.

While DHS invested considerable time to make the many organizational improvements that will improve our effectiveness, much was also accomplished programmatically. The fiscal year 2003 Performance and Accountability Report provides a comprehensive discussion of our accomplishments of the past year. We believe that in the twelve months since the creation of the Department, we have made substantial progress. Through the hard work of our dedicated and talented employees, America is more secure and better prepared than we were one year ago.

We have achieved many results since our creation, including:

—improving the collection, analysis and sharing of critical intelligence with key Federal, State and local entities;

—allocating or awarding over $8 billion to state and local first responders to help them prevent and prepare to respond to acts of terrorism and other potential disasters;

—strengthening border security through the "One face at the border" initiative, which will cross-train officers to perform three formerly separate inspections—immigration, customs and agriculture. This will allow us to target our resources toward higher risk travelers;

—instituting innovative new systems like US VISIT to identify and track foreign visitors and students and to screen for possible terrorist or criminal involvement;

—safeguarding air travel from the terrorist threat by hardening cockpit doors, instituting 100 percent checked baggage screening; and training more than 50,000 Federal passenger and baggage screeners;

—increasing safeguards on maritime transportation and port infrastructure;

—expanding research and development in the defense of our homeland, through the creation of programs such as the Homeland Security Advanced Research Projects Agency (HSARPA) which has already engaged hundreds of private companies and universities in developing new cutting-edge technologies;

—launching an ambitious, collaborative effort involving input from employees at all levels, unions, academia, and outside experts to design a modern human resources system that is mission-centered, fair, effective and flexible;

—initiating a five-year budget and planning process and commencing the development of an integrated business and financial management system (Project eMerge^2) to consolidate the 50 different budget execution systems, 43 different general ledgers, and 30 different procurement systems inherited by DHS; and

—successfully transferring more than $50 billion in assets, $36 billion in liabilities and more than 180,000 employees to the Department.

FISCAL YEAR 2005 BUDGET REQUEST

The fiscal year 2005 budget for the Department of Homeland Security builds upon the significant investments to date to our safeguard against terrorism, while also sustaining the many important departmental activities not directly related to our fight against terrorism. The President's budget clearly demonstrates the continuing priority placed on the Department of Homeland Security in providing total resources for fiscal year 2005 of $40.2 billion. This is an increase of 10 percent above the comparable fiscal year 2004 resource level, $9 billion (29 percent) over the 2003 level and $20.4 billion (103 percent) over the 2001 level.

STRENGTHENING BORDER AND PORT SECURITY

Securing our border and transportation systems continues to be an enormous challenge. Ports-of-entry into the United States stretch across 7,500 miles of land border between the United States and Mexico and Canada, 95,000 miles of shoreline and navigable rivers, and an exclusive economic zone of 3.4 million square miles. Each year more than 500 million people, 130 million motor vehicles, 2.5 million railcars, and 5.7 million cargo containers must be processed at the border. Conditions and venues vary considerably, from air and sea ports-of-entry in metropolitan New York City with dozens of employees to a two-person land entry point in North Dakota.

During fiscal year 2005, we will continue to strengthen our border and port security. Our budget seeks over $400 million in new funding to maintain and enhance border and port security activities, including the expansion of pre-screening cargo

containers in high-risk areas and the detection of individuals attempting to illegally enter the United States. Our budget also includes an 8 percent increase for the Coast Guard to upgrade port security efforts, implement the Maritime Transportation Security Act, and enhance other activities.

Specifically, our budget includes an increase of $25 million for U.S. Customs and Border Protection's Container Security Initiative (CSI) which focuses on pre-screening cargo before it reaches our shores. We are also seeking an increase of $15.2 million for Customs Trade Partnership Against Terrorism (C–TPAT). C–TPAT focuses on partnerships all along the entire supply chain, from the factory floor, to foreign vendors, to land borders and seaports. To date, nearly 3,000 importers, 600 carriers, and 1,000 brokers and freight forwarders are participating in C–TPAT, surpassing the Department's original goal of participation of the top 1,000 importers. In order to further protect the homeland against radiological threats, the budget seeks $50 million for next generation radiation detection monitors.

As well as continuing development for secure trade programs, the President's budget also seeks an increase of $20.6 million to support improvements for the National Targeting Center and multiple targeting systems that focus on people and/or goods. These systems use information from diverse sources to provide automated risk assessments for arriving international air passengers, shipments of goods to our country, and land border passenger traffic.

The United States Visitor and Immigrant Status Indicator Technology (US VISIT) program's goals are to enhance the security of our citizens and our visitors; facilitate legitimate travel and trade across our borders; ensure the integrity of our immigration system; and respect the privacy of our welcomed visitors. US VISIT represents a major milestone in our efforts to reform our borders. DHS deployed the first increment of US VISIT on time, on budget, and has met the mandates established by Congress as well as including biometrics ahead of schedule. The budget seeks a total of $340 million in fiscal year 2005, an increase of $12 million over the fiscal year 2004 level. Through fiscal year 2005, over $1 billion will be used to support this initiative.

Our budget also seeks an increase of $64.2 million to enhance land-based detection and monitoring of movement between the ports, and $10 million to plan, procure, deploy and operate unmanned aerial vehicles. In addition, the budget request for U.S. Immigration and Customs Enforcement (ICE) includes an increase of $28 million to increase the flight hours of P–3 aircraft. The P–3 has already proven itself to be a key asset in the battle against terrorism as demonstrated in the days immediately following the September 11, 2001 attacks when P–3s flew airspace security missions over Atlanta and Miami.

The Coast Guard funding increase includes over $100 million to implement the Maritime Transportation Security Act, to support the Coast Guard's ability to develop, review and approve vessel and port security plans, ensure that foreign vessels meet security standards, improve underwater detection capabilities, and increase intelligence capacity. The budget also maintains the Coast Guard's ongoing Integrated Deepwater System initiative, funding the program at $678 million, an increase of $10 million over the fiscal year 2004 funding level.

ENHANCING BIODEFENSE

The President's fiscal year 2005 budget reflects $2.5 billion for Project BioShield that will be available in fiscal year 2005 to encourage the development and pre-purchase of necessary medical countermeasures against weapons of mass destruction. Project BioShield allows the Federal Government to pre-purchase critically needed vaccines and medications for biodefense as soon as experts agree that they are safe and effective enough to be added to the Strategic National Stockpile. The Administration is moving forward in purchasing the most important countermeasures and high on the list are next-generation vaccines for both smallpox and anthrax.

The Department's efforts to improve biosurveillance will involve the Information Analysis and Infrastructure Protection (IAIP) and Science and Technology (S&T) directorates. In S&T, the budget requests $65 million increase to enhance current environmental monitoring activities, bringing the total fiscal year 2005 investment in this area to $118 million. One key component of this initiative will be an expansion and deployment of the next generation of technologies related to the BioWatch Program, a biosurveillance warning system. In IAIP, $11 million increase is included to integrate, in real-time, biosurveillance data collected from sensors throughout the country and fuse this data with information from health and agricultural surveillance and other terrorist-threat information from the law enforcement and intelligence communities.

The National Disaster Medical System (NDMS) is responsible for managing and coordinating the Federal medical response to major emergencies and federally declared disasters. For 2005, FEMA's budget includes $20 million for planning and exercises associated with medical surge capabilities. In addition, the budget transfers funding ($400 million) for the Strategic National Stockpile to the Department of Health and Human Services to better align the program with that agency's medical expertise.

IMPROVING AVIATION SECURITY

We have made great strides to improve the safety of the aviation system from acts of terrorism. For example, we have made significant investments in baggage screening technology—over $2 billion to purchase and install Explosive Detection System machines (EDS) and Explosive Trace Detection machines (ETD) to the Nation's airports from fiscal year 2003 to fiscal year 2005; hardened cockpit doors; deployed 45,000 Federal passenger and baggage screeners at the Nation's airports; and trained pilots to be Federal Flight Deck Officers. The President's fiscal year 2005 budget seeks to enhance our efforts in this regard and would provide an increase of $892 million, a 20 percent increase over the comparable fiscal year 2004 level, for the Transportation Security Administration (TSA). Additional funding for TSA supports aviation security, including efforts to maintain and improve screener performance through the deployment of technology.

The Department implemented a substantially improved air cargo security and screening program last year, and the President's budget sustains funding to continue program deployment and screening technology research. In addition, the fiscal year 2005 budget seeks a total of $61 million to accelerate development of more effective technologies to counter the threat of portable anti-aircraft missiles.

ENHANCING IMMIGRATION SECURITY AND ENFORCEMENT

Comprehensive immigration security and enforcement extends beyond efforts at and between the ports-of-entry into the United States. It extends overseas, to keep unwelcome persons from reaching our ports, and to removing persons now illegally residing in the United States. The Administration is committed to stronger workplace enforcement in support of the President's temporary worker proposal announced January 7, 2004.

The requested increases include $186 million for U.S. Immigration and Customs Enforcement (ICE)—whose appropriated budget overall increases by about 10 percent—to fund improvements in immigration enforcement both domestically and overseas, including more than doubling of current worksite enforcement efforts and approximately $100 million increase for the detention and removal of illegal aliens. Detention and Removal of illegal aliens present in the United States is critical to the enforcement of our immigration laws and the requested funding will expand ongoing fugitive apprehension efforts, the removal from the United States of jailed illegal aliens, and additional detention and removal capacity.

Our proposal for ICE also includes an increase $78 million for immigration enforcement. As part of the President's proposed new temporary worker program to match willing foreign workers with willing U.S. employers, enforcement of immigration laws against companies that break the law and hire illegal workers will increase. The fiscal year 2005 President's Budget includes an additional $23 million for enhanced worksite enforcement. This more than doubles existing funds devoted to worksite enforcement and allows ICE to hire more Special Agents devoted to this effort. With these resources, ICE will be able to facilitate the implementation of the President's temporary worker program initiative by establishing a traditional worksite enforcement program that offers credible deterrence to the hiring of unauthorized workers. Without such a deterrent, employers will have no incentive to maintain a legal workforce.

Our budget also seeks $14 million to support our international enforcement efforts related to immigration, including enabling ICE to provide visa security by working cooperatively with U.S. consular offices to review visa applications.

We are a welcoming Nation, and the hard work and strength of our immigrants have made our Nation prosperous. Within the Department, the U.S. Citizenship and Immigration Service (CIS) has improved the administration of immigration benefits to the more than seven million annual applicants. For fiscal year 2005, the President's budget seeks an additional $60 million, for a total of $140 million, to achieve a six-month processing for all immigration applications by 2006, while maintaining security.

INCREASING PREPAREDNESS AND RESPONSE CAPABILITY

Though the primary mission is to protect the Nation from terrorism, the Department's responsibilities are diverse. The ships that interdict threats to our homeland are also used to help mariners when they are in distress and protect our marine resources from polluters and illegal fishing. While we must be prepared to respond to terrorist attacks, we are more often called upon to respond to natural disasters

To support the Department's efforts to respond, the President's Budget includes an increase of $10 million, for a total of $35 million in fiscal year 2005, for the Homeland Security Operations Center (HSOC). Pursuant to the Initial National Response Plan, the HSOC integrates and provides overall steady state threat monitoring and situational awareness and domestic incident management on a 24/7 basis. The HSOC maintains and provides situational awareness on homeland security matters for the Secretary of Homeland Security, the White House Homeland Security Council and the Federal community. In addition, the HSOC provides the Department's critical interface to all Federal, State, local & private sector entities to deter, detect, respond and recover from threats and incidents.

The National Incident Management System (NIMS) is designed to ensure that all levels of government work more efficiently and effectively together to prepare for, respond to, and recover from domestic emergencies and disasters, regardless of cause. For fiscal year 2005, the Department requests $7 million to ensure that the major NIMS concepts involving incident command, coordination, communication, information management, resource management, etc., are incorporated into and reflected in FEMA's national disaster operational capability. This funding will provide for plan development, training, exercises and resource typing at the Federal, State, and local levels

SUPPORTING STATE AND LOCAL FIRST RESPONDERS

The Department has initiated consolidation of the two principal offices responsible for administering the grants awarding process for emergency responders and State/local coordination, the Office of State and Local Government Coordination and the Office of Domestic Preparedness. This consolidation provides an opportunity to tie all DHS terrorism preparedness programs together into a cohesive overall national preparedness program designed to support implementation of State Homeland Security Strategies.

The fiscal year 2005 budget continues to support the Nation's first responders and seeks a total of $3.6 billion to support first-responder terrorism preparedness grants with better targeting to high-threat areas facing the greatest risk and vulnerability. For fiscal year 2005, funding for the Urban Area Security Initiative (UASI) doubles from $727 million to $1.45 billion. Since March 1, 2003, DHS awarded or allotted over $8 billion to support state and local preparedness. Between fiscal year 2001 and the fiscal year 2005 budget request, over $14 billion in assistance will be made available for programs now under DHS. Our request for fiscal year 2005 is slightly higher than funding sought for these programs in fiscal year 2004.

INVESTING IN HUMAN CAPITAL AND BUILDING DEPARTMENTAL INFRASTRUCTURE

Our employees are our single greatest asset and we are committed to investing in the development and motivation of our workforce. To support our efforts in creating a model personnel system, the President's fiscal year 2005 budget seeks $133.5 million for the implementation of a new DHS human resources system that is mission-centered, fair, and flexible by rewarding top performers. The fiscal year 2005 budget specifically provides additional resources that will be used for training supervisory personnel to administer a performance-based pay system and to create the information technology framework for the new system. Our new system will ensure that DHS can manage and deploy its resources to best address homeland security threats and support information technology tools for workforce management.

We also seek additional funds to invest in the Department's core infrastructure. Our budget request seeks a total of $56 million, an increase of $17 million to support a new resource management system. This funding will support the design, development, and implementation for a single Department-wide financial management system. It will provide decision-makers with critical business information, e.g., budget, accounting, procurement, grants, assets, travel, in near "real-time" and eliminate stovepipes within existing systems and processes.

An increase of $45.1 million is also sought to continue expanding the DHS presence at the Nebraska Avenue Complex (NAC). These resources will enable DHS to perform tenant improvements to the facility and relocate U.S. Navy operations, pursuant to congressional authorization, from the NAC to leased facilities.

CONCLUSION

We have a dedicated and skilled team in DHS who understand that what they are doing is important. We have the support of our partners in government and the public and private sectors. I thank the Congress for its support, which has been critical to bringing us to this point.

Our homeland is safer than it was a year ago, but we live in dangerous times and cannot count on times to change. That is why the Department of Homeland Security was created, and why we are moving forward. I am grateful to be here today to talk about the work we are doing to make America a safer home for us, for our children and generations to come.

Thank you for inviting me to appear before me today, and I look forward to answering your questions.

STATUS OF RICIN INCIDENT INVESTIGATION

Senator COCHRAN. Mr. Secretary, thank you very much. I think one of the most recent events that has attracted everybody's attention here in Washington and certainly affected this very building we are having the hearing in today is the ricin incident that was discovered in the office of Senator Bill Frist here in the Dirksen Building. Could you tell us what the status of that investigation is? Has it been determined whether this toxin was delivered by mail or in what way this happened, or are we still trying to determine these events?

Secretary RIDGE. Senator, it is my understanding that the focal point of the investigation initially has been with the Capitol Police. The FBI has and is prepared to continue to assist. I do not believe there are any further developments beyond what has been transmitted in the newspapers. We still have no idea who may have been responsible for it. To my knowledge, to date we have not identified if it was a letter that was in which the contents were contained that broke open during the screening process. So again, it is an ongoing investigation. And I think your Capitol police have the lead.

As it was related to me, I am not sure there is enough of the ricin that has been preserved for more detailed analysis. And that will probably impede the investigation somewhat. But even if it is true, obviously the resources of the FBI, the Capitol Police, and others are committed to trying the very best to identify the source.

INTERNATIONAL FLIGHT CANCELLATIONS

Senator COCHRAN. One other recent event that Senator Mikulski mentioned was during the holiday season; there were several international flights that were canceled. Suspicion of possible terrorist activity was reported in the news as the reason for that. We heard from some airline executives and ambassadors from foreign countries how cancellation of flights like this caused disruption of service and make it difficult for the traveling public to make plans in the future. But, we understand the overriding importance of trying to guarantee the safety of our homeland.

Do you think the department was justified in the cancellation of these flights and whether this indicates that we are under continued threats of terrorist activity in the use of intercontinental flights in the future?

Secretary RIDGE. Senator, the decisions to cancel those flights were obviously made in consultation with our allies in Great Britain and in France and in Mexico. Obviously, we note from the very

outset the extraordinary inconvenience it causes probably a couple thousand passengers. We understand that.

Trying to put it in context, I dare say that this week in international aviation there will probably be more cancellations for mechanical failure and for weather than were seen when we canceled it for potential terrorist activity. So we do try to put it in context but clearly with the understanding that we need to try to keep commercial aviation both safe and flying.

FEDERAL AIR MARSHALS ON INTERNATIONAL FLIGHTS

A couple of concerns that were expressed to you by the ambassadors had to do with the executive amendments that I directed to be sent out specifically to the airlines with regard to the ability upon request to put Federal air marshals on those international flights. While I do not regret the decision to send that directive out, it would have been more appropriate had there been more time to send the notification out through diplomatic channels first, rather than dealing directly with the airlines. So I understand that completely.

Since that time, however, our discussions with, again, Air France, Great Britain, British Airways, and others, we are working on a protocol, one that will give us an opportunity to deal government to government first. We all agree that is the best way to do it, to share intelligence about these flights and review that as far enough in advance as we possibly can to avoid either delays or the cancellations in the future. But given the threat stream reporting that we saw, it was a collective judgment that, under all the circumstances as we knew them, it was a collective decision to cancel those flights. And I think it was a very appropriate decision.

AVIATION SECURITY

A continuing concern we have, Senator, with regard to aviation security is reflected in the threat streams where there are continuing references from multiple sources, in spite of the additional security measures we have taken on domestic and international flights, that terrorists would still seek to target those flights for possible terrorist actions. So we are mindful that they do like to go back to targets and tactics that they used previously. That is why our guard remains up and remains vigilant.

TERRORIST THREAT INTEGRATION CENTER

Senator COCHRAN. I am going to ask one other question and hope that all Senators will be aware that we will have ample opportunity to ask whatever questions any senator has. But, I am going to limit my time to 5 minutes and hope other Senators will do that as well in the first round of questions, and then we can go back and revisit any issues that remain important to discuss.

Let me ask you one final question in this round, and that is your evaluation of the effectiveness of the intelligence-gathering center that was created in the Department of Homeland Security to integrate and bring together intelligence that is available to the department to assess the threat status that we may face, the potential terrorist attacks that may be planned by others. It is the Ter-

rorist Threat Integration Center (TTIC). What is your evaluation of that? Is it working? Do you have the funding that you need, if this budget request is followed, to carry out the intelligence role that the department has established for itself?

Secretary RIDGE. Senator, the Congress has been very generous to the Department in providing several hundred million dollars to set up the Information Analysis and Infrastructure Protection Directorate. That is our analytical arm. And it is through those dollars that we expanded probably $15 million or $20 million last year as our contribution to the Terrorist Threat Integration Center. We have analysts in that Threat Integration Center. It is the coordination point for information from the entire intelligence community as it relates to homeland security issues.

We are very comfortable with the relationship. Congress has vested in us the authority and the responsibility to go back to anywhere we deem necessary within the intelligence community to put intelligence requirements on the CIA or TTIC to give us more additional information, if we have questions and seek answers.

So as the TTIC evolves and as our agency matures, the relationship gets better and better every day.

Senator COCHRAN. Thank you.

Senator Byrd.

UNDERFUNDED AND UNDERSTAFFED IMMIGRATION SYSTEM

Senator BYRD. Mr. Chairman, Mr. Secretary, our immigration system is underfunded and understaffed. The Bureau of Immigration and Customs Enforcement has just over 13,000 criminal investigators to, among its many other responsibilities, locate and remove 8 million to 12 million illegal aliens. Following the passage of the 1986 amnesty for 2.7 million illegal aliens, the INS had to open temporary offices, hire new workers, and divert resources from enforcement areas to process amnesty applicants. The result was chaos that produced rampant fraud.

IMPACT OF PRESIDENT'S AMNESTY PROPOSAL

The backlog of immigrant applications is even larger today, six million and rising. The President's amnesty proposal would dump another eight million immigrant applications on an already beleaguered immigration system.

It took only 19 temporary visa holders to slip through the system to unleash the horror of the September 11 attacks. The President's amnesty would shove 8 million illegal aliens through our security system, many of whom have never gone through any background check. If there are no new resources in the budget to implement the President's amnesty proposal, the implementation of the reform proposal would create incredible stresses on an already overly stressed border security system. It is a recipe for disaster.

While I note that the budget has several modest proposals to deal with existing shortcomings, could you explain to the committee how much additional money is included in the President's budget to implement the President's amnesty proposal?

Secretary RIDGE. Senator, there are, as you pointed out, increases in several areas within the budget, not specifically related to the President's proposal, inasmuch as the President laid out

some principles, recognizing the reality of several million undocumented aliens who present in this country, recognizing that we need to validate their presence, which is far different than pushing them to the front of the line for citizenship purposes, and also recognizing the need that once he stated the principles, that this is an issue of high visibility and probably considerable controversy. And whether we can get it done this year or next year remains to be seen.

But I think the President offered the proposal, understanding that once the Congress worked its will around the principles that he enunciated, that there would be adequate resources, depending on the kind of program that Congress enacted to enforce it. Senator, I could not agree with you more. Our ability to take the President's proposal and to fashion a satisfactory conclusion will require an investment of resources for enforcement. That number, that amount remains to be calculated based on the kind of program that the Congress, working with the administration, designs.

I will tell you in the meantime, Senator, the increases that are reflected in this budget are for detention beds, are for more surveillance equipment along the borders. We are going to use in pilot form this year, Senator, some additional technology along the borders to deal with, as best we can, the continued flow of illegal immigrants across the border. But I think the broader issue of the resources necessary to make sure that the President's initiative and the congressional initiative is fully enforced. That is a discussion to be had at a later date.

Senator BYRD. To be had when?

Secretary RIDGE. At a later date, Senator.

LEGACY INS PROGRAM FUNDING

Senator BYRD. Yes. Well, I understand that. The increases for a number of the programs in the budget are directed to ongoing and long underfunded legacy INS activities, and not to the President's new initiative. I recognize that there are increases in your budget for fugitive operations and the institutional removal program, legal program backlog elimination. But these increases merely reflect the direction of much-needed additional dollars to perform the tasks that your agencies must do in any event.

For instance, from 1992 to 2002, the number of worksite enforcement investigations dropped from 1,063 to just 13. These activities represent ongoing programs which your department inherited upon the abolition of the long-maligned Immigration and Naturalization Service. What new resources are you requesting specifically, understanding that the Congress has yet to act, of course, if it does, when it does? What new resources are you requesting that specifically will be used to implement an alien amnesty program in the event that such is legislated into law?

REQUEST FOR FUGITIVE OPERATIONS TEAMS

Secretary RIDGE. Senator, there are two areas of increase that we requested to help with contemporary enforcement of the law as it exists today. It does not speak to any changes in the law that may exist tomorrow. But we have requested an increase of $50 million for 30 additional fugitive operations teams so that the people

we have identified as absconders, those individuals who have either had their hearing and have been determined after the hearing process basically to be persona non grata, to exit this country, or those who refuse to show for their hearing and therefore lost any legitimacy to their presence. We want to basically nearly triple the amount of those teams. So there is $50 million for that.

REQUEST FOR WORKSITE ENFORCEMENT

I believe, Senator, we have asked for an additional $20-some million to assist with more agents to deal with workforce enforcement. So the additional dollars for the detention beds, for the fugitive operations team, and for the workplace enforcement are consistent with the needs based on the law as it exists. But as I said before, clearly, once Congress works its will, if it chooses to do so, around the President's initiatives, matching willing worker with willing employer, will obviously need additional resources. That cannot be denied.

RESOURCES REQUIRED TO IMPLEMENT THE PRESIDENT'S AMNESTY PROGRAM

Senator BYRD. Well, looking at the plan that has been proposed by the President, Mr. Secretary, how much do you believe would be necessary to implement the President's principles, as set forth in that plan?

Secretary RIDGE. Senator, at this point, it would be the grossest form of speculation. And I choose not to engage—the Senator has asked a serious question. He deserves a serious answer. And at this juncture, since the President has just articulated some principles that he would like to see embodied in a piece of legislation, again, it really depends on the legislation and the mandates associated with the legislation for us to determine how many additional agents we might need, perhaps the use of additional technology along the borders. So it is very difficult for us to make that determination at this point, Senator.

Senator BYRD. Are you suggesting, Mr. Secretary——

Secretary RIDGE. Well, the only thing I could tell you, Senator, is we will need more.

Senator BYRD. I would expect that answer. Are you suggesting that there are no estimates around what the President's plan would cost?

Secretary RIDGE. I suggest to you, Senator, that we can in time develop some internal estimates, but we have no final figures now, again, because we do not know what mandates or the requirements that Congress may impose on the Executive Branch in order to fulfill the goals of the legislation.

Senator BYRD. Thank you, Mr. Chairman. I will pursue this a bit further.

Senator COCHRAN. Thank you, Senator.

Senator Gregg.

Senator GREGG. Thank you, Mr. Chairman.

Governor, I call you Governor——

Secretary RIDGE. Good.

Senator GREGG [continuing]. Because as a former Governor, we all recognize that is the most significant position.

Secretary RIDGE. I have a response, Governor.

AL QAEDA

Senator GREGG. On 9/11 we were attacked, obviously. And the attack was generated by the Islamic fundamentalist movement, which is called al Qaeda, which has a lot of different forms that it has mutated into across the world. What is the number one threat today that your agency considers it must address in the area of an attack on our country? Where does it come from and what is it?

Secretary RIDGE. Are you talking, Senator, necessarily the individuals or the type of attack?

Senator GREGG. First the individuals.

Secretary RIDGE. Clearly al Qaeda.

SOURCE OF MOST SIGNIFICANT THREAT TO THE UNITED STATES

Senator GREGG. Where do you—what do you see as the source of the most significant threat to our country? And what do you see as the potential target or type of threat which they represent?

Secretary RIDGE. Senator, we still look at al Qaeda as the major international terrorist organization that we need to combat and to deal with. But as—I think you used the right word in your question. There are a lot of mutations that have developed. I mean, al Qaeda can be seen as, one, a very close group of very disciplined leaders who have had tactical control over and operational control of the attacks on 9/11.

But since that time, we have obviously disrupted their communications. We have decapitated a lot of their leadership. And one of the concerns that, I think, all of us have is that the individual cells, many of whom have been loosely connected to the al Qaeda structure now, because of the decapitation, because of the difficulty in communication, may have a tendency to operate on themselves, operate on their own rather than having a direct control from bin Laden and that small group of people associated with planning that attack.

So again, it is al Qaeda, the organization. But over the period of time we have identified obviously the change in its structure and, therefore, probably the change in the kind of terrorist groups that are prepared to operate even independently.

The same notion of Jihad, but not quite as directly connected to al Qaeda. And we know they train thousands in Afghanistan. The extremist schools have been pumping out students of hatred, who look at this country as evil and vile and have joined different forms of the Jihadist movement.

Senator GREGG. It is still Islamic fundamentalism.

Secretary RIDGE. Correct.

PRIMARY THREAT, TARGET, AND DELIVERY SYSTEMS

Senator GREGG. And what do you see, the second question was, what do you see as the primary threat, target, delivery systems?

Secretary RIDGE. First of all, from an operational point of view, Senator, when it comes to research and development, we need to spend a great deal of time just looking at weapons of mass destruc-

tion, massive catastrophic effects, radiological, nuclear, biological, and chemical. The threat reporting stream that we pay attention to still on a regular basis identifies aviation, still talks about potential biological attacks. There continue to be, on a fairly consistent basis, generic references to just about every kind of attack imaginable under WMD weapons.

And so while we have focused on aviation security that was the congressional focus, that is what TSA was initially focused on, we have also gone out now to start worrying about vulnerabilities that exist elsewhere that could be used as either a target or a mechanism to deliver any of those kinds of weapons.

Senator GREGG. That being laid down as a premise—and I obviously think you are absolutely right, and you are the expert, and I think you are on track—which is the threat is fundamentalist Islam and the threat is the potential that they use a weapon of mass destruction or some mutation of that against us, what then becomes the priorities within your department as to how to respond to that?

And should not counterintelligence be the number one event? Because, obviously, we cannot tolerate a weapon of mass destruction attack. And should not the capacity to deal with weapons of mass destruction be the number two? Or what is your prioritization of how you respond to those two items of threat, the people who would cause it and what it involves?

Secretary RIDGE. Well, clearly, our primary responsibility in dealing with the environment that you and I agree exists is to prevent, deter, respond, and prevent the terrorist attack. But the point of that spear is the military and the CIA and the FBI. We do have a role in preventing the attack in that when we get actionable information or information that is relevant to protecting a particular site in this country, we are obliged, and it is part of our mission, to take action to protect that site.

REDUCING VULNERABILITY TO TERRORIST ATTACKS

But basically, our primary mission is to help reduce our vulnerability to those kinds of attacks. That is the primary mission of the Information Analysis Unit, because we have been given the charge by Congress to take whatever information we get that we deem credible, map it against the potential vulnerability, and make sure that we do everything possible to harden that particular target or targets to reduce the risk of a potential attack.

So I think we have set priorities in our Science and Technology Directorate. Some of the first grants have gone out to deal with the technology of detection and protection. And so as we take a look to combat a potential biological attack, we are expanding again, because the Congress has given us hundreds of millions of dollars to conduct this research. The technology of detecting a bioagent, be it in a community, in a subway, in a form of transportation, is something that is a very, very high priority. The technology of protection is equally as important to us, because in the event we ask our first responders to get out and assist those who have been impacted by a biological event, we want them to not only know the kind of environment they are going into, but be protected against the effects of that environment.

So we have set priorities in the science and technology area. We have set process of setting priorities in the critical infrastructure piece. We cannot, Senator, possibly expect that—we have to set priorities when it comes to infrastructure protection.

We have targeted, for example, in chemical facilities. We have already conducted, I think, nearly 20 site visits of the largest facilities that we believe, if they were a target of a terrorist attack, would have the most catastrophic consequences, particularly in the loss of human life and developing standards of security and prevention that we would think these companies need to apply at these specific places. We are going to develop those standards for energy and telecommunication sites and the like.

So we have set priorities within each individual unit. Although generically, every day we worry about different forms of attack from a weapon or weapons of mass destruction.

Senator COCHRAN. The time of the Senator has expired.

Senator Harkin.

Senator HARKIN. Thank you, Mr. Chairman.

CUTS IN GRANTS TO STATES TO UPGRADE THEIR PUBLIC HEALTH SYSTEMS

Mr. Secretary, I understand that grants to States to upgrade their public health systems are being cut by $105 million in the fiscal year 2005 budget to provide funds for your biosurveillance initiative. Mr. Secretary, our State and local public health infrastructure has been allowed to deteriorate. These funds to upgrade our State and public health systems are necessary, not only to protect Americans from bioterrorism but also to protect Americans from natural outbreaks of disease, like SARS and West Nile Virus.

In my own state, we have used these funds to increase the number of epidemiologists in the field and increase the number of scientists in our labs. With a cut in their State funding grant, they will have to make cuts in these important programs.

Why has the administration chosen to cut funding for public health improvements when we still have a long way to go before our public health system is where it should be?

Secretary RIDGE. First of all, Senator, I cannot speak necessarily to the Health and Human Services budget. I am aware of a biosurveillance initiative that both Secretary Thompson and I are working on that is part of the President's budget that I believe is—while it may be viewed as simply an anti-terrorism initiative, it is really a public health initiative. And that is the biosurveillance piece that Secretary Thompson and I announced about a week or 10 days ago, where, through a combination of funds from the Department of Homeland Security and from Health and Human Services totaling nearly $275 million, that we will connect multiple sources of information from hospitals, pharmacies, veterinary clinics, and the like to determine to have a national surveillance system.

And I think public health experts would agree that the most important thing we can do in terms of public health is to identify, as early as possible, whatever bioagents are plaguing a community or communities. Now that is whether it is a terrorist has conducted a biological attack or that mother nature threw something at us.

So again, I think the $275 million that is part of the President's budget is a very, very significant improvement in the country's and the public health community's ability to detect and therefore respond more quickly and save more lives. So I think it is a very significant initiative. And I really cannot speak to other adjustments that may have been made in that budget, because I do not know.

Senator HARKIN. I was just concerned about the cut in the funds for the public health system. It seemed like that $105 million cut was shifted to biosurveillance. I have no problem with it. I agree with everything you have just said. I was just concerned about the cuts.

Secretary RIDGE. Senator, I am sorry. I did not mean to interrupt.

Senator HARKIN. That is okay.

Secretary RIDGE. Congress was very generous, I believe, in 2002, maybe it was the supplemental, where there was, I think, $2.2 billion sent out to the States and locals. And it is my understanding that some of that money is yet to be called down. It is still awaiting allocation to the States or the communities. So again, I cannot speak to that specifically, but that is my understanding.

AGRO-TERRORISM CONCERNS

Senator HARKIN. I will take a look at that. My last question had to deal with what I raised in my opening statement. And that was about agro-terrorism, as we have called it here. You know, again, we have seen what has happened with mad cow disease. But diseases do not have to jump to humans to cause widespread panic. A gallon of suspicious milk would cause every parent in America to demand answers from the government immediately. It is not just a Midwestern issue. We have 10,000 hogs that are trucked out of North Carolina every day. And as we know, meat slaughtered in one place might wind up all over America within 24 hours from one point.

So I guess my question is: In this budget, can you assure us that the needs of the rural areas and farm communities will continue to be met? And just briefly, are you satisfied that you are integrating this agriculture and the possibility of agro-terrorism possible threats in the future, that you are fully integrating this into your threat assessments?

Secretary RIDGE. Well, first of all, Senator, I will assure you that any information that we have with regard to agro-terrorism where credible and corroborated, we communicate to the people that need to know. Secondly, I believe there is a rather substantial initiative in the budget for the Department of Agriculture that speaks to address some of the legitimate concerns that you have identified today.

And thirdly, you should know that we are working on an interesting project that Homeland Security will fund in part with Iowa's governor and Homeland Security advisor, where you are pulling together a multiple State consortia to deal with the transfer of information and analysis, I guess using some of the labs. And I think his Homeland Security advisor has been or is scheduled to come in town so we could work the funding requirements out and collabo-

rate our work in the Homeland Security with the Department of Agriculture.

Senator HARKIN. I was glad to hear you are working with the multi-state partnership for security and agriculture.

Secretary RIDGE. Right.

Senator COCHRAN. The time of the Senator has expired.

Senator HARKIN. Thank you.

Senator COCHRAN. Thank you, Senator.

Senator Stevens.

NEW DHS REGULATIONS SUPPLEMENTAL FUNDING REQUIREMENTS

Senator STEVENS. Thank you very much, Mr. Chairman. As I indicated, I would like to put a question concerning the national alert system and also, Mr. Secretary, or Governor, if you prefer, I have a copy of a letter that our Governor, former Senator Murkowski, wrote to you. And I would like to put it in the record and ask you if you have responded to that, if you would give me a copy of the response to his letter.

I want to ask you a little bit more mundane question, though. Your bill, appropriations bill, was approved in the regular order. As Senator Byrd and I said, it went across the floor, went to conference, was signed by the President separately before the omnibus bill. How is your department doing? Are we looking forward to any kind of a supplemental request from your department before October 1?

Secretary RIDGE. No, sir.

[The information follows:]

LETTER FROM FRANK H. MURKOWSKI

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Juneau, February 9, 2004.

Hon. TOM RIDGE,
Secretary, U.S. Department of Homeland Security,
Washington, DC.

DEAR MR. SECRETARY: Alaskans have great respect for the Department of Homeland Security's (DHS) mission to protect the Nation against further terrorist attacks, guard our borders and airports, and protect our critical infrastructure. At the same time, DHS is also charged with protecting the rights of American citizens and enhancing public services. These sometimes conflicting obligations seem to require that the DHS be ever mindful of the impacts new regulations will have on the U.S. economy. Providing for the Nation's security while maintaining economic stability within our country is indeed a challenge. I don't envy the task.

Please let me relate my perception of how some recent DHS actions have impacted Alaska as well as the Nation's security. On August 2, 2003, the Bureau of Customs and Border Protection (CBP) published in the Federal Register a notification suspending the Transit-without-Visa (TWOV)/International-to-International (ITI) program. This suspension requires all international passengers transiting Alaska to obtain a U.S. visa for a 2-hour technical fuel stop, even at a special, secure transit facility. The new visa requirement caused Cathay Pacific Airways to move all passenger operations from Ted Stevens Anchorage International Airport (Anchorage) to Vancouver, British Columbia, Canada to avoid that burden.

On December 22, 2003, the DHS increased the threat level to "Orange" status. The increase in threat level immediately suspended Progressive Clearance. The threat level was reduced to "Yellow" status on January 9, 2004; however, Progressive Clearance suspension remained in effect until February 6, 2004. Suspension of this program requires Korean Air to do full clearance at the first port of entry, even if the "entry" is merely a refueling stop for almost all passengers. The airline must download all of the bags, forcing the passengers who would otherwise never leave

the secure transit facility, to instead leave that area and proceed to an unsecure area to claim their bags.

Not only does the airline have to upload all the bags again, but all passengers, having been forced to leave the sterile CBP processing area, must be rescreened. This requires an extended ground time and doubles ground handling costs incurred in Anchorage.

On December 5, 2003, the CBP published a Final Rule in the Federal Register to implement a new regulation requiring all carriers, foreign and domestic, to submit electronic manifests to CBP for all cargo destined for the Unites States. These new regulations will put an extreme hardship on the cargo carriers transiting Alaska between Asia and Europe, and places Alaska's key role in that transit at risk. Again, these carriers have to option to move operations to a foreign country to avoid new security regulations.

These new regulations have already caused the loss of 14 weekly international passenger flights and could cause the loss of up to 54 international cargo flights per week to the State of Alaska.

The State Department and the DHS have stared their intention to reinstate the TWOV/ITI programs and operate as the "Air Transit Program". But to date, CBP has not advanced the program further.

Anchorage is one of only six airports in the Nation that currently conform to Customs and Border Protection facility requirements. Anchorage has spent a great deal of money to reconfigure our international passenger terminal to ensure it meets the requirements to maintain the ITI and TWOV programs.

The TWOV and ITI programs operate in Anchorage differently than any other airport in the Nation. Anchorage is a technical stop for Cathay Pacific between Hong Kong and Toronto, All passengers participating in the ITI and TWOV programs arrive and depart on the same carrier, same flight, and same aircraft from the same gate.

The suspension of this program has been detrimental in two ways to the United States. The first and foremost was a reduction in overall border security; the United States lost the ability to scrutinize and crosscheck these passengers against all U.S. security databases.

The second is the negative economic impact to the State of Alaska, as well as the city of Anchorage. The loss of these Cathay Pacific flights cost the State over $1.1 million each month. It has also caused many of the airport tenants to reduce staff that normally support these flights.

In summary, Anchorage has a secure passenger transit facility that conforms to CBP technical requirements. We have securely processed these passengers for years into the terminal building and right back onto the same aircraft. We believe that the program increases U.S. security overall.

In the Final Rule (RIN 1651–AA49) CBP's own analysis shows the new Advanced Cargo Information provision will cost air carriers substantial amounts of money to implement. CBP estimates the total annualized cost to air carriers could range from $345 million to $4.7 billion. These costs include not only implementation of new systems, procedures, and equipment but also the cost of delays and service degradation.

All Asia-Europe flights currently transiting Alaska have the option of flying instead through Russia enroute to Europe. At this point, the routing through Alaska is more efficient and economical for the carriers. It may be less efficient and more costly than flying through Russia after implementation of these regulations.

A single wide-body cargo tech stop is worth approximately $25,000 to the local economy in airport fees, airport services, crew lodging, and fuel in Alaska. Each week Anchorage and Fairbanks have 54 international in-transit flights. Flights rerouted through other airports would cost the State economy $1,350,000 each week and $70,200,000 each year.

All of these new regulations are intended to increase the level of security; however, if the new regulations cause carriers to avoid entering the United States we lose on two fronts. One, the economic loss from the business going to another country, and secondly, and more importantly, we lose the opportunity to have a cursory review, under existing programs, of the passengers and cargo on these flights transiting Alaska. The unfortunate outcome of these flights rerouting to other countries is a reduction in the overall level of security.

I request that you please review the overall impacts of all new regulations, but specifically these three regulatory programs. I ask that the DHS/CBP permanently reinstate the TWOV/ITI and Progressive Clearance programs for international passenger flights transiting Alaska and exempt international-to-international transit cargo freighter flights operating through Alaska from the cargo manifest require-

ments. Granting our request not only protects U.S. economic interests but also improves and enhances U.S. intelligence and total security.

Sincerely yours,

FRANK H. MURKOWSKI,
Governor.

Senator STEVENS. Thank you very much.

Thank you very much, Mr. Senator.

Senator COCHRAN. Senator Mikulski.

CONSOLIDATION OF GRANT PROGRAMS INTO THE OFFICE FOR STATE AND LOCAL COORDINATION AND PREPAREDNESS

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

Mr. Secretary, as I indicated, I am disappointed in the funding for both fire grants and port and cargo security. But we will be arguing those within the committee. I would like to come back to some of the policy issues raised in your testimony and on your plans. This goes to the fact that one of the biggest changes in the Homeland Security budget that is proposed is the combining of 24 grant programs from TSA, FEMA, Office of Domestic Preparedness, into something call the Office for State and Local Coordination and Preparedness.

Could you tell me, number one, what is the rationale? And how will this make it more efficient and effective? Because this is a whole new thing. And, of course, you are aware of the mayors' criticisms that money from Homeland is not getting down to them.

Secretary RIDGE. Senator, there are several parts to your question. I hope I can address all of them in my response. During the past year, consistent with the President's national strategy, but also consistent with many of the concerns that I have heard from your colleagues in Congress, there has really been publicly expressed a preference to be able to go to one place within the Department of Homeland Security to access all the grants for State and locals.

And heretofore, it was scattered over three or four different units. And so the consolidation of the 24 grants within this new office gives us an opportunity, one, I think, to develop a much more effective delivery system and hopefully in time to make the awarding of the grants simpler. There will always be a question of how much. And that is always going to be debated on the Hill as to how much money should be put in the grant programs.

But the Congress has said, and the President wants us, once the dollar determination is made, is get the dollars out as quickly as possible. We think it will certainly help with coordinating the planning and the implementation and clearly the assessment. Several Senators have commented today that we need to start looking at the effectiveness of the dollars we have sent out to the community.

So what we will set up within this new department, there will be a single portal. There will be one website that folks can go to get the information they need. They will develop relationships, I think the personal-professional relationships with the people in this one unit. We will draw down on the expertise from TSA and FEMA to make sure that the grant programs are administered as effectively as possible.

We told our friends in the fire community, even though the fire grant program is moving from FEMA to the new facility, it will still be peer review. The grants will still be made specifically to the firefighters. And they will not see effectively any change. And the debate will continue to be how much money they put in the program.

IMPACT OF TRANSFER OF GRANT PROGRAMS FROM FEMA

Senator MIKULSKI. Mr. Secretary, may I jump in here?

So is FEMA moving to this office——

Secretary RIDGE. No.

Senator MIKULSKI [continuing]. Or categories of FEMA, like the fire grant program and the emergency management performance grants?

Secretary RIDGE. Yes. Those grants will be moved to this new unit. But FEMA still operates under the Emergency and Preparedness Response Unit of the department. And FEMA continues to maintain authority over grants that relate to natural disasters, the administration of the natural disaster relief programs, the natural mitigation program. They are still responsible for flood mapping. So they retain some of their traditional responsibilities. But some of those programs that had to do with terrorism and preparedness for terrorist event move into this new unit within the department.

Senator MIKULSKI. What about the criticism of the mayors?

DELIVERY OF STATE AND LOCAL DOLLARS

Secretary RIDGE. The mayors have voiced publicly and privately on many times their frustration with the delivery mechanism to get the dollars that you appropriated, that we requested, you appropriated to get it down to them. I would assure you, Senator, that we are prepared to deliver those dollars. The logjam that we need to break, if not blow up, has to do with the communications between the mayors and the governors and how they distribute those dollars. Because we have asked the governors to take the lead in developing a statewide strategy.

Congress has said 20 percent can stay in the State capital. The other 80 percent has to flow through down to the mayors. Their frustration, I think, is legitimate. I think there are many reasons for it. We are going to take a look at some of the States where the money has been practically all distributed, where people are not complaining, to see if we can develop some best practices that we will go back to the governors with and get them to use them. And if we need to put it in terms of a regulation so that they distribute the dollars that way, we will.

I plan on meeting with the governors privately, when they come into town in a couple weeks, to address that very legitimate frustration that some of the mayors have directly. We need to do everything we can to avoid just sending out grants to thousands and thousands of municipalities because we will never be able to build a statewide and then a national infrastructure. So the mayors are right. We have to do a better job of getting the money to them. We are prepared to distribute it, but we need to work with the mayors and the governors to come up with a better distribution mechanism.

Senator MIKULSKI. Well, just two points, Mr. Secretary. First of all, I am glad that you are going to meet with the Governors. You are part of that unique organization. And I think you understand their needs. And what we saw with hurricane Isabel, for example, it was a statewide catastrophe. And we needed Governor Ehrlich's response and local response. So we need you to work with the Governor and figure out how to effectively coordinate.

The second thing, in terms of this new one stop shop, I would really invite your staff to meet with mine so that we truly understand it. A lot of us have put a lot of effort into establishing these grant programs. And the idea of a one-stop shop seems very attractive. But we also want to know how that also enables this effective coordination. Because if we do not coordinate, this is not going to work.

So thank you very much. And again, many thanks for all that you helped us with.

Secretary RIDGE. Thank you, Senator.

Senator COCHRAN. Thank you, Senator.

Senator Murray.

Senator MURRAY. I would be happy to defer to Senator Domenici, if he would——

Senator COCHRAN. Senator Domenici.

Senator DOMENICI. Well, thank you very much. Am I on? Can you hear me?

Senator COCHRAN. Yes, sir. Thank you, sir.

Senator DOMENICI. First, Mr. Secretary, it is nice to be with you.

Secretary RIDGE. Thank you, sir,

Senator DOMENICI. I do not get an opportunity to visit with you very often. I am very proud of what you have been doing. I am fully aware it has not been an easy thing.

FEDERAL LAW ENFORCEMENT TRAINING CENTER (FLETC) IN ARTESIA, NEW MEXICO

The reason I am going to bring a very small issue to you is because I do not think continuing to communicate with the department brings results. No aspersions. But in our State of New Mexico, we have an institution called FLETC, the Federal Law Enforcement Training Center, Artesia, in New Mexico. FLETC-Artesia is a pretty big place, which grew over a decade from a college center to a fully run and operated Federal law enforcement training center.

Needless to say, that part of New Mexico is very proud of it, as we are. We are now training, expanding the training base. As you know, hundreds of new U.S. marshals are being required to be trained. FLETC is also the campus chosen to provide training for airline pilots who choose to carry firearms in the cockpit, and that is an election. FLETC provides this training to Federal flight deck officers. in addition to the basic advance training.

Now feedback from these trainees who have been in Artesia is almost universally positive. The training site is pretty new, pretty good. The places to live in are pretty fine. It is a small town, nonetheless. Artesia is about 3 hours from any large city. Now when we started FLETC-Artesia, that was a big plus. Now it is beginning to be well known, maybe that's a good thing.

But I will tell you what will make it a plus and keep it a very reasonable facility for training your people. It is the capacity to have flight service enhanced so that people can get there easier than just riding on a bus.

You know that this entire committee and then the Congress went out on a limb. We said we will not earmark funding for the new department. Therefore, you got it all. You probably were glad to have it. Now after a year and a half, you are probably thinking that, maybe they should have given me some direction on a few of these; I would not be having so much trouble. In any event, we could have gotten earmarked funding for this FLETC, because we have invested a huge amount of tax dollars.

AIR SERVICE TO ARTESIA, NEW MEXICO

FLETC put out a request seeking feedback from airlines who might provide service. My understanding is that there has been a response, and it was positive. The estimates are that it would take about $800,000 to provide the service for the rest of the year. This would make a rather fantastic facility available for the extra training beyond the few hundreds that we train for—as people who watch our borders and the like.

I am not sure you know about it. But can I lay it before you today and assume you will know about it after this discussion. You can pass it on to somebody to look at it.

Secretary RIDGE. Senator, I am now nearly fully briefed. I know a lot more than I did when I walked into the hearing room. And one question I would like to just ask you is whether or not, from your perspective, that the facilities at Artesia are being fully used. In other words, if we enhanced the ability to get more people there for the training program, do the existing facilities have the present capacity to train more people?

Senator DOMENICI. The answer is yes. What is happening is, that it is such a good facility, but for its distance, it is almost full all the time. We are constantly being harped upon by internal observers that we ought to take some of the people that are there and put them somewhere else so they would not have to travel.

Secretary RIDGE. Senator, since you raised it to my attention, it becomes my responsibility to look into it and get back to you. And I will.

[The information follows:]

ENHANCING FLIGHT SERVICE/TRANSPORTATION FOR TRAINEES TO FLETC

In the post September 11, 2001 period, there has been real, sustained growth in the use of all FLETC training centers, including the Artesia, NM center. Although the absence of regular and reliable service to the Artesia area has been an obstacle to wider use of that location in the past, recently we have increased utilization to almost capacity because the FLETC Glynco site is at maximum capacity and the agencies need to train within specific timeframes. FLETC is experimenting with conducting more basic training programs at Artesia in fiscal year 2004 and there has been increased use of the site for Flight Deck Officer training, among others, for specialized training. With this in mind, FLETC will track closely the issues and usage of the Artesia site and report back their findings in fiscal year 2005. Should the travel service continue to be a problem, the Department will consider looking at other possible solutions.

Senator DOMENICI. I appreciate it.

Now what about the time? Am I out?

Senator COCHRAN. If Senator Murray has no objection, you can ask another question.

CONSTRUCTION OF NISAC FACILITY AT KIRTLAND AIR FORCE BASE

Senator DOMENICI. All right. Let me ask a question with reference to a project that is called NISAC, N-I-S-A-C. You may recall, when you first came into this job, you were still in some temporary office. We brought some people from Sandia and Los Alamos, and they showed you this computerization, computerized program, that gets put to use and continues to be upgraded.

Anyone whom you would assign to run the office could locate every piece of infrastructure in the United States and then locate them vis-à-vis themselves and others. For example, if they were to take out a dam, what are the repercussions. A little machine shows you what happens. This big dam is broken down. It will tell you water will go as far as L.A. One of the bad things about it, we hope nobody else gets it. So far, it just belongs to you, to us.

But it is terrific from the standpoint of, answering a hypothetical question with reference to what happens if something else happens, either in the electricity system or energy system, the water system. This facility is adjacent to Sandia National Labs. One of the items that transferred from the Department of Energy to the Department of Homeland Security with this act was an appropriation of $7.5 million for the construction of a NISAC facility at Kirtland Air Force Base to be used by your department for the purposes intended.

So I am just going to inquire and put it in here in writing what happened, why the delay, and why is it not moving ahead? What is the status of the $7 million that we set aside? When can the committee expect Homeland Security to break ground on this NISAC facility, which the record, as I reflect it, would clearly indicate is your baby? You are going to use it. It is not going to sit there.

Secretary RIDGE. Senator, I remember their presentation. You know better than most the extraordinary work that the national labs have done for 60 years for this country, the variety of different ways. And you also know that our department is happily tied in with the national labs in several very meaningful ways.

I cannot give you the specific answer to that question either, but it is incumbent upon me to do so. And I will.

[The information follows:]

CONSTRUCTION OF NISAC FACILITY AT KIRTLAND AIR FORCE BASE

IAIP continues to move forward with the plans to build the facility, giving full consideration to the elements of the program and our obligation to comply with NEPA and other Federal statutes applicable to Federal construction projects.

Senator DOMENICI. Thank you very much.

Secretary RIDGE. Yes, sir.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Murray.

EFFORT TO IMPROVE CARGO SECURITY THROUGH OPERATION SAFE COMMERCE

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

Mr. Secretary, as I mentioned in my earlier comments, the country's three largest cargo centers, load centers, have been working with the Department of Homeland Security and some of the private sector clients for the last 2 years in an effort to improve cargo security through Operation Safe Commerce. The ports of Seattle and Tacoma, the ports of Los Angeles, Long Beach, and New Jersey and New York have been really enthusiastic partners and are anxious to be meaningful contributors to the overall port security effort. And they are continuing to offer their facilities, their expertise, their goodwill, both domestically and abroad, to ensure our success.

As you know, taxpayers have already committed to $75 million for Operation Safe Commerce with the goal of really learning what works and what does not when it comes to securing containers. Unfortunately, because of the delay in funding Operation Safe Commerce, this pilot program is just now getting off the ground. But nonetheless, the load centers involved with this important program should have strong data about best practices, technology, and hardware this year.

So I was really shocked when I saw the White House was eliminating this port security effort in their budget. And I wanted to tell you I think that is really shortsighted and really abandons the progress that our governments, our ports, our shippers in the private sector have been working really, really hard to achieve.

STATUS OF OBLIGATION OF FUNDS APPROPRIATED FOR OPERATION SAFE COMMERCE

So I wanted to ask you two questions this morning. First of all, only $58 million of the $75 million that Congress appropriated for Operation Safe Commerce has been obligated. Can you give us a time line for when the last $17 million that was appropriate is going to be obligated?

Secretary RIDGE. Senator, I cannot. I know that they draw down against the appropriation based upon their expansion of the pilot and whether or not sitting within the Department are invoices to be paid. I could not tell you, unless I go back and check. But I will certainly be pleased to do so.——

Senator MURRAY. If you could have someone get back to us, because——

Secretary RIDGE [continuing]. It is clearly the intent of Congress with the appropriations over a 2-year period to have three very robust and very comprehensive pilots. I think that is also the reason that there is no funding in 2005. These are pilots. There are to be lessons learned. And again, $75 million for three pilot programs is a very, very substantial investment. We still need to see what lessons we learned and whether or not they are applicable to ports across the country.

Senator MURRAY. Well, Mr. Secretary, I can tell you that if we do not continue to fund that in the next year, much of the progress that has been made, much that is just now being implemented, we will not be able to get the results back. And as you know, the point

of Operation Safe Commerce was to find out what works out there and then be able to apply it to the other ports. If we do not find out what works, if we do not have the risk analysis back, if we do not have the results back, it will never get—the lessons learned will never be shared. And we will never have lessons learned.

So I was really surprised that the administration is working to kill this program in the budget.

Secretary RIDGE. Well, I do think that if they need additional money on top of the $75 million, clearly a couple of those communities would have access to substantial additional dollars under the Urban Area Security Initiative that would be a follow-on.

Senator MURRAY. If you are planning on funding it under that, that would put them against all first responders. I think port security, and I think you would agree with me, is such a high concern that we cannot start pitting these people against other really important issues. We need to fund this, fund it specifically, get the answers back.

And again, this program, private sectors come together, ports have come together. Everyone is working very hard. They are just now beginning to learn what they need to do. And I think we should not shut them off.

Secretary RIDGE. Well, Senator, it will be incumbent upon me to get back and answer that first question to see where the additional $17 million are to be applied to the existing programs.

[The information follows:]

TIMELINE FOR OBLIGATING THE LAST $17 MILLION APPROPRIATED FOR OPERATION SAFE COMMERCE

TSA anticipates that the Request for Applications for the $17 million appropriated in fiscal year 2004 for Operation Safe Commerce (OSC) is on track to be released early this summer, with final award anticipated in the fall. This funding will be used to build on current OSC pilot projects, and may include other supply chains. The expenditure of the remaining funds will be fully coordinated within the Department and Congress to ensure that the cargo security efforts through OSC are integrated into broader departmental initiatives to secure the cargo supply chain security.

Senator MURRAY. Well, would you agree that it would be wise to continue this program in the next fiscal year in order for us to learn what we can, to make sure that we are doing all we can to secure our ports?

Secretary RIDGE. Senator, it has been my impression that three pilots at $75 million, there ought to be some lessons learned with this infusion of very, very significant dollars.

Senator MURRAY. Well——

Secretary RIDGE. And I guess the reason that the dollars were terminated is that we felt that you did have the collaboration. It is a great program. You do—one of the things that the Coast Guard has done historically very well, probably better than any other agency, is on a day-to-day basis they work with the private sector quite well. But you have three major ports, 2-year funding stream, $75 million. And the view is that is quite a bit of experimentation. There ought to be plenty of lessons learned after those $75 million are spent on pilot programs.

Senator MURRAY. Well, because the funding was delayed, they are just at the point now of beginning to implement. The first con-

tainer ship comes in in a few weeks to the Port of Tacoma that is—that they will begin to be able to analyze it. I know that the programs, the CSI and the C–TPAT are also out there.

But I am positive you are aware of a recent GAO study that is called Preliminary Observations on Efforts to Target Security Inspections of Cargo Containers that those two programs do. It is very critical of the methodology that is incorporated in the customs and border protection initiatives. And I am happy to share that with you. It is extremely critical.

CONTINUATION OF OPERATION SAFE COMMERCE

But I think the point of Operation Safe Commerce is that we can learn from what they are doing to make sure that we are doing the reporting and analyzing, inspection, analyzing the risk levels. And if we do not continue this program, we are not going to have the information to do what is right in the future. We can be spending a lot of money in a lot of areas in ways that do not work.

Secretary RIDGE. Well, it is conceivable, Senator, and I do not offer this as the answer to the concern you have, but in the budget we are asking for more money for personnel to support our National Targeting Center. And I think there is a direct link between the lessons you learn dealing with the supply chain coming into ports and the National Targeting Center, which is at the heart.

Senator MURRAY. Yes. I have been around long enough to know that if you do not name it, it does not get funded.

Secretary RIDGE. Well, I think when you have a new department and a department particularly that relies on the notion that we will never be able to inspect all 22 million containers that come into this country every year, and we have three major pilot programs out there, that there are lessons learned and that we ought to—if there is a possible connection, we ought to try to make it. I do not know if there is. It just seems to me, Senator, that after a couple years, there ought to be a couple lessons learned after $75 million has been spent.

Senator MURRAY. Again, only $57 million has gone out. We still are waiting for the rest of it. And I think that we should not judge too soon on that. But I am happy to work with your office and supply information.

Mr. Chairman, let me ask one more quick question under my time.

FUNDING FOR IMPLEMENTATION OF THE MARITIME TRANSPORTATION SECURITY ACT

The budget that was sent over includes $100 million for the implementation of the Maritime Transportation Security Act, MTSA. Admiral Collins testified before us last September that it would take $7.3 billion over 10 years to implement the MTSA, including $1.5 billion this year. I am very concerned that the President's request is 7 percent of what the commandant told us he needs to succeed. Do you share that concern?

Secretary RIDGE. Well, again, I do not have the understanding of the context with which the commandant shared that information with you. It is my understanding, however, that the sum that he was talking about included the additional security measures that

would need to be employed at ports and vessels. That is not a sum that was necessary for the Coast Guard to conduct the studies at ports of interest or the safety security studies on vessels.

So I think there is sufficient money in here for the Coast Guard to do its work. The gap is a place where we need to have a public debate as to whether or not it is the taxpayer's responsibility to fund, continue to fund port security or whether or not, since these basically are intermodal facilities where the private sector moves goods in and out for a profit, that they would be responsible for picking up most of the difference.

So I think the dollars that we received this year empowers the Coast Guard and gives them the manpower to do port assessments and to look at 10,000 vessels and to do the security analysis. I think the gap is——

Senator MURRAY. Are you suggesting that it is——

Secretary RIDGE [continuing]. The dollars for security.

Senator MURRAY. So if I heard you correctly, you are saying that the private industry must now come up with this $7 billion over the next 10 years to implement the security for our Nation?

PRIVATE SECTOR SHARE OF PORT SECURITY

Secretary RIDGE. Well, we have an $11 trillion economy. Much of it is driven through imports and exports. Major companies use our ports. I can only refer back to the Federal investment, the State investment, and local investment in the ports of Philadelphia and Newark. There is plenty of public money in these ports already. They provide the land. They buy the cranes. They in many instances employ the personnel. So the notion that there is not much of a public investment in the courts, I do not think is, based on my experience in Pennsylvania, it is not accurate.

At some point in time in the distribution chain—and my view is that ports are part of the supply chain and the distribution chain of the private sector——

Senator MURRAY. Well, Mr. Secretary——

Secretary RIDGE [continuing]. That they ought to be able to defray some of the expenses associated with it.

Senator COCHRAN. The time of the Senator has expired.

Senator MURRAY. Mr. Secretary, just let me comment very quickly. I am listening to your logic, but I would just respectfully say that if one terminal or port in this country said, we are not going to ante up the money, we do not have it, and a terrorist used that weak link to come into this country, all of us would be paying for the consequences of that.

Secretary RIDGE. Well, Senator, this will be debated, obviously, in this subcommittee and on the floor of both chambers, and I am sure Congress has been generous. I think there is over a half a billion dollars out in port grants. I think this year the budget allows for nearly $50 million in port grants. I think it is going to be very important at some time in the near future that we engage the very appropriate public debate as to how much additional taxpayer financing should go into a piece of infrastructure that basically supports the private sector.

They have a commercial and business interest in securing their supply chain. And I think, again, we will continue to provide, there

is no doubt in my mind we will continue to provide some Federal resources, no doubt in my mind that States and local communities are going to continue to support their port authorities and their ports. But I also think we need to elevate the discussion so we determine what the role of the private sector is to help secure that infrastructure for themselves.

Senator MURRAY. I look forward to that debate. Thank you.

Secretary RIDGE. Thank you.

Senator COCHRAN. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman.

Mr. Secretary, on Friday I landed at Tom Ridge Airport in Erie. And I want to report to you that it is a great airport.

Secretary RIDGE. Thank you, Senator.

WAY TO RECONFIGURE THE CALCULATION FOR HIGH-RISK AREAS TO INCLUDE THE TOM RIDGE AIRPORT AND ERIE, PENNSYLVANIA

Senator SPECTER. I then went to a meeting of first responders and heard the concern that among the 50 high-risk areas, Erie is not included, largely because of the population factor. But they have a port, and they have access to a border with Canada. And my question to you is: Is there some way to reconfigure that calculation to include the Tom Ridge Airport and Erie?

Secretary RIDGE. Senator, the funding streams that Congress has generally supported the past 2 years through the Office of Domestic Preparedness had one portion that went to the States that was driven strictly by population, another portion that went to urban areas, where the Congress gave the department the flexibility to look at population density, critical infrastructure, the threat level, and make the appropriation.

One of the adjustments, based on our thinking in terms of how we can better direct those dollars is to look at that one pool of money that historically goes to the States by formula, notwithstanding that every State, large or small, should get a certain level of funding, but to see, based on a broader statewide analysis of critical infrastructure, that those States should get actually more money depending if the critical infrastructure is in there.

Senator SPECTER. Mr. Secretary, I am hesitant to interrupt you, but there is very limited time and I want to ask you three more questions.

Secretary RIDGE. Yes.

Senator SPECTER. I would like you to take a look to see, if you might, we can figure the high-risk areas to include Erie. When you talk about the general fund, the minimum for each State is three-quarters of 1 percent, which means that 40 percent of the funding, general fund and first responders, is taken off on the small States. And that has a very disproportionate share. For example, in Pennsylvania per capita we receive $5.83, and Wyoming receives $38.31. And that is the fund where we have to look to a city like Erie, community like Erie.

Last August, I visited some 33 counties on first responders and designated one of my top deputes to review our State. What can you say about providing a little more equity for the general fund, especially when Erie is not a high-risk area and has to limit its intake from the general fund?

Secretary RIDGE. Well, Senator, I think our strategic decision to deal with that issue, not community-specific but to deal with the notion that every State should still get some minimum funding, but not all of that money in that program should be allocated strictly on population. Now that our agency has matured and now that we have strategic plans from the individual States every governor has submitted a strategic plan based on their needs, we have asked for the flexibility to distribute those dollars differently than just on a strict funding formula.

FLEXIBILITY IN AUTHORITY TO DISTRIBUTE FUNDS TO HIGH-RISK AREAS

Whether or not Congress gives us that flexibility to do so, so that States like Pennsylvania would have more resources to support communities such as Erie, or I would say Senator Levin would tell you support communities like Port Huron, which is a small community of 30,000 people, that has chemical farms, energy infrastructure, and all kinds of basically critical infrastructure, and they get nothing either.

So that is our response to the need to address some of the needs of smaller communities.

Senator SPECTER. The issue of your authority, Mr. Secretary, has been a discussion which you and I have had on many occasions. And as more information is coming to light about September 11, there are more indicators, more evidence, that if all of the information had been collected in one spot, 9/11 might well have been prevented.

And I know that there has been a change with the FBI and the CIA and other intelligence agencies to try to have better coordination. And this is a very involved matter. But I would appreciate it if your department, if you would give us an answer in writing, because we do not have time to go into it now, as to your evaluation as to how it is working.

As I am sure you will remember, when we passed the bill in October of 2002 and the House of Representatives had left and it was take it or leave it in the Senate and I wanted to offer an amendment to give you the authority, as Secretary, to direct and have the critical authority, the issue went all the way to the President. And it was either get the bill in its form without having that authority and you or having it deferred until the spring. But I would like your evaluation as to how that is working.

HOW THREAT DETERMINATIONS ARE MADE

And the final question I have within my 5 minutes, Mr. Chairman, is: What can you tell us within the bounds of security as to how you make the risk assessment on the different gradations? There is obviously enormous concern about whether, when, where there will be another 9/11. It has sort of recessed from our minds as time passes. But I know it is very much on your mind and very much on the President's mind. And you took some extra precautions recently over the holiday season. And you had made a comment that you thought that the precautions you took may well have averted another 9/11. And I think the expression you used

was that you had a gut reaction to come to that sense or that conclusion.

Secretary RIDGE. Right.

Senator SPECTER. I would be interested to know, and I think everybody would be interested to know, how you make the threat assessments, where you think we are generally at risk today, and, to the extent you can specify, how you think the precautions which you took may have prevented another 9/11.

Secretary RIDGE. Senator, I will try to be brief, but it does call for a fairly lengthy——

Senator SPECTER. Oh, take your time. My time is over. Take your time.

Secretary RIDGE. Thank you, Senator. First of all, every single day, at least three times a day, there is formal interaction between the intelligence community, and that includes the Department of Homeland Security. Every morning the Attorney General, the FBI Director, the CIA Director, the Deputy, the Secretary of Homeland Security, and others meet with the President, Vice President, to go over the threat information from the previous day.

Twice a day, later on that morning and in the afternoon, by secure video, the intelligence community examines the threats of that particular day, but obviously looks back at the reporting stream for previous days to see whether or not there was additional corroboration, whether or not they render any judgments with regard to the credibility, but over a period of time, Senator, through that process and that constant interaction at the Terrorist Integration Center, the interaction of the professional analysts, the CIA, even on ad hoc basis.

PROCESS FOR RAISING THREAT LEVEL

At some point in time prior to about a week or so prior to when we raised the threat level in December—I say a week. I do not recall specifically. But at some point in time, the volume of the reporting, the nature of the reporting, assessments based on the credibility of the reporting were such that we began to look at the possibility of raising the national threat level. That process over a 24-, 36-hour period then led to the meeting of the President's Homeland Security Council. And that is Secretary of State and the Secretary of Defense and the Attorney General, the FBI Director, the Secretary of Transportation, yours truly.

It is then discussed among these principals. And based upon that discussion, we made the decision to recommend to the President for the foreseeable future we raised the threat level. That, in very short fashion, is the process that we engage in to raise in.

I note it is a process we have engaged in the past where we didn't raise it. And it had been 6 months since we took the national threat level up.

Finally, Senator, I would say to you and your colleagues on the committee and, for that matter, the entire country, as we do, as this department works with the private sector to harden certain chemical facilities and energy facilities and the like, as we continue to do a better job of informing State and local law enforcement, as we continue to do our job, I believe we will raise the threshold even higher to go to the next threat level. Because initially, the national

warning system was based simply on what we heard and perceived to be the threat. But there is also a risk analysis that we can now, because of the Department, have to plug into that equation.

That may be the threat, but what is the risk based on, the precautionary or preventive or security measures that have been in place? You could have the same threat with no security, and you might want to raise it. You could have the same threat level but with more security and say, we are comfortable enough, given the present circumstances, perhaps to target information privately to a particular place, a particular site, but not take the entire country up.

That would be the goal, because we are quite aware of the fact that raising the level nationally is a blunt instrument. Normally it requires a labor intensive response. But as we build permanent security measures across-the-board at the State and local level and in the private sector, it should be more difficult to take it up, because we will have reduced the risk by adding additional security measures.

Senator SPECTER. Thank you.

Senator COCHRAN. Your time has expired, Senator. Thank you.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman. And I will put my post-statement in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Mr. Secretary, I want to thank you for coming to testify before us today.

We are entering the second year of this subcommittee and in that time there have been many changes to your department and there are new challenges facing the country. I appreciate your appearance here to discuss the Administration's priorities in the new fiscal year.

For the past year, you have supervised many constituents of mine who are former employees of the Immigration and Naturalization Service and who now work for the Bureaus of Customs and Border Protection, Immigration and Customs Enforcement, and Citizenship and Immigration Services.

A year ago, I praised them to you and told you they would exceed your expectations—I trust that they have done so.

At the same time, you and others at the Department told me that you would make full use of these excellent employees, and that the Vermont workforce would not decline as part of the reorganization. You have kept that pledge, and I look forward to continuing to work with you to ensure that these employees contribute to protecting and enhancing our Nation.

I would like to turn however to President Bush's proposed homeland security budget for fiscal year 2005 that was sent up here by the Administration and share with you a few of my concerns.

I was extremely disappointed that the budget drops the all-state minimum formula, which I authored, from the State Homeland Security Grant Program administered by the Office for Domestic Preparedness (ODP). This formula assures that each state's first responders receive a minimum of .75 percent of those grants to help support their basic preparedness needs.

Not only would this change result in the loss of tens of millions in homeland security funding for the fire, police and rescue departments in Vermont and other small- and medium-sized states, but also deal a crippling blow to their efforts to build and sustain their terrorism preparedness.

Mr. Secretary, you and I have spoken many times in public and private on how to fairly allocate domestic terrorism preparedness funds to our states and local communities. We both agree that each State has basic terrorism preparedness needs and, therefore, a minimum amount of domestic terrorism preparedness funds is appropriate for each state. We both agree that highly populated, highly threatened and highly vulnerable areas have terrorism preparedness needs beyond those basic

needs for each state. Most importantly, though, we both agree that homeland security is a national responsibility shared by all states, regardless of size.

On January 28, I spoke with Sue Mencer, the Executive Director of the new Office of State and Local Government Coordination and Preparedness (SLGCP), about the merging of organizational units within the Homeland Security Department. During our exchange I mentioned the importance of the all-state minimum requirement and Ms. Mencer assured me that the fiscal year 2005 DHS budget proposal would include the .75 percent all-state minimum.

You can imagine my surprise, then, when I read in the President's budget proposal that the grants to States for addressing State and local homeland security requirements and Citizen Corps activities and law enforcement terrorism prevention grants would be allocated among the states based on population concentrations, critical infrastructures, and other significant terrorism risk factors. Not only was I troubled to see that grants to States for addressing State and local homeland security requirements and Citizen Corps activities and law enforcement terrorism prevention grants had been cut by nearly $1 billion, but without the all-state minimum protection for smaller states, there is no assurance of funding under these programs.

I wrote the all-state minimum formula to guarantee that each State receives at least .75 percent of the national allotment to help meet their national domestic security needs. I strongly believe that every state—rural or urban, small or large—has basic domestic security needs and deserves to receive Federal funds to meet those needs.

After the terrorist attacks of September 11, 2001, we have worked together to meet the needs of all State and local first responders from both rural and urban areas. Now, however, it appears that the President wants to shortchange rural states, rolling back the hard-won progress we have begun to make in homeland security. Our fire, police and rescue teams in each State in the Nation deserve support in achieving the new homeland security responsibilities the Federal Government demands.

I ask that you support a budget supplement amendment to restore the .75 percent minimum to the State Formula Grants Program. I look forward to speaking and working further with you and my colleagues on this matter.

Representatives of urban states have argued that Federal money to fight terrorism is being sent to areas that do not need it and is "wasted" in small towns. They have called the formula highly politicized and insisted on the redirection of funds to urban areas that they believe face heightened threat of terrorist attacks.

What critics of the all-state minimum seem to forget, though, is that since the September 11 terrorist attacks, the American people have asked ALL State and local first responders to defend us as never before on the front lines in the war against terrorism. Vermont's emergency responders have the same responsibilities as those in any other State to provide enhanced protection, preparedness and response against terrorists. We must ensure that adequate support and resources are provided for our police, fire and EMS services in every State if we expect them to continue protecting us from terrorists or responding to terrorist attacks, as well as carry out their routine responsibilities.

Most of the cuts to the formula-based and law enforcement prevention grants were made to increase to $1.4 billion the discretionary grants for use in 50 specific high-threat, high-density urban areas. While I recognize that enhancing the security of those urban areas represents a critical national priority, I cannot support both a drastic reduction in the formula-based and law enforcement prevention grants and a barring of small states' access to even a portion of the more than $2.7 billion that the formula-based and law enforcement prevention grants and Urban Area Security Initiative grants would total.

Fostering divisions between states ignores the real problem: the President has failed to make first responders a high enough priority. We should be looking to increase the funds to our Nation's first responders. Instead, we see the President proposing to cut overall funding for our Nation's first responders by $800 million. These cuts will affect each state, regardless of size or population.

The Hart-Rudman report on domestic preparedness argued that the United States will fall approximately $98.4 billion short of meeting critical emergency responder needs over the next 5 years if current funding levels are maintained. Clearly, the domestic preparedness funds available are still not enough to protect from, prepare for and respond to future domestic terrorist attacks anywhere on American soil.

Senator LEAHY. Governor Ridge, it is always good to have you back here.

Secretary RIDGE. Senator, thank you.

Senator LEAHY. I have not flown into the Tom Ridge Airport, but——

Secretary RIDGE. You do not have that many flight options, Senator. But——

Senator LEAHY. Should you come to Burlington, Vermont, feel free to stop by the Leahy Center.

PROPOSAL TO DROP THE ALL-STATE MINIMUM FORMULA FOR ALLOCATING STATE HOMELAND SECURITY GRANT FUNDS

Governor, I have to state that I really was disappointed that the President's proposed budget for fiscal year 2005 drops the all-state minimum formula. I authored that. They dropped it from the State homeland security grant. And you probably do not need reminding, but this says that each State will receive a minimum three-quarters of 1 percent of those grants to help support the first responders basic preparedness.

I thought I would bring this up because with the makeup of this subcommittee, that would affect all but, I think, one or two on this subcommittee. So it may be more than a passing interest. But more than that, it would result in the loss of millions of dollars in homeland security funding for fire, police, rescue departments in small and medium-sized States. I think it would create a crippling blow for their efforts to build and sustain their terrorism preparedness.

And these small States, each have a particular need that may be different. Some are like my State. They are a border State. Others have major ports in them, may have natural—or may have energy facilities important not just to their State but to the rest of the country. And you and I have spoken about how to fairly allocate domestic terrorism preparedness, funds to our States and local communities. You have been very forthcoming on that, as have your staff.

I thought we had agreed that fire, police, emergency medical rescue teams in each State deserve support in carrying out the new homeland security responsibilities that the Federal Government demands of it. So I was surprised, knowing that on the one hand these States are being required to carry out these demands. You read that in the budget there will be allocated among the States based on population concentrations, critical infrastructures, and other significant terrorism risk factors, as determined by you.

IMPACT ON RURAL STATES

I believe it means the administration wants to shortchange rural States, wants to roll back the hard-won progress we have begun to make in homeland security by slashing the protections in the all-state minimum. Now I am strongly committed to the critical national priority of enhancing urban areas. I have supported legislation, especially some of the particularly targeted urban areas where we are today in New York City and elsewhere.

But I cannot go and tell rural areas that, sorry, you are not big enough to have to worry, even though, if I was planning a terrorism attack, I would know that, for example, attacking the Tom Ridge Airport is going to get as much international coverage as attacking JFK or LAX, because it is a United States airport within our boundaries.

So would you agree that homeland security is a national responsibility shared by all 50 of the States regardless of their size?

Secretary RIDGE. Senator, yes. I think one of the challenges for the Department of Homeland Security is to integrate the capacity we have within our States and local communities, match it up with the Federal effort to combat terrorism. So there is a shared fiscal responsibility. There is a shared operational responsibility. It is a national plan, not just a Federal one.

Senator LEAHY. But then in these States they have to do a certain amount of minimum—I do not know whether it was the State of Idaho or West Virginia, Vermont. There is only one State smaller than Vermont in population, Wyoming. But whatever the State is, they have to do a certain amount of minimum preparation, communications. Whether it is in a State of half a million or four million, they have to do certain basic things. You have to have basic ideas for planning, for response equipment, fire, police, and so forth.

SUPPORT OF FUNDING TO RESTORE THE THREE-QUARTERS OF 1 PERCENT MINIMUM TO THE STATE FORMULA GRANTS PROGRAM

So if you accept the fact that there are certain minimum things that have to be done wherever we are, would you support a budget supplement amendment to restore the three-quarters of 1 percent minimum to the State formula grants program, which include the State homeland security grant program, the Citizen Corps, and the law enforcement terrorism prevention grants program?

Secretary RIDGE. Senator, I would much prefer the approach as embodied in the President's budget, that as we take a look at the dollars that have historically been allocated to States Strictly on a formula, that the Secretary be given the flexibility, understanding that he has just testified now and believes that there ought to be some minimum that goes to every State and territory.

Senator LEAHY. What is that minimum?

Secretary RIDGE. We would certainly have to sit down and——

Senator LEAHY. I mean, it is .75 now. Is that too much? Too little?

Secretary RIDGE. Senator, frankly, I would like to take a look at all of the statewide plans that the Governors have submitted to us and make that determination. And we certainly cannot deal with this privately. I will have to be engaged with you and your colleagues here, because I am mindful that there are basic infrastructure needs in all 50 States and territories. But the language that we have submitted in this document would give the Department some flexibility based on needs, not just on population.

Senator LEAHY. I understand. But on that flexibility, you have to understand that a lot of smaller States and rural areas are concerned because, one, it shows there is no guarantee that they will get anything. And secondly, when the President had proposed an $805 million cut in funds for the Office of Domestic Preparedness, those are programs that directly benefit the police, fire and medical rescue units, you put that together with the fact of this safety net for smaller States is gone, at the same time of an 18.4 percent cut in funds for the Office of Domestic Preparedness, $805 million is there.

You have the Hart-Rudman Terrorism Task Force report saying that we are going to almost $100 billion short of meeting critical emergency responder needs through this decade's end, if these current fundings are going on. You know, if I am a Governor—and you have been a Governor; I have not—if I am a Governor, I am going to be asking how is my State first responders going to be able to fulfill the mandates coming from Washington when the President is proposing to decrease, not expand, but decrease the money, expand the amount that is required.

I mean, every time we go up to orange alert or whatever, the requirements go up. Every time there is even a regional threat, the requirements go up.

What is being asked of these State and local groups goes up all the time, but the money is going down. And even the guarantee of what money was there within the budget is now gone. If you were a Governor of one those States, you would be kind of worried.

Secretary RIDGE. Senator, first of all, I would say to you that the President's commitment in the 2005 budget to first responders' dollar amount in terms of the budget proposal is as strong as it was in 2004. The difference that we are talking about are the additional funds that Congress added to the President's request. So I think we need to understand that the President——

Senator LEAHY. Well, not really, if I might.

Secretary RIDGE. Well——

FIRST RESPONDER FUNDING

Senator LEAHY. This fiscal year, Congress appropriated $4.2 billion for first responders and homeland security needs. We are a lot more alert since then, but the administration has proposed a $3.5 billion package for fiscal year 2005 that cuts the Fire Act and grants programs to State and local areas. And you have put that along with the President's opposition to using Federal dollars to hire fire and rescue, even though we know what that was like on September 11 at the World Trade towers or over here at the Pentagon.

No, I do not say that you could say the commitment is still there. The cuts are there; the commitment is not.

Secretary RIDGE. Senator, we arrive at differing conclusions based on the same figures. Maybe that is the trouble with the new math.

Senator LEAHY. Oh, the figures are less.

Secretary RIDGE. If I recall correctly, and I will stand corrected, Senator, but by and large, if you take a look at the request in 2004 for the fire grants and admittedly, we have shifted some money from one pool, the State direct funding grant, to the urban area security initiative, but by and large the President's request is close to what it was in 2004. The Congress added additional money. And I think that is what you are referring to as a cut. But the President's commitment, in terms of his budget request, is nearly the same as it was in 2004.

Senator COCHRAN. The time of the Senator has expired.

Senator LEAHY. Thank you. I will submit further questions, if I might, for the record. And I applaud you for holding this hearing.

I think it is going to be a subject of more than a little discussion in this committee.

Senator COCHRAN. Thank you, Senator.

Secretary RIDGE. Yes, it is.

Senator COCHRAN. Senator Kohl.

Senator KOHL. Thank you, Mr. Chairman.

CANCELLED INTERNATIONAL FLIGHTS

Secretary Ridge, I would like to return to the question of those canceled flights——

Secretary RIDGE. Yes, sir.

Senator KOHL [continuing]. Of which I believe there were 13 from France, Britain, and Mexico. In one case, British Airways flight 223, as you know, was canceled four times. Evidently, this was done because of specific information that our intelligence community obtained about potential threats on board these flights.

Common sense would suggest that when we have detailed information about a particular flight, then heightened screening measures could ensure that no dangerous instruments be taken on board these flights which might allow individuals to hijack. Was cancellation the only option?

Secretary RIDGE. As we discussed the threat with the airlines, and it was an ongoing discussion through that entire period, it turned out from everyone's point of view to be the best option.

Senator KOHL. Does this imply that screening procedures in other countries are inadequate?

Secretary RIDGE. Well, since that time, and even prior to that time, Great Britain and to that extent France have significantly, I do not want to say improved, because they had a high level of screening to start with. But it is far more intense than it has ever been.

But there was some concern in the public discussion, about our preference to use air marshals. And that those kinds of requests need to be vetted. We use thousands of them. Other countries do not provide that kind of security in such a robust or comprehensive fashion that we do.

So again, as we explored options to deal with the threat, it was decided by the airlines, they thought their best option was to cancel the flights. And we agreed with them.

Senator KOHL. Well, what kind of security can be instituted, for example, to protect against biological or chemical kinds of threats on an aircraft?

Secretary RIDGE. Well, you highlight from my perspective, Senator, probably one of the most effective. And that is far more rigorous and intense screening. And I think under the circumstances that was certainly an option that they were prepared to consider.

I think in time, as we develop the technology of detection and put it aboard different modes of transportation, that will ultimately advise us that an attack has occurred, but will obviously not have given us the capacity to prevent the attack. And I think probably the most important focus that we should have with regard to aviation security, mindful of the need to identify weapons, but we should be more focused on the individuals who might be carrying

the weapons. I mean, that is at the heart of the CAPS II Program that we want to use for domestic aviation purposes.

TECHNOLOGY OF DETECTION

So additional screening, yes, I believe the international standards, particularly among our allies in Europe. And they have really ramped up their screening, but not everybody has done that internationally. One of the first series of grants we sent out through the department was to identify the technology of detection that would enable us to—we would be advised that an incident had occurred. And we would obviously have to respond to it as quickly as possible. But it is still not to a point where we can put it in any form of transportation.

And until such time, the most important thing for us to do, while we continue to focus on weapons, continue to have people go through metal detectors, continue to search through the contents of the carry-on luggage, continue to screen the luggage that goes in the hold, the most important focus should be the individuals and the likelihood that they would be a terrorist.

SCREENING FOR BIOLOGICAL WEAPONS

Senator KOHL. You must know the answer to this question. Do we have the capacity to screen for biological weapons?

Secretary RIDGE. We do not have the technology yet available to do that. We are looking for it. Right now——

Senator KOHL. So that—not necessarily in the case of those canceled flights, but generally speaking, when it comes to biological weapons, it then becomes a determination as to whether or not the individual——

Secretary RIDGE. Correct.

Senator KOHL [continuing]. Is somebody that might be suspected or capable of taking a biological weapon on a plane. And that might cause a cancellation——

Secretary RIDGE. Correct.

Senator KOHL [continuing]. Not the screening, because we do not have that capacity right now.

Secretary RIDGE. Correct. It is a high priority for the Department in terms of its research and development. But right now, we have to rely on individual screeners. And we have certainly, since the Department has been created, discovered from interrogation of detainees, training manuals, and other sources, means of, potential means of, delivery of those kinds of weapons or ingredients. The screeners are aware of them. But it still comes down to the capacity of the screener to, again, funnel that information, take a look at what is being carried on or what is located in the suitcase and make a determination that it needs to be pulled out and examined. And we do not have the technology to assist the screener yet.

Senator KOHL. Okay. Do I have time for one more question?

Senator COCHRAN. The Senator does have time for one more question, yes.

Senator KOHL. Thank you.

FRAUDULENT DOCUMENTS

Secretary Ridge, initially we were told that all September 11 hijackers entered the country legally, many of them on student visas, then disappeared into the shadows of our society to avoid detection. But now the independent commission is telling us that many of the hijackers could have, or probably should have, been stopped at the border prior to entering.

It turns out that a number of the hijackers had fraudulent visas or lied on their applications. Apparently, immigration inspectors, whether it was because of insufficient resources or training, lacked the ability to catch these terrorists before they entered the country. Recognizing that there is a problem here, what is being done to train our INS inspectors to enable them to spot fraudulent and deficient visas in order to stop potential terrorists at the border?

Secretary RIDGE. Senator, you raise a very significant problem in the international community generally. That is one of fraudulent documents, whether they are using them to verify their existence here in the United States with fraudulent social security cards or driver's licenses or whether they are using them to come across our borders with visas and passports.

Number one, there is, I think, very significant training that has been required and provided to the men and women at our ports of entry. Number two, the Congress has told us that we need an entry-exit system so we can mark the arrival, as well as the departure of people coming into the country. That is part of the US VISIT protocol, where, by using facial identification and fingerprint scans, we have already reviewed about a million people coming into the country, and we have sent over 100 people back. We did not allow them to enter because of information we had on the database; not necessarily because they were terrorists, but because there were other—basically, it was a criminal reference.

That same kind of identification protocol will be employed in consular offices by the end of this year, the photographs and the fingerprint scans, so at least we can make sure that the folks that receive the passport are the ones who are checking in with the passport when they try to come into the country. So you take that, you couple it with additional training to look for fraudulent passports, we have substantially improved that capacity. But we have to be forever vigilant.

I must tell you that on a fairly regular basis, Senator—and I get a daily report from Customs and Border Protection. We have, on a fairly regular basis, these very, very dedicated men and women at the border turn folks away because of the fraudulent nature of their visa or their passport. They do not pretend to say that they catch them all. But their antenna is up, and they are as sharp as we want them to be. We continue to give them information as to what to look for.

You know, from time to time, we discover that other countries have had passports stolen. We work with those countries to get identifying characteristics on those passports. That information is pushed down to the ports of entry.

So again, it is a continuing process of education, vigilance. I think the US VISIT Program is going to help us quite a bit, as well.

Senator KOHL. Thank you, Mr. Secretary.

And Mr. Chairman, I will submit my questions for the record.

Senator COCHRAN. Thank you, Senator Kohl.

Senator Craig.

IMMIGRATION AND BORDER SECURITY

Senator CRAIG. Mr. Chairman, on a variety of questions, I will submit them for the record so the Secretary can respond. I want to focus just in one area.

And I apologize, Secretary, for being late for your testimony. But during the questioning, I have had an opportunity to read it, and I appreciate it.

Let me focus only on one area now and that is the issue of immigration and securing our borders. And I am very pleased that our President is now leading on that issue as it relates to an undocumented workforce in this country. I say that because my State and many States across the Nation need that workforce.

Without question, there is a need in our economy for six or eight million foreign nationals to be here working and receiving good pay and doing services that our own citizens choose not to. So it is so important that we make this system work.

I think one of the unknown consequences of border security post 9/11, while we were intending to lock people out, we locked a lot of people in who were moving back and forth across our borders, providing services, going home to their loved ones, and because of now the toughness at the border, choosing to stay in because they cannot, once get out, come back. And in my State of Idaho, at the peak of the agricultural season, we may have anywhere from 19,000 to 20,000 undocumented. I have some legislation in that area now that we are working on.

UNDOCUMENTED WORKERS

But here is what I have found and where my question takes me today in dealing with local law enforcement and undocumented workers. I see you are going to hire some more agents. Well, we have gone from 3,000 to 10,000 at the border. And we have begun to stem the tide of an undocumented workforce. We arrested over 800,000 last year and deported them, and there are millions within the country. Why? Because of what is here for them to do and to make money and to go home to their loved ones, if they can, or to stay here.

In one county of mine, the county sheriff tells me that he arrested or apprehended over 1,200 undocumented workers. That was borne by county taxpayer expense. They were jailed at county taxpayer expense. Let me suggest to you that it is my experience, in having focused on this issue for the last 5 years, that the National Immigration Service and now the new service is relatively inadequate in being able to effectively find undocumented workers. But I know who does, local law enforcement.

Now I would suggest to you that you review your idea of hiring more agents and you concentrate on cooperative partnerships with

local law enforcement, maybe with some assisted training. As it relates to their normal course of law enforcement, they are the ones who find, in most instances, the undocumented workers or the undocumented foreign nationals in this country. And some may be certainly people of bad reputation. Others are simply here to work.

Also, I would suggest, and you just got into the business of talking about fraudulent documentation. And I understand here you talk about providing certain deterrents to the employers as an incentive to maintain a legal workforce. That is legitimate when the documentation is legitimate.

But to find a person whose livelihood would be destroyed because they cannot find the work and they hire foreign nationals who have documentation to do their work, to harvest the food that goes onto the shelves of America, and then to put them at risk because they accepted the documents that were available, you see where I am going, it becomes the ultimate catch-22.

And so I am proud of what the President is doing. I know it is highly controversial. I happen to disagree a little bit on the fine points of the issue. But he has been willing to step up and address the issue, the 8 to 12 million undocumented that we have in this country and the laxness and the slackness that we have had at our borders for decades.

But having said that, reform is at hand. And you are leading that. And I greatly appreciate it. But I would suggest that if the answer is simply to hire more Federal agents, why?

The biggest thing that I have been frustrated with over the years is that when you had drug apprehension or all of those other kinds of things, and every agency developed its own police force—and out in my State, the Forest Service, they had to have law enforcement. BLM had to have law enforcement.

COOPERATIVE LAW ENFORCEMENT WITH LOCAL ACCOUNTABLE LAW ENFORCEMENT

Well, I know what they used to do. They used to develop cooperative law enforcement agreements with local accountable law enforcement. And that is where the rubber really hits the road on a daily basis. And I think that it is not only cost effective, but with right and reasonable training, it can be phenomenally responsive for a lot less cost.

That is an observation. I have no questions, Mr. Chairman.

But I would ask you, Mr. Secretary, to take a comprehensive look at that. We have some legislation moving now. I would lots rather see you take the initiative now and begin to get it on the ground, because our counties are experiencing a lot of costs in those hot areas of high intensity undocumented workers. And often, it is they who pick up the phone and call the INS and tell them: Hey, here are your people. Come get them.

Secretary RIDGE. Thank you, Senator. I would look forward to having that, continuing this discussion privately, because however this plan evolves, it will only be effective if the right level of resources are given to the right people in order to enforce it. And our limited experience with collaboration with the States, in terms of apprehension and detention of illegal aliens, has been mixed. Some States are willing to do it; other are not.

Part of the reason may be philosophical. Others may be fiscal. Either way, you have 650,000 men and women in local law enforcement that should be viewed as a potential asset and resource in enforcing the new law, whatever it might be.

Senator CRAIG. Thank you.

Mr. Chairman, thank you.

COAST GUARD OFFSHORE PATROL CUTTERS

Senator COCHRAN. Thank you, Senator Craig.

Mr. Secretary, one of the responsibilities that the department has is the United States Coast Guard operations, particularly for patrolling our coasts and ports, contributing to our security of the homeland in that way. The budget request includes $26.2 million to support the operation of five patrol coastal cutters that are being transferred to the Coast Guard from the Navy. My question is whether your office, and you personally, have information that will let us know what the time frame is for the Coast Guard receiving these patrol coastal cutters from the Navy and whether there is funding that is sufficient in this budget request to convert the Coast Guard cutters into mission-capable boats for the operation of the missions that are required.

Secretary RIDGE. Senator, I believe that the deployment decision with regard to those five vessels should be forthcoming in the next month or two. I know that they are looking at two. They are looking to just narrow the gaps in existing coverage. I know one of the venues they are looking at is in Mississippi. I dare not speak for the Commandant. But there is an interest in distributing those five cutters in two different ports.

They certainly are going to maintain their capability. I think we have sufficient resources once they are deployed to use them effectively. But the decision as to when and where they will be deployed, I believe, is in the next 4 to 6 weeks.

ALTERATION OF BRIDGES

Senator COCHRAN. One of the other counts in the Coast Guard's budget request of interest to some of us is in the funding for alteration of bridges. There is no funding in this budget request that would permit the Coast Guard to carry out its responsibility of removing obstructions to commerce on navigable waters. There is a backlog of work that needs to be done to help ensure the safe navigation of rivers and ports. It is my hope that your office will take a look at that and let us know what funding may be useful to the Coast Guard to continue certain bridge projects that are already under way but which are not fully funded in this budget request.

It forces this committee to add funds to help ensure the navigability of waters of the United States. So it is something that has to be done, it seems to me. And working with your office or with the Coast Guard, getting some indication of what that funding level ought to be would be very helpful to us.

Secretary RIDGE. Senator, we will certainly acknowledge your inquiry and get back to you as quickly as possible. I do not know what the Coast Guard's plans are to continue to remove these navigational obstructions or to make those kinds of adjustments in ports. I need to get back to you in response.

[The information follows:]

ALTERATION OF BRIDGES

The Coast Guard's Alteration of Bridges request is zero in fiscal year 2005, because obstructive highway and combination railroad/highway bridges are eligible for funding from the Federal Highway Administration's Federal-Aid Highway program. It is estimated that a total of $15.1 million is needed to complete the three Truman-Hobbs bridge alteration projects actively under construction: the Florida Avenue Bridge in New Orleans, Louisiana; the Sidney Lanier Bridge in Brunswick, Georgia; and, the Limehouse Bridge, in Charleston County, South Carolina. All three of these bridges are highway bridges. In addition, there are five bridge projects with completed designs for alteration: the Burlington Northern Santa Fe Bridge in Burlington, Iowa; the Burlington Northern Santa Fe Bridge in Fort Madison, Iowa; the Chelsea Street Bridge in Boston, Massachusetts; the EJ&E Bridge in Divine, Illinois; and, the CSXT (14 Mile) Bridge in Mobile, Alabama.

NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

Senator COCHRAN. Okay. The Secret Service, as we know, has responsibility for monitoring counterfeiting and investigating counterfeiting of our currency. It has the National Center for Missing and Exploited Children, as well. The budget transfers funding for the national center from the Secret Service budget to the Bureau of Immigration and Customs Enforcement. The question I have is: We want to be sure this does not hinder the Service's ability to provide support for the center.

If we could have an indication that the funds that are being transferred will support the Secret Service's mission, that would be helpful.

Secretary RIDGE. Senator, I feel confident in telling you that the transfer of the responsibility to ICE was done in consultation with the Secret Service. It has been at the hub of their new initiative called Operation Predator. And we will give you the confirmation that you seek in writing.

[The information follows:]

GRANT FUNDING FOR THE NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

The President's budget proposes that the funding for a $5,000,000 grant for the National Center for Missing and Exploited Children (NMEC), which in fiscal year 2004 is funded in the U.S. Secret Service's appropriation, be placed in fiscal year 2005 in an appropriation to U.S. Immigration and Custom Enforcement. In fiscal year 2004 this grant will be made available by the U.S. Secret Service to the NMEC for activities related to the investigations of exploited children. Transfer of this grant funding to the ICE does not affect the Service's support for the Center for Missing and Exploited Children. The Service will continue to provide forensic and other related support to the NCMEC.

Senator COCHRAN. Thank you.

Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

AMNESTY FOR ILLEGAL ALIENS

Mr. Secretary, you indicated earlier that you are not prepared to give us estimates on the cost of the implementation of the President's principals on amnesty for illegal aliens. Are you in a position to have some indication of how many more agents would be transferred from security and enforcement to carry out the President's plan?

Secretary RIDGE. Senator, I do not at this time. Your colleague, Senator Craig, suggested in a colloquy that we just had, however, that we might want to consider, whenever that plan is enacted, the use of State and locals and support them in that effort rather than additional enforcement officers at the Federal level. I suspect it will end up being some measure of both. Because whenever the initiative is passed, enforcement is a critical piece of it. But we just cannot give you those specific numbers of either people or money at the present time, Senator.

Senator BYRD. I believe you indicated, in response to an earlier question, that you did not anticipate any supplemental requests from the department.

Secretary RIDGE. At the present time, Senator, we do not.

Senator BYRD. So, how does this play into the amnesty proposal, if we do not anticipate any supplemental? If we do expect any legislation on the President's proposal, what do you think might be the situation with regard to a supplemental?

Secretary RIDGE. Senator, first of all, I was here back in, I think it was, 1985 or 1986 as a Member of Congress when we went through this issue before. And as you and I are well aware, back then amnesty and those folks were able to just assume, I think, a different position even in terms of their own citizenship. There is a little bit difference, there is a significant difference, between what the President wants to do in this program and what we did in the past.

But in any event, we are going to need substantial resources to enforce it. And I am still not in a position, Senator, until we better understand Congress' will and the requirements or mandates that you may impose on the department, what the final dollar amount will be.

CAPPS II

Senator BYRD. The department has been making preparations to implement CAPPS II, a new information system for screening airline passengers to determine if a passenger is a security risk prior to their boarding an aircraft. Based on our staff discussions with the department on the status of CAPPS II, we have very real concerns that the department has not made sufficient progress in meeting their criteria and addressing concerns that we all have.

What are your plans for this system? How do you believe that you have met the requirements of the law for deployment of this important system?

Secretary RIDGE. Senator, first of all, I would welcome, either by letter or personal conversation with you or your staff the specific concerns that you have with the CAPPS II program. Secondly, it is our intention, Senator, to test, to begin testing the program sometime later this year. There have been some delays associated with the testing, as we have dealt with some of the privacy issues associated with the use of name, address, date of birth, and other passenger name records that we would use as part of the database to get the program off and running.

We have reached agreement with the European Union that we can use their passenger name records as part of our testing protocol. And we are trying to allay the legitimate concerns of mem-

bers of Congress and the public generally that the information at our disposal will be for a very specific and very limited use. And it will enable us to target potential terrorists on the other side and enable us, we think, probably to reduce the amount of secondary screening and reduce the inconvenience and the delays at our commercial airports.

So I do not know the specific objections you have raised. One of the insertions into the Homeland Security Act from Congress was the insistence that we have a privacy officer. And Attorney O'Connor and her staff have been working on these privacy issues, working with me to convince the European Union that the information would be for a very limited and restricted use. And we need to convince members of Congress and the traveling public that it will be for a limited and restricted use, as well.

Senator BYRD. Our concerns are detailed in the fiscal year 2004 Homeland Security Appropriations Act. Our concerns are that the department has not yet addressed the requirements of the law.

Secretary RIDGE. Well, part of it may be our need to—we may have a difference of opinion on this, Senator. We certainly would look to secure bipartisan support for this test so that we could add an additional layer of protection to passenger travel. We have spent enormous sums of money, and very appropriately so, when we targeted commercial aviation, toward detecting weapons.

And while I think we need to maintain our focus on weapons, I think ultimately, as we combat terrorism, the primary focus should be on those who might carry the weapons, trying to identify the terrorist or potential terrorist rather than the weapon that he or she may be carrying. And I think the CAPPS II program gives us an opportunity in part to do just that.

OVERDUE CONGRESSIONAL REPORTS

Senator BYRD. In the fiscal year 2004 Homeland Security Appropriations Act and associated reports, the Congress directed the department to report to the committee on important issues ranging from the protection of critical infrastructure, hiring issues surrounding intelligence analysts and cybersecurity specialists, developing an inventory of the research and development work being done by department elements other than the Office of Science and Technology, and in preparing a report on the effectiveness of the homeland security advisory system, including efforts to tailor the system so that alerts are raised on a regional rather than national basis.

To date, the department has delivered only 14 percent of the mandated reports. It seems that for an issue as sensitive as the security of our homeland, the Department would want to have an informed Congress as an active participant in the policy process. Is it your view that this committee should expect these reports to come along soon?

Secretary RIDGE. Senator, I certainly hope so. To put it in context for you, Senator, we have sent quite a few up. But GAO alone, GAO alone has asked the department to submit information for 420 reports. That is in addition to probably 2,500 congressional inquiries. That is in addition to a lot of the other work that we are doing to try to keep, as you very appropriately point out, to keep

our colleagues in this effort, because we are partners in building this department, keep everybody informed.

While I regret the delay, and I am trying to explain it, not excuse it, but we are doing our very best we can to get to GAO and to the members the information they have requested. And we will do everything we can to expedite it for you, Senator.

Senator BYRD. Well, I hope you will do that. The GAO, as you well know, is an arm of the Congress. I am sure that the information that the GAO is seeking is of great importance to the Congress. We just do not act as a rubberstamp for the administration. We hope to be a partner in the effort.

Secretary RIDGE. Well, Senator, we respect the inquiry. As I said before, we fully intend to comply. It is just some of these reports require hundreds and hundreds of man hours to get the information and get it back to you. And we will do our best to expedite it.

Senator BYRD. Do I have time for another question?

Senator COCHRAN. Yes, sir.

PLAN FOR ADJOURNMENT

Senator BYRD. Incidently, what is the Chairman's plan as to proceeding further and whether or not we will have another opportunity to have Secretary Ridge before us?

Senator COCHRAN. Senator Byrd, our plan was to adjourn the hearing at 12:30 today. We were going to have hearings with other under secretaries and others who have jurisdictional responsibilities in the department. If there are other questions that need to be submitted, we have an opportunity to submit them in writing. But I have not discussed with the Secretary another hearing with him personally, but we would be glad to do that, if that is your request.

Senator BYRD. Very well. I hope we might at least think in terms of possibly hearing the Secretary again, if there needs to be. I understand that we will have other opportunities with other witnesses. And so, the questions that we have in mind may be asked and answered there.

Incidently, Governor, in an earlier conversation relative to the title of governor, do you remember?

Secretary RIDGE. Yes, sir. Yes, I do.

Senator BYRD. Well, my history taught me that in the colonies and in the States, the people did not think too much of their governors. Is that your recollection?

Secretary RIDGE. No, it is not, sir.

Senator BYRD. I think you might fail a history test. Maybe you should go back and review that a little bit.

Secretary RIDGE. I will, Senator.

Senator BYRD. They did not have much use for the royal governors. Do you remember?

Secretary RIDGE. Yes, sir, I do.

Senator BYRD. They were much more dependent upon and confident in their elected assemblies than they were of their governors. Pennsylvania was one of those early States, I believe, too. I believe it was one of the 13, was it not?

Secretary RIDGE. It was the second State, Senator.

Senator BYRD. All right. Well, I just have one more question, Mr. Chairman.

FIRST RESPONDERS

Others have touched upon this. Local police, firefighters and emergency medical teams are a community's first line of defense. But they seem to be almost the last priority for the President in his budget. Now others have touched upon this, which indicates that there is a widespread concern with respect to the first responders, and the fact is that trickle-down theory that we have heard so much about in many other respects is not working too well in this situation.

Cuts come despite continued warnings, cuts in these local responders' budgets. From think tanks, commissions, and from first responders themselves come these warnings, that our Nation is not adequately prepared to respond to another act of terrorism. How do you justify these cuts?

Secretary RIDGE. Senator, if I could put the predictable and, I think, understandable attention that you and all of Congress and first responders put on the notion of additional money to support their mission. If Congress sees fit to, at the minimum, appropriate to first responders the dollars requested in the 2005 budget, this Administration and this Congress will have made available to State and local first responders nearly $15 billion over the past 3 years. This year's grant fire grant is $2 billion. It has been delivered directly to firefighters.

The President's budget this year, as I mentioned to Senator Leahy, is a total amount very nearly identical to the amount of money the President requested back in 2004. Obviously, the Senate and the House chose to rearrange the priorities, which is certainly their prerogative because you do have that power of the purse, and actually gave to the first responders more money than was requested.

But I do think that the President's commitment has been strong. And it has been consistent throughout the years. This year we are altering or seek congressional support of altering how those dollars are distributed. But I would say to the Senator that the President's commitment has been consistent and across the board to support the first responders at a very significant level of funding.

Senator BYRD. There are billions of dollars, as you would agree, in the pipeline for first responders that have not been spent. We continue to hear complaints that come up from these people who were the first on the scene. That is why we have put the strict time lines on the Office for Domestic Preparedness and on the states to get the money to the first responders where it is needed. I hope that we will do a better job of getting the monies to these first responders.

FUNDING FOR FIRE DEPARTMENTS

The fact is, according to FEMA, only 13 percent of fire departments have the equipment and training to handle an incident involving chemical or biological agents. Fire departments have only enough radios to equip half the firefighters on a shift and breath-

ing apparatuses for only one-third. How do we justify a 33-percent cut to fire grants?

Secretary RIDGE. Senator, two parts to your question. You are absolutely right, Senator. The Congress mandated that the Department of Homeland Security be prepared to distribute the dollars you appropriated within a time certain. We are prepared to do that. I think it was a 45-day period. We are ready to do that.

Where we need to take a leadership role, and we would rather not mandate it, I would rather work with the Governors and the mayors to come up with a distribution scheme that everybody is comfortable with. Right now, the distribution of these proceeds varies from State to State, Senator. We are ready to send the checks out. Most of the logjam is in the collaboration between the cities and the States and their applying for the money.

We will take it upon ourselves in this department to try to work with our partners, because they are partners in this effort, to see if we can come up with a distribution scheme so that when we hit that time table to distribute the dollars, I am confident Congress will also mandate that in the 2005 budget, that we can get them out quicker to the first responders.

It is not your Department of Homeland Security. We are ready to distribute. But the logjam really is in the communication and collaboration at the State and local level. I do not mean to repeat myself. I apologize. But I had planned on meeting with the Governors, when they are in town in about 2 weeks, to address this question specifically. It is out there. We still have a few dollars left from 2002, more than half the dollars, I think, left from 2003. We have to get this money out the door.

PROCUREMENT POLICY ISSUES

Part of it, I think, is tied up in procurement policies, Senator. By the way, West Virginia, when I visited your first responders down there, have taken a regional approach toward building capacity around their States, so that not every community has the same thing. But within regions, they have built the same capacity. And that is obviously an approach that I think is the right way to go. I cannot tell you whether or not they have any problems with distributing the dollars. I suspect that they are not. But they have taken a regional approach. And we want to see if that could be part of the answer to breaking the logjam to getting these dollars to our first responders.

URGENCY TO GET FUNDS TO FIRST RESPONDERS

Senator BYRD. Well, I thank you, Mr. Secretary.

Mr. Chairman, you recall that we had hearings in this committee last year, the year before. Every time, we have these hearings and, in the meantime, we hear from these first responders that the money that Congress appropriates seems to be taking an awfully long time to get to them. They have taken the position all along that they need the money. They need to find a way to get it directly to them without all of the trickle-down apparatuses that are in between and which have a way of slowing down the delivery of these funds that Congress takes a very great interest in bringing to the attention and into the hands of these responders.

I am glad that there seems to be a greater sense of urgency, as I listen to the Secretary. I hope that that will carry through and that these people at the local level who are the first people to respond will see the results of this greater sense of urgency.

I hope, Mr. Secretary, that you will continue to press to get this money out the door and to these people who are on the job. Thank you.

Thank you very much.

Secretary RIDGE. Thank you, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Thank you, Senator Byrd.

Mr. Secretary, we appreciate your cooperation with our subcommittee. Senators may submit written questions to you, and we ask you to respond to them within a reasonable time.

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

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

INFORMATION ANALYSIS AND INFRASTRUCTURE PROTECTION

HOMELAND SECURITY ADVISORY SYSTEM

Question. The Homeland Security Advisory System has evolved from a nationwide threat level status to more specific targeted areas since the latest threat level decrease in January. While the threat level is currently at an "Elevated Condition", which is declared when there is a significant risk of a terror attack, our country's airports, aviation industry, and specific high threat cities remain at the "High Condition", the threat level that indicates a high risk of terrorist attacks. This more targeted threat level status helps focus limited resources on the most credible threat areas and at the same time allows security personnel and first responders in other parts of the country to "stand down" while remaining vigilant.

What further enhancements do you envision for the Homeland Security Advisory System with the improvement of intelligence detailing specific terrorist threats for certain metropolitan areas and specific sectors of industry?

Answer. With each raising and lowering of the Homeland Security Advisory System (HSAS), the Department of Homeland Security learns new lessons and improves its notification process. As the system has evolved, it has come to reflect the need for certain metropolitan areas and/or specific areas of industry to be notified at different times or at different levels than others. As such, DHS has become adept at providing information to such specific audiences as states and sectors through Homeland Security Information Bulletins and Advisories. Additionally, Department officials speak personally with representatives and officials of threatened states and industries, when the need arises. This personal communication, along with the ability of the system to allow DHS to communicate to certain areas what their alert level should be embody the enhancements that have been implemented thus far.

Question. What steps are being taken by the Department's Information Analysis and Infrastructure Protection Directorate to notify Congress and other key members of the Administration before a change in the Homeland Security Advisory System threat condition is announced publicly?

Answer. Key congressional members are notified telephonically when a decision has been made to raise the threat level and, circumstances permitting, before the public announcement is made. Members notified are: the Speaker and Minority Leader of the House, the Majority leader, Minority leader and President pro tem of the Senate, the Chair and ranking member of the House Select Committee on Homeland Security, Senate Governmental Affairs Committee and both House and Senate Homeland Appropriations Subcommittees.

Due to the tight timeline typically surrounding the announcement of alert level changes, the list of those personally notified in advance is necessarily limited to Congressional leadership and leadership of the committees of appropriations, and committees of overarching DHS authorization. Normally the scheduling of these calls will involve notification of key staff as well, but in those cases where it might

not, DHS Office of Legislative Affairs (OLA) will make telephonic and e-mail notifications at the same time.

Notification includes the change, when it is expected to be announced and the non-classified context in which the decision was made. If a member cannot be reached, their most senior staff member available is informed on their behalf. Notifications are made by Senior DHS Officials, typically the Deputy Secretary, Under Secretary for IAIP, and the Under Secretary for BTS. DHS callers may vary depending on operational circumstances but calls will not fall below the Assistant Secretary level. DHS, in concert with CIA and FBI will schedule a classified, Members only intelligence briefing as soon as possible after the announcement. If the change occurs when the Congress is in recess, a similar briefing is provided to relevant staff directors.

When the threat level is reduced, DHS OLA notifies key congressional staff including staff of the Speaker and Minority Leader of the House, the Majority leader, minority leader and President pro tem of the Senate, the Chair and Ranking Member of the House Select Committee on Homeland Security, Senate Governmental Affairs Committee and both House and Senate Homeland Appropriations Subcommittees so that they may, in turn, inform their members before a formal announcement is made.

Despite these efforts at advance notice, the Department must in each case make arrangements with the media prior to the Secretary's announcement of the change in the threat level, in order to fulfill the DHS responsibility to properly notify the public. As such, DHS is not able to control media and public speculation regarding the nature of DHS announcements up to the scheduled time of the press conference.

CYBER SECURITY

Question. The National Cyber Security Division as part of the Department's Information Analysis and Infrastructure Protection Directorate recently unveiled the National Cyber Alert System which intends to deliver information to home computer users and technical experts in business and government agencies to better secure their computer systems from the latest computer viruses.

How would you rate the performance of the new National Cyber Alert System's response to the most recent computer virus outbreaks, including the "MyDoom" virus that affected not only computers worldwide but also computers within the Federal Government?

Answer. I would rate the response to the National Cyber Alert System as positive, but not good enough. On the first day of NCAS launch, the Department's United States Computer Emergency Readiness Team (US–CERT) was bombarded by more than one million hits from would-be subscribers. More than 250,000 direct subscribers rely on the National Cyber Alert System to maintain their cyber vigilance and an additional estimated one million additional users receive national cyber alerts and information products indirectly through relationships with the Information Technology Association of America, various industry associations, the Stay Safe Online program, and others.

NCAS is new and will continue to evolve and improve over time. Importantly, the National Cyber Alert System is but a small portion of the work being done within the Department's IAIP Directorate, both to prevent incidents and in response to specific events in cyberspace. In partnership with the Computer Emergency Response Team Coordination Center (CERT–CC) at Carnegie Mellon University; my department works with over 150 cyber security experts from across the Federal Government; and collaborates with key elements from the Departments of Justice, Defense, Treasury, Energy, and State; the FBI and the Intelligence Community; and the private sector to prevent, respond to, manage, and recover from cyber incidents.

Question. The Department's new initiative "Live Wire" will test civilian agencies' security preparedness and contingency planning by staging cyber attack exercises to evaluate the impact of widespread computer disruptions. Recent instances, such as the power outages in the Northeast this past August, are an example of how an attack on our critical infrastructures, such as a cyber attack by terrorists on our Nation's utility industry, could cascade across a wide region if the proper precautions are not taken immediately.

Does the Department currently test the vulnerabilities of computer systems in the government and private sector to simulate a terrorist attack on the Nation's cyber infrastructure and if so, how will "Live Wire" build upon any current program if funded?

Answer. Live Wire is the first of a series of cross-sector, cross-discipline exercises that test the Nation's ability to respond to a large-scale, coordinated cyber attack and allow the Department to learn important lessons that improve our preparation

for real emergencies. We have hired outside experts to assist in our vulnerability analyses and continue to work with the private sector Information Sharing and Analysis Centers to augment our technical capabilities and knowledge.

We created the Cyber Interagency Incident Management Group (IIMG) to promote interagency cooperation in advance of and during cyber incidents and to assess cyber consequences flowing from an attack or natural calamities. This activity is a direct outgrowth of the Live Wire experience, where the need to establish a baseline of cyber activities across the Federal Government and improve communication channels were identified. Other cyber activities also stand to benefit from exercises like Live Wire. To date, the Department has focused on building the technical capability of the US–CERT and establishing the National Cyber Alert System. We are also examining possible system-wide impacts on critical infrastructures caused by cyber dependencies and interconnectedness

BIOSURVEILLANCE SYSTEM

Question. The President's budget proposes to establish a National BioSurveillance Group led by the Department of Homeland Security that will include the Department of Health and Human Services and the Department of Agriculture to create a national biosurveillance system to help shape current and proposed disease surveillance systems and to guide research and development of new technologies and capabilities.

How will the Department's Information Analysis and Infrastructure Protection directorate lead the coordination of efforts with the Department of Health and Human Services and the Department of Agriculture to integrate biosurveillance data from across the country in order to verify a chemical or biological terrorist attack?

Answer. As is directed in Homeland Security Presidential Directive/HSPD–9, Defense of United States Agriculture and Food, the Department of Homeland Security, through the Information Analysis and Infrastructure Protection (IAIP) Directorate is currently leading coordination efforts to integrate biosurveillance data across the country. This involves the formation of an inter-agency working group. The goal of this group is to identify and develop options available to each agency, which will culminate in a report which outlines the building of a biosurveillance program within IAIP and projects what will be needed to develop and maintain a credible system. The working group has been meeting weekly in an effort to present the report to the Assistant Secretaries of Information Analysis and Infrastructure Protection and the Under Secretary of IAIP in April. The draft report will then be presented to the Secretary and Deputy Secretary of DHS, with the goal of having a finished report delivered to the President in May of this year.

Question. Also, as part of this initiative, how will the Department's Science and Technology Directorate expand its environmental monitoring activities in the Nation's largest metropolitan areas?

Answer. The Department's Science and Technology Directorate will work with its BioWatch partners to expand the number of collectors in the highest threat metropolitan areas. This expansion is based on detailed modeling studies that determine the optimum number of collectors for densely populated regions and a request from the cities to provide additional collectors for their high priority facilities and sites. The expansion will draw on small modifications to the current BioWatch technology, in particular, the use of additional automation and detection equipment to enable cost-effective analysis of the significantly increased sample load. Plume modeling for a variety of potential release scenarios and meteorological conditions will be used to optimize the layout and the coverage of the ensemble of collectors for each of the selected metropolitan areas. Localities will help determine where additional collectors should be placed based on their prioritized critical facilities needs (e.g., transit systems; stadiums). In addition, each metropolitan area will be provided a small number of collectors that they can deploy at special events as they arise. A pilot study will be completed this spring and summer in New York City to determine the best configuration options to consider for deployment use in fiscal year 2005.

TERRORIST WATCH LIST

Question. Over the course of the last 2 years, the Administration has been working towards a government-wide consolidation of terrorist watchlist information. While the government-wide responsibility has been given to another Department, there are still multiple watchlists within the Department of Homeland Security.

Congress provided the Department with $10 million for watchlist integration in this year's appropriation—what is the status of that project?

Answer. DHS is a partner in the multi-agency Terrorist Screening Center. The Terrorist Screening Center became operational in December of 2003 and is now con-

ducting 24 hour a day, 7 days per week operations. It is the single coordination point for Terrorist Encounters and thus enables a coordinated response for Federal, State, and Local Law Enforcement. The TSC has received more than 1,000 calls to date and has identified over 500 positive matches.

Question. How is the Department's watchlist being integrated with other agencies watchlists at the Federal Bureau of Investigation's Terrorist Screening Center?

Answer. TSC remains on schedule to bring the first version of its consolidated Terrorist Screening Database online by the end of the year. This database will be accessible to queries from Federal, State, and local agencies for screening purposes and will provide immediate responses to Federal border-screening and law-enforcement authorities. Each parent organization of the individual watchlists provides Assignees to the Terrorist Screening Center for real-time access to TTIC and FBI databases. All new nomination and updates to existing records are therefore performed at the TSC.

Question. Is it possible today for every law enforcement officer and intelligence analyst at the Department of Homeland Security to access one list of suspected terrorists?

Answer. Currently, DHS intelligence analysts continue to access information utilizing the information provided by the TSC specific to each individual list. However, as the preceding answer indicates, TSC plans to consolidate these lists into a single database in the near future.

TRANSPORTATION SECURITY ADMINISTRATION

Question. Over 54 percent of the President's budget request for the Transportation Security Administration for fiscal year 2005 is dedicated for aviation passenger and baggage screeners pay, benefits, training, and human resource services. At the same time, three major grant programs currently administered by the Transportation Security Administration dealing with trucking security, port security grants, and Operation Safe Commerce are to be reorganized under the Office for Domestic Preparedness pursuant to the Department's reorganization authority. The fiscal year 2005 budget proposes to reduce or terminate funding for these programs.

Will the Transportation Security Administration continue to have responsibility for security over all sectors of transportation or will aviation security continue to be the main focus of this agency?

Answer. The Border and Transportation Security Directorate of DHS, in partnership with the Coast Guard, has jurisdiction over the security of all modes of transportation and is charged with coordinating all activities of the Department under the Homeland Security Act. The Coast Guard and organizations within BTS either have primary or subsidiary responsibilities in each transportation area. TSA clearly has a primary transportation role within BTS, and this role does not change merely by the transfer of grant distribution and management activities to ODP.

Question. What funding will be available for fiscal year 2005 to increase security of railways, roadways, and all other modes of transportation in light of the Administration's proposal to terminate intercity bus and trucking grants?

Answer. The responsibility of securing our Nation's transportation systems is a shared responsibility between government, local operators, and private companies who profit from that system. The aviation system is treated no differently, though understandably has received the most Federal focus to date given the clear nature and level of the aviation threat. We will continue to undertake transportation security programs on a threat-based, risk management basis.

With respect to rail and mass transit specifically, DHS, DOT, and other Federal agencies are working together to enhance rail and transit security in partnership with the public and private entities that own and operate the Nation's rail and transit systems. The DHS grant program for improving rail and transit security in urban areas has awarded or allocated over $115 million since May 2003. Additionally, the Administration has requested $24 million for TSA to advance security efforts in the maritime and surface transportation arenas. DHS will conduct the following activities and initiatives to strengthen security in surface modes:

—Implement a pilot program to test the new technologies and screening concepts to evaluate the feasibility of screening luggage and carry-on bags for explosives at rail stations and aboard trains;

—Develop and implement a mass transit vulnerability self-assessment tool;

—Continue the distribution of public security awareness material (i.e., tip cards, pamphlets, and posters) for motorcoach, school bus, passenger rail, and commuter rail employees;

—Increase passenger, rail employee, and local law enforcement awareness through public awareness campaigns and security personnel training;

—Ensure compliance with safety and security standards for commuter and rail lines and better help identify gaps in the security system in coordination with DOT, with additional technical assistance and training provided by TSA;
—Continue to work with industry and State and local authorities to establish baseline security measures based on current industry best practices and with modal administrations within the DOT as well as governmental and industry stakeholders, to establish best practices, develop security plans, assess security vulnerabilities, and identify needed security enhancements; and
—Study hazardous materials (HAZMAT) security threats and identify best practices for transport of HAZMAT.

Question. How will the Transportation Security Administration coordinate with the Office for Domestic Preparedness on the grant programs (trucking security, port security grants, intercity bus grants, and Operation Safe Commerce) that will be moved from TSA pursuant to the reorganization?

Answer. It is anticipated that TSA, other BTS organizations with transportation security responsibilities and the Coast Guard will continue to provide the necessary operational expertise for the grant programs through participation in pre-award management functions. These functions include determination of eligibility and evaluation criteria, solicitation and application review procedures, selection recommendations and post award technical monitoring.

These organizations will also continue to leverage existing transportation expertise by working with industry stakeholders and DOT modal administrations to ensure that Federal security grants facilitate the seamless integration of security planning activities by industry stakeholders and governmental stakeholders at the regional, state, and local levels.

Question. Congress provided $85 million for the Transportation Security Administration for fiscal year 2004 to provide additional screeners to inspect air cargo and also for the research and development of explosive detection systems in order to perform screening of the larger palletized, bulk air cargo.

With the increase in funding provided, how many additional screeners have been hired to inspect air cargo to date and when do you expect to be fully staffed?

Answer. The funding provided in the Department of Homeland Security Appropriations Act, 2004 (Public Law 108–90) enabled TSA to hire 100 new cargo inspectors. All 100 cargo inspector positions have been selected, and paperwork is being processed by TSA Human Resources. We anticipate extending job offers to these applicants and bringing them on board within the next 2 months.

Question. What enhancements are being made to the current Known Shipper program to guarantee the safety of air cargo?

Answer. Since 9/11, significant enhancements have been made to the known shipper program. The Known Shipper Program was started in 1996 at FAA with the development and implementation of comprehensive known shipper requirements. The current requirements for new shippers applying for known shipper status have been strengthened. In addition, the authenticity of established known shippers has been verified as meeting the new requirements. In order to substantiate the legitimacy of known shippers further, air carriers have been required to conduct site visits of known shippers' facilities. Additionally, TSA is currently developing a Known Shipper Database, which will allow TSA to vet applicants to the program more thoroughly for legitimacy by comparing data submitted by applicants against terrorist watch lists, other government data bases, and other publicly available information. Eventually, TSA's Known Shipper Database will be one part of a larger freight assessment database intended to target high risk cargo shipments for additional screening.

Question. Would it currently be feasible to inspect 100 percent of all air cargo being placed on aircraft, as proposed by some in Congress, and, in your opinion, how do you feel the flow of commerce would be affected if air cargo was restricted from being placed on aircraft unless 100 percent inspection of air cargo took place?

Answer. Not only is 100 percent physical inspection infeasible, it is not desirable. The sheer volume of air cargo transported in the United States renders the inspection of all air cargo infeasible without a significant negative impact on the operating capabilities of the entire transportation infrastructure of the United States and the national economy. Anything more than a targeted, focused physical inspection protocol on high risk cargo for the long term risks homeland security resources and critical management focus on known security risks. The DHS goal is to ensure that all cargo is screened to determine risk and that 100 percent of high-risk cargo is inspected. TSA is aggressively pursuing next-generation technological solutions that will allow us to enhance security for air cargo. Meanwhile, TSA is taking steps to implement measures outlined in the Air Cargo Strategic Plan and is doing everything possible to ensure that cargo going on planes is secure, including the require-

ment that all cargo transported on passenger aircraft originate from a known shipper.

*Question.*The President's fiscal year 2005 budget requests a $25 million increase for the Computer Assisted Passenger Pre-screening System (CAPPS II) currently being tested by the Transportation Security Administration. This system, when completely functional, will enable air carriers to perform an analysis on the ticketed passengers based on authentication from commercial data providers, and will also check passenger names against a government supplied terrorist watch list. However, CAPPS II has been slow in developing because of delays in obtaining passenger data needed for testing due to privacy concerns by air carriers.

How is the Department working with the airlines to alleviate privacy concerns in light of recent disclosures that air carriers have shared passenger records with other government agencies and private contractors without the passengers' knowledge?

Answer. The disclosure of passenger records by air carriers triggered concerns because passengers were not told that the information they provided to make a reservation was being shared with another entity (the government) for another purpose (national security). In at least one instance, the air carrier's own published privacy policy stated that passenger information would not be shared with anyone else. Bearing this experience in mind, the Department is committed to working with privacy advocates, airlines, passengers, and the travel industry to provide greater understanding and awareness of the purposes and scope of CAPPS II and to ensure that individual privacy rights are protected.

DHS plans to issue a Notice of Proposed Rulemaking (NPRM) seeking public comment on the collection of Passenger Name Record (PNR) data. Certain aircraft operators, foreign air carriers, and operators of computer reservation systems would be required to provide PNR information for each individual who makes a reservation. The proposal will also require regulated parties to take reasonable steps to ensure that the passenger is provided notice of the purpose for which the information is collected, the authority under which it is collected, and the consequences of a passenger's failure to provide the information.

The CAPPS II system will only be accessible to persons who require access for the performance of their duties as Federal employees or contractors to the Federal Government. The airlines, airline personnel, and the computer reservation systems will not have access to information contained in CAPPS II. All contractors, contractor employees and Federal Government employees who will have access to and/or who will be processing personal data will sign a written privacy policy and acknowledge that they are bound by the strict terms of the privacy policy. All personnel with access to the system will have a government security clearance based on the level and type of information accessed. At a minimum, a Department of Defense (DOD) Secret Clearance will be required. The guiding principle for access will be "need-to-know." Access will be compartmentalized, thus allowing access to persons based only on their individual need-to-know and only to the extent of their authorization (e.g., a person might be permitted to access information with regard to the unclassified portion of the system, but be denied access to classified areas). CAPPS II also will have substantial security measures in place to protect the system and data from unauthorized access by hackers or other intruders.

Question. How can assurances be made to prevent identity theft by a would-be terrorist intent on using legitimate individuals information to get around the CAPPS II background checks?

Answer. While no system can be 100 percent effective, we believe that the CAPPS II system will be a great advancement in defeating identity fraud. The CAPPS II design includes an information-based identity assessment process, which is an improved version of the best practices used by the banking and credit industries to combat identity theft and fraud. This capability is a substantial improvement to the current system.

CAPPS II will incorporate best practices developed in the private sector for discovering cases of identity fraud. In the case of an identity thief who steals a legitimate identity, any number of indicia, including errors or inconsistencies in the information, could reveal the theft. Further, CAPPS II will make use of a database containing up-to-date information about stolen identities, which will further protect against identity thieves who use this means to enable them to attack the civil aviation system.

No system can be 100 percent effective, which is why CAPPS II will be part of a layered "system of systems" involving physical scrutiny, identity-based risk assessment, and other security precautions on aircraft and at airports.

Question. The Inspector General completed last week a review of background checks for Federal airport passenger and baggage screeners that listed twelve rec-

ommendations for the administrator of Transportation Security Administration to improve its management of the background check process.

What procedures have been put into place to guarantee all passenger and baggage screeners that are currently employed and also individuals who are applying for a screening position have a full background check?

Answer. All screeners employed by TSA as of May 31, 2003, except for a small number of exceptions detailed below, have received fingerprint based criminal history record checks based on FBI criminal history records, pre-employment background checks which examine Federal, county, and local law enforcement records, credit history, and TSA watch lists (No-Fly and Selectee); and Access National Agency Check with Inquiries (ANACI) background checks conducted by the Office of Personnel Management (OPM). These checks were completed by October 1, 2003. The limited exceptions included individuals on military or sick leave, and some screeners under the private screening pilot program. All of the exceptions have received fingerprint based criminal history checks and pre-employment background checks. In addition, OPM ANACIs have been completed or are in the process of being completed on all contract screeners and on screeners who have returned from sick or military leave.

Since June 1, 2003, TSA has required that screener applicants receive the aforementioned fingerprint based criminal history check and pre-employment background check before they are hired. TSA does not extend offers of employment to applicants until these checks are successfully adjudicated for each applicant. Once hired, all new screeners then undergo the more thorough OPM ANACI check, which typically takes 3–6 months to complete. This check reviews education, employment history, credit history, references, criminal history, military records, and citizenship. The combination of timely check before hiring and more thorough OPM checks soon thereafter provides a layered approach to personnel security for new screeners.

TSA maintains a database that tracks the progress of screener investigations from which routine reports can be generated and reviewed to determine the status of all investigations.

EMERGENCY PREPAREDNESS AND RESPONSE

BIOSHIELD

Question. Does the lack of authorization for the administration's BioShield initiative inhibit your ability to obligate the funds appropriated for the program?

Answer. The fiscal year 2004 Homeland Security Appropriations Act provided $885 million to be spent for development of biodefense countermeasures for the current fiscal year. Absent authorizing legislation, the Department of Homeland Security (DHS) has relied upon this authority to obligate funds for biodefense countermeasure activities. DHS, the Department of Health and Human Services (HHS), the Homeland Security Council, and the Office of Management and Budget (OMB) recognize the importance of expeditious progress in developing much-needed countermeasures while following Congressional intent. In that vein, all parties have sought to follow the principles set forth in the proposed legislation in developing the interagency agreement for next-generation anthrax vaccine. A FEMA contracting officer has authority to sign contracts related to the obligation of BioShield funds.

Question. For what purposes do you intend to use the funds made available for fiscal year 2004?

Answer. Over the past 10 months, the WMD Medical Countermeasures subcommittee has developed countermeasures information of interest to administration policymakers who will make the BioShield procurement decisions. The WMD subcommittee commissioned an end-to-end analysis of medical countermeasures to Category "A" biological agents (anthrax, smallpox, plague, botulinum toxin, tularemia, Ebola, and other hemorrhagic fever viruses). Working groups developed initial requirements for four high-priority bioweapon countermeasures for which there is high need and a reasonable expectation that products will be available in the near term:

—Next-generation anthrax vaccine (recombinant Protective Antigen, rPA)
—Anthrax immune therapy
—Next-generation smallpox vaccine (modified vaccinia, MVA or LC16m8)
—Botulinum antitoxin

Question. Why does the President's fiscal year 2005 budget propose to transfer the Strategic National Stockpile from the Department of Homeland Security's Emergency Preparedness and Response Directorate to the Department of Health and Human Services (HHS) but not the BioShield program? Please explain why the Stockpile is more appropriately managed by the Department of Health and Human

Services and why BioShield is more appropriately managed by the Department of Homeland Security.

Answer. The President's Budget for fiscal year 2005 proposes to transfer the Strategic National Stockpile (SNS) back to HHS where it will be better aligned with HHS' medical and scientific expertise and responsibilities. The SNS is an operational program, consisting of copious amounts of physical inventory and medical materiel. Since its mission is time-critical, it should possess a single, undisputed management structure for rapid decision-making. Although the daily operations of the SNS have not been affected in a significant manner by the transfer from HHS to DHS, the single command structure for the program that would result from the transfer back to HHS would streamline operations. DHS will maintain its ability to deploy the Stockpile in accordance with the SNS statute, 42 U.S.C. § 300hh–12, as amended, and thus, the potential response needs of the DHS mission will not be compromised in any manner.

The BioShield program differs substantially from the SNS in that it is a policy-driven program that is most successful as a joint venture between homeland security and health experts. The major programmatic aspect/activity of BioShield is product development, which is performed by private companies. The BioShield program was specifically constructed to spur development of countermeasures for which no commercial markets exist against current and emerging threats to the United States, for inclusion in the SNS.

Since DHS is responsible for assessing current and emerging threats against the United States, including biological and chemical threats, the BioShield program, which helps to ensure our Nation's health security and is one of the many facets of the Department's efforts to combat terrorism, is therefore more appropriately managed by DHS than by HHS.

Question. How are decisions being made as to the appropriate expenditure of BioShield funds? Has an assessment been done of our vulnerabilities to biological attacks to guide decisions as to the investments which should be made to develop, produce and pre-purchase vaccines or other medications for the Nation's biodefense? Who is doing such an assessment and what priorities have been established?

Answer. There are several steps taken to determine appropriate biodefense countermeasures development and the use of BioShield funds. DHS and HHS are seeking to adhere to the intent of the proposed BioShield authorizing legislation now awaiting action in the Senate.

The Information Analysis and Infrastructure Protection Directorate of DHS is responsible for determining a material threat. After that, the WMD Countermeasures subcommittee group co-chaired by DHS, HHS, and the Department of Defense, part of the Homeland Security Council Policy Coordinating Committee (PCC), develops countermeasures information of interest to the PCC, which then makes procurement decisions. The WMD Countermeasures subcommittee has completed an analysis of Category "A" biological agents (anthrax, smallpox, plague, botulinum toxin, tularemia, Ebola, and other hemorrhagic fever viruses). Working groups developed initial requirements for four high-priority bioweapon countermeasures for which there is high need and a reasonable expectation that products will be available in the near term:

—Next-generation anthrax vaccine
—Anthrax immune therapy
—Next-generation smallpox vaccine
—Botulinum antitoxin

ANTHRAX VACCINE

Question. What is the Strategic National Stockpile requirement for anthrax vaccine?

Answer. DHS and HHS have entered into an interagency agreement to purchase recombinant Protective Antigen (rPA) vaccine to protect 25 million persons. The government will consider later purchase of additional anthrax vaccine contingent on new vaccination delivery system technology and other cost-saving factors such as reduced dose requirements.

Question. Are we filling at least part of the anthrax vaccine requirement with an FDA-approved product currently available?

Answer. The Stockpile currently maintains a small amount of the only FDA-licensed pre-exposure vaccine against anthrax (Anthrax Vaccine Adsorbed, or AVA). Currently, it has limited production capacity, and rectifying that problem would be very expensive and take several years to accomplish. AVA is not currently licensed for children or for the elderly. However, in order to ensure that some type of anthrax vaccine is available until the development and procurement of rPA, DHS and

HHS have signed an interagency agreement for the purchase of AVA through the Department of the Army. This agreement will provide approximately 2 million doses in fiscal year 2004, 1.5 million doses in fiscal year 2005, and 1.5 million doses in fiscal year 2006.

UNITED STATES SECRET SERVICE

WHITE HOUSE MAIL PROCESSING

Question. The Secret Service budget includes $16,365,000 for White House mail screening. The Committee requested in the fiscal year 2004 bill that a detailed long-term plan for the establishment of a fully operational White House mail facility be provided to the Committee. When can the Committee expect to receive this report?

Answer. An interim report was submitted to the Committee on February 10, 2004. This interim report stated that the Department of Homeland Security is aggressively developing a plan to support mail operations for the entire Department. One facet of this development process will evaluate incorporation of a combined mail facility supporting the White House and Department components located within the Washington D.C. metropolitan area. The Secret Service has contracted for a study to review several of the secure mail processes currently in operation and following conclusion of this review will make a recommendation to the Department as to a method of processing mail and the potential for a combined facility. This study is expected to be completed in April, 2004. A final report will be submitted to the Committee in June 2004.

Since the interim report was submitted to the Committee, the White House and Secret Service have determined that the requirements for processing White House mail are not compatible with consolidation into a DHS mail processing facility. Therefore the June report will be a plan for processing White House mail in a separate facility, not a combined facility.

COUNTERFEITING AND FINANCIAL CRIMES

Question. Colombia and Bulgaria continue to be hot spots for counterfeit currency. Does the fiscal year 2005 Homeland Security budget include funding to concentrate on these areas?

Answer. For almost 30 years, Colombia has remained the largest producer of counterfeit U.S. currency in world. In May of 2001, the Secret Service received a 2-year allocation of $1.5 million through the State Department's "Plan Colombia" fund, and implemented plans to train and equip a local anti-counterfeiting force to work in conjunction with Secret Service agents in the seizure and suppression of counterfeit U.S. dollars manufactured in Colombia. Through the funding provided under Plan Colombia, the Secret Service and Colombian law enforcement authorities were able to make a tremendous impact on counterfeit production and distribution networks. This ultimately led to significant reductions in the amount of Colombian-manufactured counterfeit U.S. dollars that reached the streets of the United States.

The 2-year execution of Plan Colombia led to the seizure of $123.3 million in counterfeit U.S. currency, the suppression of 33 counterfeit printing plants, and over 164 arrests. This resulted in a 37 percent decrease in the amount of Colombian-produced counterfeit U.S. dollars passed on the American people.

Second only to Colombia, organized criminal groups in Bulgaria are the world's second leading producer of counterfeit U.S. currency. Counterfeit currency produced in Bulgaria continues to be passed in the United States and throughout Eastern and Central Europe. There is strong evidence that the same organized criminal groups producing counterfeit U.S. currency in Bulgaria are also involved in human trafficking and narcotics trafficking.

Bulgaria is a country undergoing a dramatic transition as they seek to enter the European Union, restructure their criminal code and remove corrupt officials from government. The Secret Service believes that additional efforts must be made to capitalize on these efforts and work with local law enforcement officials to dismantle the counterfeiting operations in Bulgaria. Additionally, the Bulgarian government has expressed its willingness to work with foreign law enforcement and has requested additional support from the Secret Service.

While the Department of Homeland Security fiscal year 2005 budget request does not include a specific funding request to continue these efforts, the Secret Service receives funding in its base budget that allows it to continue its strong overseas investigative efforts and cooperative partnerships with the foreign law enforcement communities in Colombia and Bulgaria.

Question. What role will the Secret Service play in protecting our Nation's extensive network of financial systems from terrorists and hackers? Does the fiscal year 2005 budget request provide adequate funding to guard against this growing problem?

Answer. The Secret Service's core investigative mission is to safeguard the financial and critical infrastructures of the United States. The Department's fiscal year 2005 funding request provides adequate funding for the Secret Service to continue the array of programs it has developed to work with its law enforcement, private sector and academic partners in strengthening these networks and preventing intrusions and compromises of these essential infrastructures. These programs include:

Electronic Crimes Task Forces (ECTFs)

The groundbreaking task force model developed by the Secret Service emphasizes information sharing and a pooling of resources and expertise to produce a collaborative effort to thwart cyber criminals and to detect, investigate, and most importantly, to prevent electronic crimes. Members include other Federal, State and local law enforcement agencies, prosecutors, private sector representatives from the financial services, telecommunications and IT sectors, and academic experts from leading universities. These members build trusted partnerships and have made tremendous strides in the communities they serve in a short period of time.

Providing these ECTFs with training, resources and manpower is paramount to the Secret Service's statutory mission to protect financial payment systems and critical infrastructures. Directed by Public Law 107–56 (the USA PATRIOT Act of 2001) to expand its ECTF model from a single task force in New York to a nationwide network, the Secret Service has since established additional ECTFs in Boston, Miami, Washington, D.C., Chicago, Los Angeles, San Francisco, Charlotte, Las Vegas, Cleveland, Houston, Dallas, and Columbia, South Carolina.

Electronic Crimes Special Agent Program (ECSAP)

Currently, the Secret Service has trained 118 agents in this program, which provides certified instruction to special agents in the preservation and examination of computer forensic evidence. The Secret Service has based these agents in field offices throughout the country, and they have become indispensable assets to the communities they serve and their law enforcement and private sector partners.

CERT/CSPI (Critical Systems Protection Initiative)

In a continuing partnership with Carnegie Mellon's Computer Emergency Response Team (CERT), the Secret Service has established a training program addressing the cyber security of critical infrastructures. The expansion of e-commerce and proliferation of websites providing financial and personal information to the public has made it essential that Secret Service personnel and their partners understand the interdependency of computer networks. Through risk assessments and identification of vulnerabilities, the Secret Service has adopted a more proactive approach to prevent terrorists and hackers from exploiting our financial systems.

CERT/NTAC Insider Threat Study

In cooperation with Carnegie Melon's CERT, the Secret Service's National Threat Assessment Center and Criminal Investigative Division are conducting studies that specifically target the banking and financial services industries. Again, due to the trusted partnerships the Secret Service has developed with these entities, successful efforts have been made to gather information and provide operationally-critical threat and asset vulnerability.

Question. Identity theft has been called the fastest growing crime in the United States. The Congressional Research Service reports that identity theft has grown in three consecutive years. Does the fiscal year 2005 budget include funding to counter this growing problem?

Answer. The fiscal year 2005 budget request includes funding levels that fully support the Secret Service's investigative responsibilities, including its identity theft investigations. Although there are no new initiatives in the budget for preventing and investigating identity crimes, the Secret Service has several existing programs aimed at stemming the tide of this growing crime. These initiatives include:

The Identity Crime Interactive Resource Guide CD–ROM & Video

This highly successful Secret Service initiative, in partnership with the U.S. Postal Inspection Service, the International Association of Chiefs of Police (IACP) and the Federal Trade Commission (FTC), was designed to provide useable tools and resources to local and State law enforcement officers and to assist with their identity crimes investigations and case management. This joint effort gives local and State

law enforcement officers the information they need not only to assist victims of identity crimes but also to initiate their own investigations.

The CD ROM/Video is an ongoing project that requires amending, updating and adding new investigative resources as they become available. The Secret Service is currently working on the production and distribution of an updated version of the CD–ROM, the development of a similar web-based initiative, and deploying the Resource Guide on the Secret Service extranet and the DHS portal webpage. To date, more than 40,000 of these CD–ROMs have been distributed to local and State police agencies and local, State and Federal prosecutors.

Forward Edge

The Secret Service also joined with the IACP and the National Institute for Justice to produce the interactive, computer-based training program known as "Forward Edge," which takes the next step in training officers to conduct electronic crime investigations. Forward Edge is a CD–ROM that incorporates virtual reality features as it presents three different investigative scenarios to the trainee. It also provides investigative options and technical support to develop the case.

While over 30,000 of these training tools have been distributed to the Secret Service's law enforcement partners, an updated version of Forward Edge is currently under development. This version will incorporate the video, virtual reality and 3D models but will also add adaptations made in reaction to new challenges posed by emerging technology and criminal activity.

Best Practices for Seizing Electronic Evidence

This pocket-size guide produced by the Secret Service assists law enforcement officers in recognizing, protecting, seizing and searching electronic devices in accordance with applicable statutes and policies. Over 320,000 "Best Practices Guides" have been distributed free of charge to local and Federal law enforcement officers.

Identity Crime Training Seminars

In a joint effort with the Department of Justice, the U.S. Postal Inspection Service, and the FTC, the Secret Service is hosting Identity Crime Training Seminars for law enforcement officers across the United States. Each seminar consists of 8 hours of training focused on providing local and State law enforcement officers with tools and resources that they can immediately put into use in their investigations of identity crime. Additionally, officers are provided resources and information that they can pass on to members of their community who are victims of identity crime. Other critical partners in these training seminar efforts are Discover Financial Services, the American Association of Motor Vehicles Administrators (AAMVA) and the State DMVs from each community.

OFFICE FOR DOMESTIC PREPAREDNESS

GRANT CONSOLIDATION

Question. The announced reorganization of grant programs within the Department of Homeland Security moves the responsibility for all of the grant programs under TSA to ODP—Port Security grants, Intercity Bus grants, Trucking industry grants, and Operation Safe Commerce, and programs such as the Emergency Management Performance Grants from EP&R to ODP. How will you ensure that TSA and EP&R are still involved with the oversight of these programs, especially with reduced funding as proposed for 2005?

Answer. The Office for Domestic Preparedness and the Office of State and Local Government Coordination both maintain close communication and contact with EP&R. The creation of the Office of State and Local Government Coordination and Preparedness will not inhibit or impede the already established relationship between ODP/OSLGC and EP&R & TSA.

ODP currently coordinates closely with EP&R and will continue to do so, as it does with other DHS components. For example, ODP and EP&R are working closely on the transfer of the Pre-Positioned Equipment Program from ODP to EP&R. Additionally, ODP and EP&R have worked closely on the Top Officials (TOPOFF) Exercise Program, and are currently working together on the planning of TOPOFF 3. Finally, EP&R is part of ODP's internal DHS review team for the state homeland security strategies, which each State was required to complete and provide to ODP by January 31, 2004.

OSLGCP will maintain strong ties to operational subject matter experts within the current offices and agencies as appropriate. For example, while responsibility for crafting policy and guidelines for the Port Security Grant Program would reside within OSLGCP, program development will still have significant input from and ac-

cess to subject matter experts in the Coast Guard, MARAD, and TSA. The Department fully intends to use existing resources and subject matters experts to ensure that OSLGCP has the proper staffing levels and resources to effectively administer its activities and programs.

BASIC STATE GRANT PROGRAM

Question. The 2005 budget request proposes a significant reduction to the Basic State Grant program of the Office for Domestic Preparedness (ODP)—as well as abandoning the State minimum in the historically-used formula for distributing the money to states. I understand the need to balance resources between the states and the needs of our urban areas. We tried to achieve that balance in the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act and the fiscal year 2004 Appropriations Act. The President's fiscal year 2005 budget proposal seems to have tipped the balance too far in the direction of the high-threat urban areas—and does not allow for the basic mission of the ODP to be carried out. ODP's mission is to ensure a basic level of preparedness in all states. What is the rationale for the proposed reduction in funding for the Basic State Grant Program?

Answer. The President's fiscal year 2005 budget request provides significant support for the mission and programs administered by the Office for Domestic Preparedness. As you know, The Homeland Security Act of 2002 (Public Law 107–296) designated ODP as the principal Federal agency responsible for the preparedness of the United States for acts of terrorism, including coordinating preparedness efforts at the Federal level, and working with all State, local, tribal, parish, and private sector emergency response providers on all matters pertaining to combating terrorism, including training, exercises, and equipment support. The President's request includes $3.561 million, which is a $3.3 million increase from the fiscal year 2004 request. With these resources, ODP will be able to maintain its role in enhancing the security of our Nation.

It is important to remember that we are operating in a fiscal and security environment where we must ensure maximum security benefits are derived from every security dollar. To do that, we must be able to take a new look at the way in which we allocate resources. Additionally, given the Department's improved ability to analyze risks, threats, and vulnerabilities, the Department is better able to provided targeted funds to increase the security of the Nation. The Department will continue to work with the states and territories to provide the resources they need—equipment acquisition funds, training and exercise support, and technical assistance—to deter, prevent, respond to, and recover from acts of terrorism.

Question. The President's budget proposes an unprecedented amount of discretion for the Department in allocating grants. Is it appropriate to be requesting these changes through appropriations language—or should the administration instead submit a formal legislative proposal to change grant allocations to the Congress for consideration by the respective authorizing Committees of jurisdiction?

Answer. The Department of Homeland Security has been discussing and working with Members of Congress and different committees, including the House Select Committee on Homeland Security and the Senate Governmental Affairs Committee, on these issues. At this point, both Committees are considering legislation that would authorize various aspects of ODP's mission. The Department supports much of this legislation (HR 3266 and S. 1245, respectively) in their current forms and, in particular, supports the Committee's intent, and is working with Chairman Christopher Cox, of the House Select Committee on Homeland Security, and Chairman Susan Collins, of the Senate Governmental Affairs Committee. The Department will continue to work with these Committees on these pieces of legislation and on other pieces of legislation that address authorization of ODP's grant programs.

Question. What threat information will be taken into account when allocating the basic State grant funds?

Answer. As a requirement to receive their fiscal year 2004 Homeland Security Grant Program funds, and additional funds in fiscal year 2005, states conducted threats and vulnerabilities assessments and, based on that information, developed homeland security strategies. The states were required to provide completed homeland security strategies to the Office for Domestic Preparedness on January 31, 2004. At this point, ODP has received strategies from all the states and territories, the District of Columbia and the Commonwealth of Puerto Rico. ODP and an internal DHS Review Board have approved a majority of these strategies. A few states and territories are working to provide additional information and details to finalize their strategies, but ODP anticipates that all strategies will be approved in the next few weeks.

These strategies are critical resources to the states in the efforts to distribute funds in the most effective manner to address the homeland security needs. They too are important because they will allow the Department to match the preparedness needs as outlined in the state homeland security strategies with resources available from the Federal Government. The information provided in these strategies will allow the Department to make informed decisions on how funds will be distributed and what factors the Department will use to make this determination.

Question. The budget materials talk about the expanded activities that the Basic State Grant can be used for—including protection of critical infrastructure. If the Basic State Grant can be used for this purpose, why is a separate $200 million critical infrastructure grant program being proposed?

Answer. The President's fiscal year 2005 budget request includes $200 million for targeted infrastructure protection as part of the Urban Areas Security Initiative (UASI) program. The goal of this $200 million is to provide targeted funding to specific critical infrastructure based on analyses performed by the Department of Homeland Security's Information Analysis and Infrastructure Protection Directorate. These funds will supplement the assistance provide under the UASI program and the State Homeland Security Grant Program. While the state-based grants will be dedicated to generally enhancing security and preparedness, the $200 million for infrastructure protection will be targeted to specific cites thereby assisting states in their efforts to secure potentially higher threat targets.

Question. Please provide the Committee with state-by-state breakouts of all grants provided through the fiscal year 2000, 2001, 2002, 2003, and 2004 appropriations, including supplementals. Include in the breakouts the status of the grants, dates awarded, obligation amounts, and drawndown amounts.

Answer. Please see the table below entitled "State-by-state Breakout".

Question. In addition, please provide obligations and disbursements for National Exercises, the Center for Domestic Preparedness, the National Consortium for Domestic Preparedness, technical assistance, equipment—for each of these years.

Answer. ODP has completed the preliminary data collection for the response to this question. The data collected involves over 4,400 lines of accounting and, if printed on 8×10 paper, would require 2,264 pages of data. To ensure an accurate response, the data needs to be analyzed and a quality analysis be performed. This effort will take additional time to ensure proper analysis and response.

Further, in order to ensure the most responsive answer to the question, ODP would request the opportunity to discuss the data with Appropriations Committee staff while the data is being analyzed. This discussion would provide preliminary information and to ensure that ODP properly understands the request and that the final answer is fully satisfactory.

2000–2004 GRANT ALLOCATIONS: STATE GRANTS

[In dollar amount]

State	2000 State Domestic Preparedness Equipment Grant	2001 State Domestic Preparedness Equipment Grant	2002 State Domestic Preparedness Equipment Grant	2003 State Homeland Security Grant Program I	2003 State Homeland Security Grant Program II	2004 Homeland Security Grant Program	Totals
Alabama	1,172,000	1,228,000	5,317,000	9,457,000	25,049,000	36,853,000	79,076,000
Alaska	380,000	389,000	2,783,000	4,995,000	13,230,000	19,465,000	41,242,000
Arizona	1,239,000	1,319,000	5,770,000	10,584,000	28,033,000	41,243,000	88,188,000
Arkansas	788,000	821,000	4,141,000	7,394,000	19,585,000	28,815,000	61,544,000
California	7,167,000	7,666,000	24,831,000	45,023,000	119,256,000	175,457,000	379,400,000
Colorado	1,091,000	1,158,000	5,220,000	9,480,000	25,111,000	36,944,000	79,004,000
Connecticut	943,000	984,000	4,626,000	8,265,000	21,893,000	32,211,000	68,922,000
Delaware	407,000	419,000	2,887,000	5,185,000	13,733,000	20,206,000	42,837,000
District of Columbia	561,000	366,000	2,747,000	4,910,000	13,006,000	19,136,000	40,726,000
Florida	3,409,000	3,631,000	12,967,000	23,654,000	62,655,000	92,182,000	198,498,000
Georgia	1,868,000	1,993,000	7,797,000	14,188,000	37,579,000	55,288,000	118,713,000
Hawaii	503,000	515,000	3,172,000	5,693,000	15,079,000	22,186,000	47,148,000
Idaho	510,000	530,000	3,226,000	5,803,000	15,375,000	22,621,000	48,065,000
Illinois	2,801,000	2,964,000	10,604,000	18,879,000	50,005,000	73,571,000	158,824,000
Indiana	1,499,000	1,580,000	6,400,000	11,399,000	30,194,000	44,422,000	95,494,000
Iowa	856,000	892,000	4,308,000	7,656,500	20,282,000	29,841,000	63,835,500
Kansas	807,000	844,000	4,151,000	7,401,000	19,603,000	28,842,000	61,648,000
Kentucky	1,084,000	1,136,000	5,048,000	9,001,000	23,838,000	35,073,000	75,180,000
Louisiana	1,175,000	1,228,000	5,331,000	9,451,000	25,037,000	36,836,000	79,058,000
Maine	513,000	530,000	3,213,000	5,751,000	15,232,000	22,409,000	47,648,000
Maryland	1,337,000	1,407,000	5,881,000	10,585,000	28,037,000	41,251,000	88,498,000
Massachusetts	1,552,000	1,632,000	6,579,000	11,711,000	31,020,000	45,638,500	98,132,500
Michigan	2,329,000	2,457,000	8,958,000	15,918,000	42,162,000	62,032,000	133,856,000
Minnesota	1,251,000	1,318,000	5,631,000	10,076,000	26,690,000	39,267,000	84,233,000
Mississippi	833,000	869,000	4,255,000	7,582,000	20,083,000	29,547,000	63,169,000
Missouri	1,402,000	1,474,000	6,079,000	10,834,000	28,697,000	42,221,000	90,707,000
Montana	436,000	447,000	2,967,000	5,303,000	14,047,000	20,668,000	43,868,000
Nebraska	602,000	623,000	3,502,000	6,254,500	16,568,000	24,376,000	51,925,500
Nevada	620,000	655,000	3,693,000	6,771,000	17,935,000	26,387,000	56,061,000
New Hampshire	501,000	519,000	3,187,000	5,727,000	15,172,000	22,321,000	47,427,000
New Jersey	1,968,000	2,072,000	7,948,000	14,222,000	37,671,000	55,424,000	119,305,000
New Mexico	618,000	639,000	3,574,000	6,401,000	16,956,000	24,946,000	53,134,000
New York	4,099,000	4,321,000	14,953,000	26,492,000	70,172,000	103,243,000	223,280,000

2000–2004 GRANT ALLOCATIONS: STATE GRANTS—Continued

[In dollar amount]

State	2000 State Domestic Preparedness Equipment Grant	2001 State Domestic Preparedness Equipment Grant	2002 State Domestic Preparedness Equipment Grant	2003 State Homeland Security Grant Program I	2003 State Homeland Security Grant Program II	2004 Homeland Security Grant Program	Totals
North Carolina	1,848,000	1,962,000	7,706,000	13,908,000	36,840,000	54,203,000	116,467,000
North Dakota	385,000	392,000	2,794,000	4,983,000	13,200,000	19,421,000	41,175,000
Ohio	2,624,000	2,769,000	9,897,000	17,510,000	46,378,000	68,235,000	147,413,000
Oklahoma	959,000	1,001,000	4,656,000	8,304,000	21,996,000	32,362,000	69,278,000
Oregon	945,000	992,000	4,637,000	8,336,000	22,081,000	32,487,000	69,478,000
Pennsylvania	2,791,000	2,934,000	10,512,000	18,570,000	49,189,000	72,370,500	156,366,500
Rhode Island	459,000	472,000	3,063,000	5,489,000	14,540,000	21,392,000	45,415,000
South Carolina	1,062,000	1,119,000	5,028,000	9,017,000	23,882,000	35,138,000	75,246,000
South Dakota	406,000	414,000	2,868,000	5,131,000	13,591,000	19,996,000	42,406,000
Tennessee	1,400,000	1,477,000	6,140,000	10,978,000	29,080,000	42,786,000	91,861,000
Texas	4,434,000	4,735,000	16,196,000	29,538,000	78,238,000	115,110,000	248,251,000
Utah	695,000	727,000	3,849,000	6,937,000	18,374,000	27,033,000	57,615,000
Vermont	375,000	383,000	2,772,000	4,963,000	13,147,000	19,342,000	40,982,000
Virginia	1,688,000	1,788,000	7,062,000	12,716,000	33,683,000	49,556,000	106,493,000
Washington	1,455,000	1,538,000	6,276,000	11,294,000	29,917,000	44,015,000	94,495,000
West Virginia	634,000	654,000	3,567,000	6,340,000	16,792,000	24,705,000	52,692,000
Wisconsin	1,356,000	1,425,000	5,925,000	10,565,000	27,985,000	41,173,000	88,429,000
Wyoming	352,000	357,000	2,696,000	4,827,000	12,784,000	18,809,000	39,825,000
Puerto Rico	1,267,000	1,120,000	4,894,000	8,727,000	23,118,000	34,014,000	73,140,000
Virgin Islands	372,000	277,000	861,000	1,542,000	4,085,000	6,009,000	13,146,000
American Samoa	230,230	187,600	892,000	1,482,000	3,926,000	5,776,000	12,493,830
Guam	328,000	284,000	828,000	1,596,000	4,226,000	6,217,000	13,479,000
N. Mariana Islands	138,770	92,400	835,000	1,496,000	3,963,000	5,830,000	12,355,170
TOTALS	72,525,000	75,726,000	315,700,000	566,295,000	1,500,000,000	2,206,902,000	4,737,148,000

HIGH THREAT URBAN AREA GRANTS

Question. The 2005 President's budget proposes a doubling of the funds available in the High Threat Urban Area grants. From $727 million in 2004 to $1.4 billion in 2005. This funding increase is offset by a reduction in the Basic State Grant program funding.

Will this funding be used to expand the number of jurisdictions that are eligible to receive these grants?

Answer. The purpose of the Urban Areas Security Initiative is to provide an ongoing, dedicated funding stream to support densely populated urban areas with key national infrastructure assets and a demonstrated threat history. Under this program, DHS, through ODP, is currently supporting 50 urban areas. At this point, it is difficult to provide a definitive answer to your question on expansion of UASI. As you know, the Department based funding decisions based on a combination of three variables three variables, which resulted in an assignment of a terrorist risk estimate for each city. The variables were (1) a combined threat index derived from classified CIA and FBI threat data, along with the number of FBI terrorism cases opened in a region, (2) a count of critical public and private sector assets, weighted for vulnerability, and (3) population density. Each of these three variables was normalized and then weighted and summed to give an overall terrorist risk estimate. The Department will likely use a similar method to distribute funds made available for continuation of this program in fiscal year 2005. Given the fluid nature of threats and risk, it is difficult to predict the number of urban areas that will receive funding through the fiscal year 2005 program.

Question. Will expanding the number of cities involved dilute the purpose of the program, which is to focus resources on those areas of the country with the most significant threats?

Answer. Again, the Department has not made a final decision on the number of urban areas that will receive support under the UASI program in fiscal year 2005. The number of urban areas receiving support will ultimately depend on the information that IAIP receives from the CIA and the FBI, along with the other factors, that have been considered when determining UASI allocations.

Question. On the one hand you are proposing to reduce the funding available through the Basic State grant program—of which one purpose is to ensure that contiguous jurisdictions are working together—while on the other, increasing the funds available in the High Threat Urban Area grants so you can enhance the ability of contiguous jurisdictions within urban areas to respond jointly. How is your proposal an improvement over the way these programs have been funded in fiscal years 2003 and 2004?

Answer. As you know, with the support of the House and Senate Appropriations Committees, the Department of Homeland Security has administered dual funding programs—a formula-based state minimum program and a high-threat, high-density program—since fiscal year 2003. The Department and Administration firmly support this dual approach because it allows for baseline preparedness levels while targeting funds to high-threat, high-density urban areas across the country.

The Department and the Administration have also consistently supported an increase in funds for the high-threat, high-density urban areas program to meet the unique needs and challenges of the Nation's urban areas. With the funds provided to the Urban Areas Security Initiative and the state formula grant program, the Administration's fiscal year 2005 budget request supports both minimum levels of funding for states to continue their efforts to enhance security and targeted funds for the Nation's urban areas.

U.S. VISITOR AND IMMIGRANT STATUS INDICATOR TECHNOLOGY (US VISIT)

Question. In January you deployed the first phase of the US VISIT system to 115 airports and 14 seaports.

How is the system performing so far?

Answer. By January 5, 2004, the US VISIT system encompassed 99 percent of all foreign visitors, with visas, entering the country by air, and as of March 1, more than 1.69 million foreign visitors have been processed under US VISIT procedures, with over 150 initial matches against existing watch lists, resulting in the identification of 62 criminals guilty of rape, homicide, hit and run death, drug trafficking, probation violations, assault, wire fraud, conspiracy, etc. The Department of State has also processed 235,883 individuals utilizing the US VISIT system, with 75 watch list matches on 32 criminals.

The increase in security at our airports and seaports provided by US VISIT has not had a negative effect on wait times, nor our commitment to service. The pilot program exercised in Atlanta prior to the implementation of the capabilities on Jan-

uary 5, 2004 identified an increase of less than 15 seconds in inspection time to capture the finger scans and digital photo. An analysis of 20 major airports utilizing data for the December, 2003, January and February 2004 timeframes, indicate that there was no impact on CBP's ability to meet 45 minute time frames on airline inspections.

After early system evaluation it is clear that visitors appreciate the effort we are making to enhance security while simultaneously facilitating the process for law-abiding, legitimate travelers.

Question. The budget states that you expect to deploy an exit capability at up to 80 airports and 14 seaports this year. Can you give us an update on the exit pilots you are currently running as a part of US VISIT?

Answer. On January 5, 2004, US VISIT implemented two exit pilots: one at an airport and one at a seaport of entry.

In fiscal year 2004, US VISIT will continue to pilot and evaluate various exit alternatives, e.g. intelligent work stations/kiosks and hand held devices at various locations in airports and seaports.

In fiscal year 2005, based upon these pilot evaluations, US VISIT will initiate implementation of the selected exit solution at the remaining 79 airports and 11 seaports, continuing implementation in fiscal year 2005.

Exit processing is to be provided at land border ports following the entry implementation of US VISIT functionality in secondary at the 50 largest land ports in conjunction with RF technology implementation in fiscal year 2005. As various exit components are implemented, we further strengthen the immigration system by identifying people who do not comply with the terms of their admission.

Question. One of the requirements of the Enhanced Visa Security Act is for the countries participating in the Visa Waiver Program to issue biometrically-enabled machine-readable travel documents—and for the Department of Homeland Security to have the equipment at ports-of-entry to be able to read those documents by October of 2004. Do the Department of Homeland Security and the Department of State expect that the October deadline will be met by the Visa Waiver countries?

Answer. By October 26, 2004, VWP countries must certify that they have a program to issue biometrically enhanced passports in order to continue in the VWP Most, if not all, of the VWP countries have informed the United States that they will not be able issue International Civil Aviation Organization (ICAO) compliant passports by October 26 due to technical and other factors. Changing the deadline would require Congressional action, and a memorandum concerning this issue was forwarded to Congress signed by Secretaries Ridge and Powell requesting an extension of the deadline to November 30, 2006. As part of the decision to request the extension of the deadline, and to provide an additional measure of security while standards and technology solutions progress, the Secretary will require beginning September 30, 2004, all VWP travelers process through US VISIT. US VISIT has funding in the fiscal year 2004 expenditure plan to implement this requirement at all POE's (in excess of 330 individual ports).

Question. The US VISIT program office is currently reviewing the proposals for the prime integration contract. Given that it may be several more months before this contract is awarded and work can begin—how do you expect to meet the deadline of deploying the entry and exit capabilities to the 50 busiest land ports by the end of this calendar year?

Answer. Significant up-front planning has been and is being accomplished in all aspects of this increment, especially in the information technology and facilities work areas which well positions the Prime Integrator to assist us in meeting our implementation deadlines.

INTEGRATION OF INFORMATION TECHNOLOGY SYSTEMS

Question. The Chief Information Officer has been working for over a year on the integration and consolidation of information technology systems. The budget request for 2005 includes significant resources for implementing a new Department-wide human resources system, and a new financial management system.

The Department staff identified over 40 different general ledger systems, 30 different procurements processes, and 20 different approaches to managing travel costs. Have you seen any savings yet from consolidating computer systems?

When do you expect to see savings?

Answer. We are still in the development phase of this project and therefore cannot estimate when savings may be realized.

Question. Is the $56 million requested for eMERGE going to cover the remaining costs of developing and implementing the financial management system?

Answer. No. This is for fiscal year 2005 only—implementation will continue through fiscal year 2006.

Question. If not, what is the current estimate for the full cost of implementation?

Answer. 2004 and 2005 Projected Costs for eMerge are below. Costs in 2006 have not yet been determined.

[In millions]

	2004	2005
Annual Recurring	$2.0	$10.5
IT Investments	8.0	56.0
Working Capital	24.8	10.0
Total	34.8	76.5

PERFORMANCE BASED PAY SYSTEM

Question. Under Departmental Operations, $102 million is requested for training of supervisory personnel to administer a performance-based pay system and to create the framework for the new system. While the proposal for Department-wide Technology includes a request for $21 million to design, develop and implement a new human resource information technology system. Exactly how much will the new human resources system cost?

Answer. We are projecting fully loaded life cycle costs of $408.5 million for complete system implementation. It is important to note that the $102.5 million is requested for full implementation of the new system (including project management, systems design, training and communications, etc.), not just the training aspects of system implementation. Major components of this figure include $102.5 million for system implementation, $10 million for Coast Guard performance pool, an estimated $165 million for other component performance pools, and a 6-year life cycle cost of $131 million for human resources information technology.

Question. When do you anticipate the computer system will be finished and fully implemented?

Answer. We are anticipating that technology systems to support implementation of the new DHS human resources system will be completed during fiscal year 2007.

Question. The Department of Defense is currently planning to fund a conversion to a performance-based pay system without requesting additional funding. Why does your budget call for an increase?

Answer. Fully funding a new system, such as the one proposed by DHS, is viewed as a critical component in ensuring its successful implementation. Adequate funding to support implementation, with particular emphasis on requirements for supervisory and managerial training, have been raised as key concerns by the Administration, key DHS stakeholders, and union representatives.

Question. When do you anticipate that the "demonstration project" to test the new Department of Homeland Security pay-for-performance system will be operational within the U.S. Coast Guard?

Answer. We anticipate that the U.S. Coast Guard will be completely operational by January 2006.

Question. When do you anticipate that the new pay system will be fully implemented and operational across the entire Department?

Answer. At this point we anticipate that the new system will be operational in all of DHS by January 2007.

FUNDING TRANSFERS/LEGISLATIVE PROPOSALS

Question. The President's budget proposes legislation to transfer the $153 million emergency food and shelter program to the Department of Housing and Urban Development, and indicates that enactment of authorizing legislation will be pursued to return the $400 million Strategic National Stockpile back to the Department of Health and Human Services. The fiscal year 2005 funding request for the Department of Homeland Security assumes no funding for either of these programs. Will the requisite legislative proposals be transmitted to the Congress as soon as possible and support given for their enactment into law prior to the start of the appropriations process?

Answer. FEMA is currently working with the appropriate authorizing and appropriations committees on the legislative language to transfer the Emergency Food and Shelter program to the Department of Housing and Urban Development in accordance with the President's fiscal year 2005 budget request.

The President's fiscal year 2005 Budget includes $400 million for the Strategic National Stockpile (SNS) and proposes transferring this program to the Department of Health and Human Services (HHS). Language to effectuate the transfer of SNS from DHS to HHS has been added to S.15, the Project Bioshield Act of 2003.

Question. Another request in the fiscal year 2005 budget is for appropriations language to credit revenues and collections of security fees to the Federal Protective Service. As I understand it, these revenues and collections are currently credited to the General Services Administration's Federal Buildings Fund. Is this requested appropriations language sufficient to authorize the transfer of fee collections from the General Services Administration to the Department in lieu of a legislative proposal? Why?

Answer. Prior to the transfer of the Federal Protective Service (FPS) from the General Services Administration (GSA) to the Department of Homeland Security (DHS), GSA collected security fees from its client agencies as a part of the rent bill. GSA deposited the collections into the Federal Building Fund and allocated the security funds in support of FPS law enforcement and security operations. In fiscal year 2005, GSA will serve as the billing agent for these fees. The GSA will continue to bill the security fees concurrent with the rent billing process, but the security revenue will be deposited directly to the FPS account. The revenues and collections will not be deposited into the Federal Buildings Fund and no transfer to FPS will be required. The FPS will continue to be funded by offsetting collections, and the appropriations request represents the obligational authority necessary to spend the estimated revenues and collections received for law enforcement and security services that FPS will provide.

This process is consistent with the authorities transferred to the DHS in the Homeland Security Act of 2002 (Public Law. 107–297, Sec. 403 and Sec. 422) and the authorities vested in and retained by the Administrator of GSA.

DEPARTMENT OF HOMELAND SECURITY HEADQUARTERS

Question. The fiscal year 2005 budget requests $65.1 million to consolidate Department of Homeland Security headquarters operations at the Nebraska Avenue complex (NAC). It also indicates that the administration will propose legislation to transfer the ownership of the Nebraska Avenue complex from the Navy to the General Services Administration.

When will the legislative proposal to transfer the ownership of the Nebraska Avenue complex be submitted to the Congress?

Answer. The legislation was transmitted to the House on February 12, 2004 and the Senate on February 18, 2004. Since the NAC is currently owned by the Navy, the Majority Leader's office referred the proposal to the Senate Armed Services Committee (SASC). While the SASC has included its version of the Administration proposal in the annual defense authorization bill, the Department is concerned that delays in passage of that larger legislation will hamper DHS' mission to ensure our Nation's security. The Department will continue to work with the appropriate Committees to expedite the consolidation of DHS headquarters operations at the NAC.

Question. Is the $65.1 million requested for relocation of the Navy and improvement of existing structures at the Nebraska Avenue complex contingent on the enactment into law the authorization of this transfer?

Answer. The $65.1 million will fund improvements at the NAC as well as the cost to relocate Naval operations to alternate facilities. Without enactment of the legislation transferring ownership of the property to GSA, the Navy will not be able to complete their moves from the NAC due to the Defense Base Realignment Act (BRAC.

Question. The fiscal year 2004 appropriations Act provides $20 million to the Department for alteration and improvement of facilities and for relocation costs necessary for interim housing of the Department's headquarters' operations. Please update us on the use of these funds.

Answer. To date, $7,411,789 has been obligated: $4,657,220 for Navy Relocation, $2,344,569 for space preparation in Building 1 (Sec/Dep Sec), Building 3 (1st and 3rd floor swing space), Building 7, Facilities and Security Badging, and $410,000 for Architectural and Engineering Services for Buildings 1, 4 and 5.

The remaining $12,588,211 is committed for Building 19, 1st and 2nd floors for Information Analysis and Infrastructure Protection (IAIP) and Buildings 4 and 5 for Border Transportation Security (BTS), Public Affairs and Citizenship and Immigration Services (CIS). The design/space layout for Building 19 is at approximately 70 percent completion, and design/space layout for Buildings 4 and 5 is at 100 percent.

Question. Once the Nebraska Avenue complex is transferred from the Navy to the General Services Administration (GSA) as proposed, won't the Department be re-

quired to make rental payments to the GSA on this location? Is this additional cost assumed in the Department's fiscal year 2005 budget? If not, why? What will be the estimated annual rental of space payment on the Nebraska Avenue complex once it is transferred from the Navy?

Answer. Yes, rental payments to General Services Administration (GSA) will be required. Our fiscal year 2005 request includes $14 million ($4 million increase from fiscal year 2004) for department-related rent expenditures.

GSA is currently conducting building condition evaluations and a site appraisal. We will not have refined cost until these activities are complete. However, through consultation with GSA, DHS is currently estimating the following rental costs:

—fiscal year 2005 $5.8 million (staggered occupancy)
—fiscal year 2006 $13.1 million (mostly occupied)
—fiscal year 2007 $14.4 million (fully occupied)

These estimates are based on the following rent breakout:

Base Rent	$29.00 per rentable square feet (prsf)
Operating Rent	8.90 prsf
T/I Allowance	4.64 prsf
GSA Fee of 8 percent	3.80 prsf
Total	46.34 prsf (for 5 year period) 43.06 prsf (for 10 year period)
Average Approx	45.00 prsf [1]

[1] Does not include parking.

UNITED STATES COAST GUARD

Question. The fiscal year 2005 budget request proposes consolidating all of the research and development components of each agency within the Department of Homeland Security into the Science and Technology Directorate, to include the Coast Guard's Research, Development, Test and Evaluation account. The fiscal year 2004 enacted level for research and development within the Coast Guard was $14.9 million; however, this budget proposes only $13.5 million for Coast Guard research and development within Science and Technology.

Can you explain the approximately $1.4 million decrease in requested funding for the Coast Guard's research and development?

Answer. The fiscal year 2004 and earlier CG R&D appropriations included project funds in addition to operating costs of the CG R&D Center at Avery Point, CT. The $13.5 million requested in the fiscal year 2005 S&T budget does not include any project funds; the request is intended to fund only facility and personnel (support and technical) costs at the Coast Guard (CG) R&D Center. This level is consistent with prior year costs. The fiscal year 2004 enacted level was a significant reduction from the fiscal year 2004 request of $22 million and prior year appropriations causing an imbalance between operating costs and project funding for fiscal year 2004.

Question. Will this line item for Coast Guard research and development continue to be decreased in subsequent fiscal years until there is one lump-sum research and development account within Science and Technology for all of the agencies at the Department of Homeland Security?

Answer. No. The Science and Technology Directorate (S&T) and Coast Guard (CG) are preparing a formal agreement that will detail the coordination and funding mechanisms for future CG R&D capabilities. The foundation for that agreement is the consolidation of funding requested in the fiscal year 2005 budget. S&T and the CG have further agreed upon a base level of additional project funding in the amount of $5 million that will be specifically targeted toward non-security related projects including maritime science and research. This funding will be designed to support CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to this $18.5 million in funding, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D portfolio detailing approximately $50 million in vital maritime security research initiatives. This portfolio has been validated by S&T portfolio managers and will be considered in the development of future spending priorities and commitments from S&T. Project funding levels for CG and other DHS component requests will depend on the risk and cost associated with the project, effect on agency missions, linkage to S&T strategic objectives, and executability.

Question. How will consolidating the research and development account into Science and Technology affect the Coast Guard in general, in terms of control over research projects of particular interest to the Coast Guard and access to all ongoing research at the Department?

Answer. Through its portfolio manager at S&T, the CG will have direct access to, and visibility of all S&T research and initiatives. The CG will, at a minimum, retain control of the projects in support of its non-Security mission programs. The integration of funding and effort will go far to minimize redundancy and maximize the effectiveness of Coast Guard R&D while ensuring that all Coast Guard mission requirements remain a key part of S&T planning and resource decisions.

Question. How will this consolidation directly affect the Coast Guard Research and Development Center in Groton, Connecticut?

Answer. There are currently no plans by DHS S&T to make changes to the location or personnel staffing levels of the CG R&D Center.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

ALASKA-CANADA BORDER SECURITY

Question. The Department of Homeland Security has recently indicated that it is formulating plans to increase security along the Alaska-Canada border. What steps will the Department of Homeland Security take to ensure that the heightened security along the border will not negatively impact the shipments of goods to Alaska?

Answer. Inordinate delays with Alaska-Canada at Alaska-Canada's border with truck cargo are not anticipated. Truck traffic is relatively small at the border ports of entry. In addition, most of the cargo is low risk and easily and quickly scanned for radiation with personal radiation detectors.

This is in spite of the fact that since 9/11, several measures have been implemented to increase security along the Canadian/Alaskan border. Staffing has increased significantly due to various Congressional initiatives. Additional physical barriers have been installed at multiple crossing points, and several other security implements have been employed to further "harden" the border between Alaska and Canada.

The ports of Skagway and Dalton Cache are now operational 24 hours a day, 7 days a week (24/7). Additional staffing and operational hours have increased CBP's vigilance at these two important ports of entry. The port of Alcan continues to operate on a 24/7 schedule.

The port of Poker Creek, a busy, seasonal crossing, is now jointly staffed by CBP and Canada Border Services Agency personnel. This collaboration has led to a safer, more efficient, border security operation.

The staffing enhancements and scheduling changes have helped to meet the new challenges posed by the recent implementation of the Bio-Terrorism Act. CBP continues to work with carriers, importers, commercial fishermen, and even professional dog sled mushers to minimize potential disruptions and delays. To date, there haven't been any problems and we don't anticipate any.

COAST GUARD

Question. The fiscal year 2005 Homeland Security budget includes $6.2 billion for the United States Coast Guard. Does this amount ensure that the Coast Guard will comply with Section 888 of the Homeland Security Act? This provision requires that the Coast Guard maintain its traditional missions of Search and Rescue, Fisheries Enforcement, Drug Interdiction, and Aids to Navigation.

Answer. The Coast Guard will continue to support all the programs specified in Section 888 of the Homeland Security Act. The Coast Guard's fiscal year 2005 budget proposes budget authority of $7.46 billion, a 9 percent increase over fiscal year 2004, and continues the Coast Guard's effort to enhance capability and competencies to perform all safety and security missions. Due to the Coast Guard's multi-mission nature, full support of the Coast Guard's fiscal year 2005 budget proposal, which includes funding for Integrated Deepwater System, Rescue 21, Response Boat-Medium and Great Lakes Icebreaker projects, will assist in the performance of all mission areas. Coast Guard is gaining capacity with operational funding of eleven 87-foot Coastal Patrol Boats and five 179-foot Patrol Coastals transferring from the Navy. These additional assets will provide more resource hours, which will be applied to all mission areas. However, even with this additional funding, the Coast Guard must be judicious in the allocation of a finite resource base across traditional and homeland security missions to effectively deliver essential daily services to the American public.

To successfully do this, the Coast Guard is working to develop a Strategic Blueprint, which provides a description of the strategies and processes for allocating Coast Guard resources to reduce risk within each mission program, and to accomplish stated performance goals. The post-9/11 environment demands that the Coast Guard focus on reducing risk and strive to achieve performance goals in each program through a continual examination of its authorities, capabilities, competencies and partnerships. The Strategic Blueprint documents how the Coast Guard enables the operational commander to make decisions regarding the employment of resources to counter risks in an ever-changing environment.

Question. The United States Coast Guard recently completed a successful test of two "Predator A" unmanned aerial vehicles in King Salmon, Alaska. The Coast Guard will test a "Predator B" unmanned aerial vehicles in Alaska during the month of June. Do you consider the use of Predators and other unmanned aerial vehicles to be a cost effective tool to assist the Department with maintaining traditional and security related missions?

Answer. Yes, the use of Unmanned Aerial Vehicles (UAV) is a cost effective tool to meet some operational requirements for DHS and the Coast Guard. The Coast Guard's current Integrated Deepwater System (IDS) implementation plan includes the acquisition of two types of UAVs, the High Altitude Endurance UAV and the Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV), with the goals of increased Operational Effectiveness (OE) and reduced Total Ownership Costs (TOC). The Coast Guard is currently acquiring the Bell HV–911 "Eagle Eye" as the Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV) for shipboard deployable operations. The VUAV is a short-range, low maintenance aircraft, which will allow the Coast Guard to extend the surveillance, classification and identification capability of its major cutters through its speed, range, and endurance and do so more cost effectively. This asset will be used for maritime homeland security, search and rescue missions, enforcement of laws and treaties including illegal drug interdiction, marine environmental protection, and military preparedness.

To mitigate risk and learn more about using Medium and High Altitude Long Endurance (MALE/HALE) UAVs, the Coast Guard has conducted demonstrations in Alaska to evaluate the efficacy of using MALE/HALE UAVs, like the Predator UAVs, for Maritime Domain Awareness (MDA). These demonstrations are also building organizational partnerships within DHS, NASA, DOD and the private sector for the future use of UAVs. DHS and the Coast Guard have had limited experience with UAV operations, and no experience with Beyond Line of Sight UAV operations. The results of the exercises and subsequent data analysis will assist in the development of tactics, techniques and procedures for use in any future DHS/USCG UAV operations (including Predator B), and will be used to develop, validate, verify or accredit ongoing environmental, operational, regulatory, and cost benefit studies.

NATIONAL ALERT SYSTEM

Question. Last year, Congress included $10 million to improve our national alert system. We directed the Department of Homeland Security to report on how the existing nationwide radio network, administered by NOAA, can be expanded so that it can reach more citizens. It was intended that Homeland would consult with the FCC to develop a system that would be ubiquitous and would cross a full range of mediums and technologies to alert the public to a terrorist threat. For instance, Americans should be alerted to a threat through the use of not just radio but also wireline and cellular telephones, e-mail and instant messaging systems, radio and television broadcasts, and personal digital assistants. The report was also supposed to evaluate how the system is being tailored to send out regional threats in addition to nation-wide threats.

This report was due on December 15, 2003. Mr. Secretary, it is my understanding that the Appropriations Committee has not yet received the report. Please tell us what the status is.

Answer. The congressional report has been cleared by OMB and the Department. We anticipate delivery of the report to the congressional Appropriations Subcommittees by May 21, 2004.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

NATIONAL INFRASTRUCTURE SIMULATION AND ANALYSIS CENTER

Question. Secretary Ridge, the Department of Homeland Security has taken ownership of the National Infrastructure Simulation and Analysis Center, or NISAC. NISAC was developed by Sandia and Los Alamos National Laboratories to simulate

and analyze various events and the cascading effects on critical infrastructure in the United States. Following the September 11th terrorist attacks, NISAC took on added importance as the Administration and Congress focused on homeland security.

The fiscal year 2004 Homeland Security Appropriations Act had approximately $23 million for NISAC. Would you please give the Subcommittee the status of the allocation of the fiscal year 2004 funding?

Answer. The Homeland Security Appropriations Act of did not contain a specific line item for the National Infrastructure Simulation and Analysis Center. However, the Department obligated $20 million in November 2004 for NISAC efforts that will be performed by Los Alamos National Laboratory ($10 million) and Sandia National Laboratory ($10 million). Some of the planned NISAC activities include chlorine industry studies, analyses of rail system and electric power disruptions, assessments of Hurricane Isabel impacts on infrastructure, port and inland waterway modeling, as well as urban infrastructure modeling.

Question. How much is in the President's fiscal year 2005 budget request to support activities by NISAC?

Answer. The fiscal year 2005 request for the NISAC is $27 million.

Question. What are some of the activities envisioned in the fiscal year 2005 budget for NISAC?

Answer. NISAC fiscal year 2005 activities are expected to include expansion of the Center's efforts to develop National and Regional Tools into additional regions and cities of the Nation. Additionally, NISAC will begin developing consequence analysis and decision support tools to support the following:

—Expansion of the urban infrastructure suites models for transportation, telecommunications, water, public health and energy to additional high threat urban areas.
—Expansion of the dynamic simulation models to selected east and west coast ports.
—Expansion of the interdependent energy infrastructure simulation system
—Expansion and testing of the waterways asset prioritization tool in concert with the U.S. Coast Guard and Army Corps of Engineers.
—Continued expert analysis and support to short term actions for the Department's primary missions by using the Center's developing infrastructure models and creating new ones where necessary.

Question. One of the items that transferred from the Department of Energy to the Department of Homeland Security with NISAC was an appropriation of $7.5 million for the construction and equipping of a NISAC facility at Kirtland Air Force Base in Albuquerque, New Mexico, which is adjacent to Sandia National Lab. Those funds have not been released for their intended purpose.

What is the delay in moving forward on this important facility?

Answer. The Homeland Security Appropriations Act did not explicitly appropriate $7.5 million for a NISAC facility Nonetheless, the Department is drafting a letter to the Department of Defense to begin the necessary coordination to build a DHS building on DOD property. We expect to initiate site surveys, followed by a possible site selection this summer. DHS has retained sufficient funds to complete the survey and site selection process.

Question. What is the status of the $7.5 million appropriation specifically for the NISAC facility? Are those funds being held for the intended purpose?

Answer. Yes.

Question. When can the Subcommittee expect the Department of Homeland Security to break ground on the NISAC facility in New Mexico?

Answer. The program manager has initiated discussions with the Kirkland Base Commander concerning the availability of suitable sites on Kirkland for the NISAC and we have begun coordination with the Department of Defense to address requirements for building a DHS facility on DOD property. The groundbreaking date will be dependent on the identification of a suitable site for the NISAC.

UNMANNED AERIAL VEHICLES (UAVS)

Question. Secretary Ridge, I have written to you on two different occasions in support of exploring the option of using unmanned aerial vehicles (UAVs) to monitor our borders, particularly the Southwest border. I also noticed in your testimony that there is $10 million in the President's Budget to "plan, procure, deploy and operate unmanned aerial vehicles." In New Mexico, we have some experience with UAVs. In fact, the Physical Sciences Laboratory at New Mexico State University operates a Department of Defense sponsored UAV validation and test facility. Because of the already established presence of UAVs in New Mexico, I have also invited you to visit

Las Cruces to see for yourself this work and evaluate Las Cruces as a potential site for housing the UAV wing responsible for border surveillance.

Given the $10 million request for UAVs, can you expand upon the plans you have for them?

Answer. U.S. Customs and Border Protection has been evaluating the possibilities of using UAV technology to enhance its border security mission since June 2003. The initial evaluation process indicates that UAVs may indeed have a role in that mission. A pilot program is underway to acquire a UAV system and deploy it to various border areas to further evaluate their effectiveness and to further develop concepts of operation utilizing UAVs in CBP's mission. The $10 million budget request will support that effort in fiscal year 2005 during which a fully self-supporting UAV package will be leased either via an existing DOD-owned contract or through a competitive CBP procurement process.

Question. How many UAVs does the Department currently have?

Answer. DHS does not possess any UAV systems.

Question. How many UAVs does the Department plan to acquire?

Answer. Several agencies including CBP, Coast Guard and TSA regularly coordinate UAV programs in a working group. The working group is currently developing high-level requirements to be applied towards any future DHS-wide acquisition of UAVs. No concrete commitment has yet been made towards the type or quantity of UAV system acquisition due to the variety of needs and requirements among the agencies.

The Coast Guard's current Integrated Deepwater System (IDS) implementation plan includes the acquisition of two types of UAVs, the High Altitude Endurance UAV and the Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV), with the goals of increased Operational Effectiveness (OE) and reduced Total Ownership Costs (TOC). The Coast Guard is currently acquiring the Bell HV–911 "Eagle Eye" as the Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV) for shipboard deployable operations.

Question. Where does the Department plan on stationing these UAVs?

Answer. UAV usage within DHS is in the very early developmental stages. A number of potential sites are being considered and no final decisions have been made at this time.

Question. When can you join me in Las Cruces to evaluate the Las Cruces International Airport as a potential home for the UAV program?

Answer. I appreciate the Senator's offer and respectfully suggest that our staffs try to coordinate a future departmental visit to that site.

CHARTER FLIGHTS TO FEDERAL LAW ENFORCEMENT TRAINING CENTER IN ARTESIA, NEW MEXICO

Question. Secretary Ridge, as you know, one of the Federal Government's premier training sites for law enforcement officers is located in Artesia, New Mexico. It is known as FLETC-Artesia (Federal Law Enforcement Training Center). When terrorists attacked us in September of 2001, Congress quickly required the training of hundreds of new Air Marshals. It was FLETC-Artesia that met the impressive challenge of training these new Air Marshals, quickly ramping up the program and bringing in three 727's to be used in this training.

FLETC-Artesia is also the campus chosen to provide training for airline pilots who choose to carry firearms in the cockpit (also known as Federal Flight Deck Officers). They provide this training in addition to basic and advanced training for a number of other agencies.

Feedback from trainees who have been to Artesia is almost universally positive. In fact, one of the few complaints has to do with one of its greatest assets—its location. Because Artesia is over 3 hours from the nearest large cities (Albuquerque and El Paso), there is a lot of wide open space to conduct training exercises. Unfortunately, it is also difficult to get to Artesia—this is the biggest complaint. The good news is that I believe there is a solution to this problem. I have been working with the officials at FLETC-Artesia, FLETC Headquarters in Glynco, Georgia, and in the Border and Transportation Safety Directorate on a plan to provide charter services from a major air hub, like Dallas-Fort Worth, to Roswell, which is a 30 minute bus ride from FLETC-Artesia. Ultimately, I believe the airlines will see how beneficial this is to them and will schedule regular service along this route. I also believe the client-agencies will quickly see the benefits of shorter travel times, fresher students, and better trained employees.

FLETC-Artesia recently put out a Request for Information seeking feedback from airlines who might provide this service. My understanding is that the response was

positive and that estimates are that it would take $800,000 to provide this service for the rest of the fiscal year.

As a member of the Homeland Security Appropriations Subcommittee, I joined with my colleagues in deciding not to earmark that bill. This meant that there was no opportunity for me to work with my colleagues to place money in that bill for this project. Instead, we left it up to you to determine how best to spend the money to protect our Homeland. Will you commit to improving the training of our Federal law enforcement officials by approving funds for this charter service?

Answer. In the post September 11, 2001 period, there has been real, sustained growth in the use of all FLETC training centers, including the Artesia, NM center. Although the absence of regular and reliable service to the Artesia area has been an obstacle to wider use of that location in the past, recently we have increased utilization to almost capacity because the FLETC Glynco site is at maximum capacity and the agencies need to train within specific timeframes. FLETC is experimenting with conducting more basic training programs at Artesia in fiscal year 2004 and there has been increased use of the site for Flight Deck Officer training, among others, for specialized training. With this in mind, FLETC will track closely the issues and usage of the Artesia site and report back their findings in fiscal year 2005. Should the travel service continue to be a problem, the Department will consider looking at other possible solutions, including some subsidizing of air service into the Artesia area. This may require additional authorizing language.

Question. How can we in Congress help provide the best training possible for our Federal law enforcement officers, particularly within the Federal Law Enforcement Training Center?

Answer. Both Congress and the Administration share a common goal of ensuring all Federal law enforcement officers have the opportunity for the highest quality training, especially in this period of national concerns with security of the homeland. The Department of Homeland Security (DHS) is indebted to your leadership and that of others in Congress, who have long and actively supported the concept of consolidated training that is represented by the Federal Law Enforcement Training Center (FLETC). Since the events of September 11, 2001, FLETC has undertaken increasingly more training responsibilities and we are proud of the achievements that have been made by the FLETC staff and, indeed, its 76 partner agencies. With the generous support of Congress, FLETC has added many new facilities and improved upon the delivery of critical training, such as terrorism, first responder, and international financial crimes over the last few years. In addition to FLETC's Glynco, GA, Artesia, NM, and Cheltenham, MD training sites, the DHS has entrusted two other sites to FLETC for law enforcement training in Charleston, SC and Harpers Ferry, WV in fiscal year 2004 and fiscal year 2005, respectively. At this point, we believe the resources, funding, and support for consolidated training are meeting fully the changing dynamics of Federal law enforcement training.

FIRST RESPONDERS

Question. Secretary Ridge, as you know, long before the terrorist attacks of September 11, New Mexico Tech was working as part of a consortium with Louisiana State University and Texas A&M to provide training to first responders. Since the attacks the need for this training has become more important.

How much is included in the President's fiscal year 2005 Budget for the training of first responders?

Answer. $92 million is included in the President's fiscal year 2005 Budget for the training of first responders. As well, states and localities may choose to use their grant funding to support additional training.

Question. There has been a lot of discussion about standardization of equipment used by first responders. What are your thoughts about standardization of training for first responders?

Answer. The Office for Domestic Preparedness (ODP) is the principal component of the Department of Homeland Security (DHS) responsible for preparing the United States for acts of terrorism. In carrying out its mission, ODP is the primary office responsible to providing training, funds for the purchase of equipment, support for the planning and execution of exercises, technical assistance and other support to assist states and local jurisdictions prevent, plan for and respond to acts of terrorism ODP provides more than 30 different types of training courses. These courses are tailored for a broad spectrum of emergency responders, including fire service, hazardous materials, law enforcement, emergency medical services, public health, emergency management, public works agencies, governmental administrative, healthcare, and public safety communications

ODP's training efforts fall into three different categories: (1) in-residence (training provided at one the National Domestic Preparedness Consortium (NDPC) facilities), (2) on-site or mobile training (training provided at a local agency by request through an NDPC member or other ODP training partner), and (3) Website-based training. In-residence or "residential training" occurs at one of the five members of the National Domestic Preparedness Consortium (NDPC). On-site training is provided by either one of the members of the NDPC or through one of ODP's other training partners. This training is provided directly at a State or local first responder agency upon official request through that state's state administering agency for ODP funds. ODP's Website-based training efforts are administered by the Texas Engineering and Extension Service, which offers three online courses for emergency responders.

ODP draws on a large number of resources to develop and deliver a comprehensive national training program. In addition to the NDPC, ODP works with a large number of national associations and organizations, along with other agencies from the local, State, and Federal levels, to provide training to our Nation's emergency prevention and response community. This approach aligns closely with the President's National Strategy for Homeland Security issued in July 2002, which called for a consolidated and expanded training and evaluation system to support the Nation's emergency prevention and response community.

To ensure compliance with nationally accepted standards, these courses have been developed and reviewed in coordination with other Federal agencies, including the Centers for Disease Control and Prevention (CDC), the Department of Energy, the Environmental Protection Agency (EPA), the Federal Bureau of Investigations (FBI), the Federal Emergency Management Agency (FEMA), as well as with professional organizations such as the International Chiefs of Police, the International Association of Fire Chiefs, and the National Sheriff's Association.

Question. What potential do you see for future use of this consortium?

Answer. New Mexico Tech recently entered into negotiations for the purchase of the town of Playas, New Mexico. This former mining town was virtually abandoned when the mine was closed. New Mexico Tech plans to use this town as a real-world training site.

Question. What role do you foresee Playas playing in the training of first responders?

Answer. Playas will be jointly developed by the New Mexico Institute of Mining and Technology and the New Mexico State University using funds already made available to the New Mexico Institute of Mining and Technology through the Department of Homeland Security's Office for Domestic Preparedness (ODP). As you are aware, ODP has funded the New Mexico Institute of Mining and Technology since Fiscal year 1998 as part of the National Domestic Preparedness Consortium.

As part of the Consortium, the New Mexico Institute for Mining and Technology supports ODP's mission of assisting State and local governments plan and prepare for incidents of domestic terrorism by providing critical training to the Nation's first responders.

SCIENCE AND TECHNOLOGY FUNDING

Question. Secretary Ridge, the Department of Homeland Security has a significant research budget to develop new technologies to secure the United States against terrorist attacks. I know that the Department has made significant progress in setting up the mechanisms to allocate science and technology funding to industry, universities, and national laboratories. This is a vital mission of your Department.

I understand that the Department is still in the process of allocating fiscal year 2003 science and technology funding. What is the current time line for completing this allocation of funding?

Answer. The Science and Technology Directorate has "execution plans," that is, identified scope of work, for all remaining fiscal year 2003 funds and fully expects to have all remaining funds allocated by the end of fiscal year 2004.

Question. The Department is now engaged in the allocation of fiscal year 2004 science and technology funding. How do you plan to allocate fiscal year 2004 funding in a more timely manner?

Answer. The Department of Homeland Security has existed now for just over a year. Like the rest of the Department, the Science and Technology Directorate has been working hard to develop effective and efficient procedures and policies, including those necessary for selection of performers of the work to be done and the subsequent contractual processes and allocation of funds. As these procedures get established, projects will be awarded and funded in a more timely manner. I am pleased to say that in the last 3 months, the Science and Technology Directorate has made significant progress in allocating its available funding into the hands of those re-

searchers who are developing and transitioning the vital technologies and tools to make the Nation safer. Both the Under Secretary for Science and Technology and I will continue to monitor the status of project selection and funding, and expect to see continued progress.

Question. I note that this year, the Department's budget submission is improved over last year as one would expect. Although there are security considerations, could you describe your plans to ensure transparency in the Department of Homeland Security budget? Both the Departments of Defense and Energy make their supporting budget documents public. Will you follow suit

Answer. The Science and Technology Directorate prepares its annual Congressional Justification in an open and unclassified manner and will continue to do so as long as programs do not move into the sensitive realm. In addition, the Science and Technology Directorate prepares its written testimony for the record for each of its budget-related hearings in an unclassified document. This written testimony contains the supporting documentation for its budget request and becomes publicly available.

Question. One of the biggest challenges in the science and technology area has to be coordinating the allocation of funding between near-term and applied technology and basic, long-term R&D funding.

What level of coordination is being provided by your office, Mr. Secretary, to ensure an appropriate split between near-term and long-term R&D?

Answer. I have delegated the responsibility for determining the appropriate split between near-term and long-term research and development to the Under Secretary for Science and Technology and he keeps me and others informed, although the final responsibility is mine. In the approximately 1 year that this Department has been in existence, the Science and Technology Directorate has focused its initial efforts on near-term development and deployment of technologies to improve our Nation's ability to detect and respond to potential terrorist acts. However, we recognize that a sustained effort to continually add to our knowledge base and our resource base is necessary for future developments. Thus, we have invested a portion of our resources, including our university programs, toward these objectives. The following table indicates the Science and Technology Directorate's expenditures in basic research, applied research, and development to date, excluding construction funding.

SCIENCE AND TECHNOLOGY DIRECTORATE R&D INVESTMENTS

[In millions of dollars]

	Fiscal year 2003 (actual)	Fiscal year 2004 (estimated)	Fiscal year 2005 (proposed)
Basic	$47	$117	$80
Applied	59	56	229
Developmental	398	608	643
Total	$504	$781	$952
Percent basic	9.3	15.0	8.4

Our initial expenditures in basic research are heavily weighted by our investments in university programs. These university programs will not only provide new information relevant to homeland security, but will also provide a workforce of people who are cognizant of the needs of homeland security, especially in areas of risk analysis, animal-related agro-terrorism, bioforensics, cybersecurity, disaster modeling, and psychological and behavioral analysis. In addition, the Science and Technology Directorate is allocating a portion of its resources to high-risk, high-payoff technologies and expects to gradually increase its investments in long-term research and development to a level appropriate for its mission and the Department.

Question. What do you envision as the role of the Department of Homeland Security in investments in future R&D to meet homeland security requirements?

Answer. At the current time, the Science and Technology Directorate is working hard with available funds to fill critical gaps in our Nation's ability to prevent, protect against, respond to and recover from potential terrorist attacks; however, we are all well aware that it is only with a strong investment in long-term research that we can we feel confident we are maintaining a robust pipeline of homeland security technologies to keep us safe for the decades to come. Successful businesses reinvest 10–15 percent of their total budget in research and development; the Science and Technology Directorate will strive in future years to invest a similarly significant portion of its resources into long-term research.

INTERAGENCY COLLABORATION

Question. Mr. Secretary, the Department of Homeland Security combines the programs and personnel for many Federal agencies. Creating a culture as one department is a real challenge, but there are capabilities throughout the Federal Government that can assist your Department in meeting homeland security threats.

I would encourage the Department to develop strong positive relationships with other Federal departments and agencies where there is opportunity for collaboration and cooperation to make your job easier.

Is it correct that your Department has worked with both the Department of Energy and the National Nuclear Security Agency (NNSA) as it develops its programs to meet homeland security threats?

Answer. The Department of Homeland Security has worked very closely with the Department of Energy (DOE) and NNSA from the very early stages of the development of the Science and Technology (S&T) program. The DOE laboratories provided extensive technical expertise and advise regarding the S&T program development.

Question. How would you characterize these interactions?

Answer. The Department's interactions with DOE and NNSA have been very positive. The Department of Homeland Security's (DHS's) S&T staff has an open communication relationship with DOE senior managers as well as with the DOE field personnel. Since some of the S&T staff came from DOE, there are close ties and good relationships that facilitate developing the processes of how DOE and DHS work together. When issues arise, they are quickly elevated so that communication occurs between the appropriate parties in both Departments and a resolution achieved.

Question. What potential do you see for future collaborations?

Answer. The Department of Homeland Security fully expects to continue and enhance its collaborations with the DOE and NNSA, as well as other Federal agencies conducting work of relevance to homeland security. For example, the S&T Directorate is committed to utilizing the extensive capabilities of all DOE laboratories and to engage them in all aspects of our research, development, testing and evaluation (RDT&E) program. The Directorate's Office of Research and Development is developing an enduring RDT&E capability through stewardship of the homeland security complex. To meet the Federal stewardship goal, the DOE laboratories will play a significant role in assisting in the strategic planning of the threat-based programs such as radiological/nuclear and biological countermeasures programs. The DOE laboratories also have significant existing capabilities and facilities for addressing terrorist threats, thus DHS will contribute support for some existing DOE facilities and reach-back into these unique capabilities. In addition, the DHS University Scholars and Fellows program is working with the DOE laboratories to place students with DOE mentors.

Question. The science and technology directorate at the Department has had discussions with the DOE national laboratories in such areas as radiological and nuclear and bioterrorist threats. The labs have significant capabilities to assist the Department of Homeland Security. Do you envision these collaborations continuing? Are there any barriers to such activities? If so, can Congress assist in addressing these issues?

Answer. The Department's Science and Technology Directorate will continue to utilize the DOE laboratories to address S&T requirements including key threat areas such as radiological, nuclear and biological countermeasures. Collaborations between DHS and DOE have been very successful to date, and the Science and Technology Directorate plans to continue these collaborations well into the future. There are currently no barriers to these collaborations. If circumstances change, the Department will bring this to the attention of Congress.

FEMA—CERRO GRANDE FIRE

Question. Mr. Secretary, when FEMA joined your Department, you inherited the Cerro Grande fire assistance program. The devastating Cerro Grande Fire occurred in New Mexico in May 2000. This fire consumed almost 48,000 acres of forest, destroyed nearly 400 homes and caused damage or injury to 1,000 families, countless businesses, the county of Los Alamos, the State of New Mexico, four Indian pueblos, and Los Alamos National Laboratory.

I would remind my colleagues that this fire was started by the Federal Government when a controlled burn at Bandelier National Monument burned out of control. For that reason, the Congress enacted the Cerro Grande Fire Claims Assistance Act of 2000, and appropriated $455 million to FEMA to establish a claims program to compensate victims of the fire.

The fiscal year 2004 Homeland Security Appropriations Act included $38.1 million to continue paying claims under the Act. Based upon information from the Department, the conferees on the fiscal year 2004 bill stated that, and I quote, "this funding will fully cover all remaining Cerro Grande fire claims" (end quote).

Would you please provide the Subcommittee with a summary of the claims activity under the Cerro Grande Fire Assistance Act of 2000? Please include the number of claims filed, processed, approved, and declined by category of claim (individual, business, Native American, governmental).

Answer. The Office of Cerro Grande Fire Claims (OCGFC) has received a total of 21,515 claims: 13,700 individual/household claims; 1,861 business claims; 6 Pueblo/Native American claims; 20 governmental claims; and 4,562 subrogation claims from the insurance industry. The balance of the claims consisted of small-dollar-amount claims, not-for-profit claims, or streamlined claims (both business and individual claims under $10,000). With the exception of the pending appeals and arbitrations (see answer below), virtually all of the claims have been resolved. OCGFC has not kept records by category on the numbers of claims approved in whole or in part, or denied in whole or in part.

Question. Please provide the Subcommittee with information on the number of claims that have been appealed and the general status of those appeals.

Answer. OCGFC has received 718 Administrative Appeals, of which only 28 are still pending. The remainder have been accepted, denied, or withdrawn. Of the 135 arbitrations that have been filed with OCGFC, 120 arbitrations are complete, and 15 arbitrations are pending.

Question. What is the status of subrogation claims for insurance companies that assisted individuals and businesses in the immediate aftermath of the fire? Will insurance companies be adequately reimbursed for their expenses, and what factors are taken into account in determining their appropriate payments?

Answer. Of the 4,562 subrogation claims filed with OCGFC, all but 42 were determined to be eligible. OCGFC has made 56 percent partial payments on the subrogation claims. We have reimbursed insurers and reinsurers only the amounts that they paid out under their insurance policies, and we have not reimbursed subrogation claimants for their expenses of administering the claims they received from their insureds. These expenses are currently the subject of litigation.

Question. Finally, what is the status of the funding remaining for Cerro Grande fire claims and for administrative expenses?

Answer. As of March 25, 2004, $55,596,000 remained in available claims funds and $950,000 was available to cover administrative expenses. 5. Is it correct that there is sufficient funding remaining under current appropriations to satisfy pending claims, anticipated favorable appeals, and subrogation claims by insurance carriers? If not, what is the estimated amount needed to fulfill these obligations?

Answer. We believe that there are sufficient funds to settle all remaining claims.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. Mr. Secretary, the President's request provides $50 million for the Center for Domestic Preparedness (CDP). This is $5 million below the fiscal year 2004 enacted level and well below the level necessary to train our Nation's first responders. As you point out in your budget justification the CDP is the only live agent training facility available to our Nation's first responders. With a budget of $75 million, the CDP can train almost 100,000 first responders. This is almost twice the 55,000 they plan to train this year with $55 million. The CDP serves a vital role in our Nation's first response capability. Could you please explain then, why the CDP's budget has been cut for fiscal year 2005?

Answer. As you know, the Center for Domestic Preparedness is a Department of Homeland Security-owned and operated facility that provides training to our Nation's emergency responders. CDP offers live chemical agent training—the only facility in the world that provides such training to civilian emergency responders. CDP has provided training for emergency responders since it was established in 1999, and is widely recognized as a world leader in the training of emergency response personnel in the handling of live chemical agents.

The CDP has received significant funding over the years. The President's fiscal year 2005 budget request provides $50 million for the continued operations of the Center. This level is equal to the amount requested by the Administration in the fiscal year 2004 request. Beginning in fiscal year 2005, the NDPC funding will be used solely to cover their fixed operating expenses. States will be required to pay for the costs of sending their emergency responders to NDPC facilities. The NDPC facilities, therefore, will not have to cover the full-costs of participating emergency

responders, which reduced enrollment flexibility. This flexibility will likely allow NDPC members to train additional emergency responders without incurring the additional travel and financial costs of enrollment.

Additionally, the Department and ODP are strongly encouraging states to institutionalize awareness and performance level training at State facilities. One of the overarching goals of the Homeland Security Grant Program, which will provide more than $2.2 billion to states and territories in fiscal year 2004, is to provide sufficient resources to allow states and territories to develop their own capacity to offer awareness and performance level training courses. The Department and Administration will continue to support this effort in fiscal year 2005, which will allow NDPC members to concentrate on specialized training courses.

Question. Mr. Secretary, in your statement you mentioned that you have provided $20 million for planning and exercises associated with medical surge capabilities. What assets does DHS plan to commit to training medical personnel to respond to large scale disasters or a WMD event?

Answer. DHS currently is planning to use the Noble Training Center to assist in training medical personnel for medical surge capability. In the President's Budget for fiscal year 2005, DHS has requested an increase of $15 million to develop one fixed and one mobile medical surge hospital module, and an increase of $5 million for associated planning, training, and exercises to validate and demonstrate the medical surge capacity provided by these modules. The fixed module would essentially consist of a package of hospital supplies, equipment, materials, etc., that could be pre-positioned in a high risk area and quickly inserted into or assembled in a pre-existing space, facility, or structure to provide hospital capabilities. Similarly, the mobile module would consist of a complete package of hospital supplies, equipment, materials, etc., that could be rolled in from another location and placed in a pre-existing structure, or the mobile module would include the structure (trailers, tents, etc.) in which the hospital would be housed. Planning, training, and exercises associated with the use of these modules will allow the concept to be refined. Additionally, this activity will help in identifying potential locations, factoring in significant criteria including: overall population of the jurisdiction; population density in and around the location; hazards and risk prevalent in the location (including natural, technological, and terrorist incidents); existing hospital capacity, strength, and organization; and existing medical response and public health system.

The major elements of the medical surge capacity enhancement program will include facility, equipment, supply, and pharmaceutical procurement; leased space for storage of field facilities; salaries and benefits for additional staff required for equipment maintenance, and program and fiscal management; dedicated ground transportation for field facilities; life-cycle costs for equipment, pharmaceutical, and supply replacement; field exercises and system evaluations; identification and implementation of corrective actions; and development of web-based interactive and hands-on training curricula for facility set-up, maintenance, operation, and demobilization.

Also, through the National Disaster Medical System (NDMS) Online Training Program, NDMS is responding to the need to improve the ways in which its response team medical personnel respond to large-scale disaster and weapons of mass destruction (WMD) events. The training program is designed specifically for disaster responders; providing the critical information needed to help them better perform their jobs under the most austere conditions. The online training program ensures that NDMS response team medical personnel will have appropriate orientation and training for optimal field performance.

Training opportunities are also offered during the annual NDMS Conference. With several pre-conference, main, and plenary sessions and training demonstrations available, NDMS response team medical personnel are provided access to the latest in emergency management, disaster response, and coordination capabilities. Additional training is also provided to NDMS response team medical personnel through their State- and locally sponsored exercises and training courses. These exercises and training courses are designed to enhance organization and rapid response capability.

Question. Recently, the President in Homeland Security Presidential Directive #8 defined a "first responder" as: those individuals who in the early stages of an incident are responsible for the protection and preservation of life, property, evidence, and the environment, including emergency response providers as defined in section 2 of the Homeland Security Act of 2002 (6 U.S.C. 101), as well as emergency management, public health, clinical care, public works, and other skilled support personnel (such as equipment operators) that provide immediate support services during prevention, response, and recovery operations." Wouldn't you agree that medical

and hospital personnel are crucial to "preservation of life"? Why then have we done so little to ensure they are prepared?

Answer. Medical, public health and hospital personnel are an essential component of the Nation's response capability. The Department of Homeland Security recognizes their importance, as has Congress. The Department, through programs administered by the Office for Domestic Preparedness (ODP) and the Federal Emergency Management Agency (FEMA), provides support to the emergency medical services and to hospital providers.

ODP, in particular, administers the Homeland Security Grant Program and the Urban Areas Security Initiative, which provide funds to states and urban areas, respectively, to enhance homeland security efforts across the Nation. In fiscal year 2004, ODP will provide more than $2.2 billion to states, localities, and the emergency response community through HSGP. Additionally, through UASI, ODP will provide an additional $746 million. Emergency medical personnel, including Emergency Medical Technicians (EMTs) and ambulatory services, and hospitals and hospital providers are eligible to receive assistance through these two programs. HSGP and UASI fund a range of activities, including the acquisition of specialized equipment, the provision of training, and exercise support.

ODP also administers a robust training program through the National Domestic Preparedness Consortium (NDPC). Through the NDPC, along with other training partners, ODP offers nearly 40 courses for the emergency response community. As part of the training effort, emergency medical personnel and public health officials are eligible to attend a number of different courses offered. A few examples of the training courses that emergency medical and public health officials are eligible to attend include: "Emergency Response to Terrorism: Basic Concepts," "Emergency Medical Services: Basic Concepts for WMD Incidents," "Emergency Response to Domestic Biological Incidents—Operations Level," "Emergency Medical Services Operations and Planning for WMD," and "Hospital Emergency Management: Concepts and Implications of WMD Terrorist Incidents."

In fiscal year 2005, DHS and FEMA will be responsible for two programs that strive to prepare medical and hospital personnel to deal with mass casualty incidents: the National Disaster Medical System (NDMS) response teams and the Noble Training Center. Both have major linkages in supporting the "first responder" infrastructure.

NDMS is a coordinated effort by FEMA and other Federal agencies, in collaboration with the States and other public and private entities, to provide health and medical services to the victims of public health emergencies. The System organizes approximately 8,000 intermittent Federal employees into more than 107 medical and specialty response teams. The System can also provide for patient evacuation and definitive medical care of disaster victims.

The incorporation of NDMS into DHS has improved response capability by enhancing coordination between health and medical response organizations and other functional disaster response activities. This will ensure that future planning and response efforts are well-coordinated and efficient. The reorganization has centralized emergency response functions within one Department. This will also allow for the sharing of training activities and programs to include local, State, and Federal disaster drills and field exercises, and will enhance the coordination of logistical functions that support emergency response, thereby improving the efficiency and effectiveness of the response. This reorganization will also ensure that threat information is received in a timely manner and will enable increased readiness actions to be taken in order to reduce response time.

The Noble Training Center (Noble) also transferred from HHS to DHS. While the program resided at HHS, a 5-year strategic plan was developed for it by a consortium of universities that included Vanderbilt University, the University of Alabama at Birmingham, and Louisiana State University. The strategic plan identified immediate and continued training needed for medical first responders, as well as for the medical community, to be able to quickly identify and treat victims of a WMD attack. The plan identified training needs for hospital emergency room physicians and nurses, emergency medical technicians and paramedics, and hospital engineers and administrators. This training would include treatment modalities relating chemical, biological, radiological, and nuclear assaults to ensure that all hospital personnel, including medical, engineering, and administrative, would be prepared to effectively treat victims. In addition, Noble is currently working with HHS' Health Resources and Services Administration and its Hospital Preparedness program to train some of the grantee hospital personnel at Noble this year.

In addition to the work that ODP is doing in this area, the Department is working with the Department of Health and Human Services (HHS) on a related project called Project BioShield. The fiscal year 2005 request includes $2.5 billion for this

effort to encourage the development and pre-purchase of necessary medical countermeasures against weapons of mass destruction, and improved bio-surveillance by expanding air monitoring for biological agents in high-threat and high-value targets such as stadiums and transit systems. This provides significant funds for this effort, which was funded at $885 million in fiscal year 2004. Further, the President's fiscal year 2005 budget request includes $20 million for the Department's Emergency Preparedness and Response Directorate for studies and pilot programs for medical surge capabilities. Also, since 2001, over $4.5 billion has been made available in Federal public health preparedness grants for counterterrorism.

Comment.—The Noble Training Center (Noble) at Fort McClellan, Alabama was established as a medical training center for medical first responders. According to FEMA, "Noble Training Center is unique in that it is the only hospital facility in the United States devoted to medical training for hospital and healthcare professionals in disaster preparedness and response." From fiscal year 1999 to fiscal year 2001, I helped send additional resources to Noble to help them build their capability, much like what was done at CDP.

However this money seems to have disappeared and today Noble has, to my knowledge, not grown in capability or capacity to train medical personnel. While I understand that much of this took place while Noble was under the direct control of the Public Health Service, it is my understanding that virtually no activity has taken place at the Noble Training Center since DHS took control.

Question. Will the Department make a habit of allowing valuable assets to sit unused?

Answer. DHS is making extensive use of the Noble Training Center and is very pleased to have Noble as an element in the DHS training system. During fiscal year 2003, the Department delivered the most ambitious schedule of training ever at Noble, and it is delivering an even greater slate of activities during fiscal year 2004.

For fiscal year 2003, DHS delivered the schedule of training activities that the Department of Health and Human Services (HHS) had set up and offered a number of FEMA courses at Noble. Activities for the year included several offerings of the "Healthcare Leadership and Administrative Decision-making in Response to WMD Incidents" course, which was conducted under contract by Auburn University and its subcontractors, which included the University of Alabama at Birmingham, Vanderbilt University, and Louisiana State University. DHS delivered additional courses at Noble in partnership with the Centers for Disease Control and Preparedness (CDC) to prepare CDC's emergency response teams. One of the Department's goals for fiscal year 2004 is to train more than 1,300 students at the facility. The total number of students trained in all prior years was 2,274.

Question. What is the Department doing to correct this poor use of taxpayer's money?

Answer. When Noble was transferred to DHS in March 2003, it was assigned to FEMA. FEMA officials quickly analyzed the situation at Noble, inspecting the facility and examining instructional programs. At the time, Mike Brown, Acting Under Secretary for EP&R, established the following priorities for Noble: (1) correct deficiencies in the infrastructure to ensure that the facilities and systems would support a world-class training activity; (2) maximize the utilization of Noble by offering a full schedule of first-rate instructional programs targeted at planning and response for mass casualty events; and (3) integrate Noble into the DHS/FEMA training system managed by the United States Fire Administration, which includes the National Fire Academy and the Emergency Management Institute (EMI). Efforts to meet these goals began at once. In addition to offering the aggressive schedule of training described above, DHS also:

—Awarded a contract to the SEI Group, Inc. of Huntsville, Alabama, to manage the Noble physical facility
—Awarded a contract to DECO Security Services, Lorton, Virginia, to provide security for the facility
—Arranged for classroom support to be provided through an existing EMI contract
—Continued work on a $1 million healthcare weapons of mass destruction (WMD) curriculum development project with Auburn University and its subcontractors (Work on this project is scheduled for completion by June 30, 2004.)

During fiscal year 2004, in addition to a full slate of instructional programs, the following key activities are underway to improve the Noble facilities:

—Update Noble's phone system and computer network
—Renovate 2 dormitory buildings to provide housing for 160 students at a time
—Retrofit the third floor of Noble to create a state-of-the-art exercise and simulation training area

Question. I would like to know specifically, how many hospital and healthcare professionals have been trained at Noble Training Center and how many Federal dollars have been spent at Noble to date?

Answer. Since its inception, Noble has conducted the following training:

TRAINING ACTIVITY	PARTICIPANTS
Hospital Leadership and Decision-making	717
National Pharmaceutical Stockpile Training	293
Integrated Health and Medical WMD Training	250
Emergency Coordinator Augmentee	150
Nunn, Lugar, Domenici Hospital Preparedness	54
Epidemic Intelligence Service (WMD)	277
Mass Immunization Training	63
Tactical Emergency Medical Service in a WMD incident	36
Hazardous Materials for Healthcare Train-the-trainer	41
Integrated Emergency Management for CDC response staff	162
Emergency Response to Domestic Bioterrorism	20
Critical Actions Aimed Toward Emergency Response	76
Radiological Emergencies (Commissioned Corps)	135
Total Participants	2,274

Based on careful analysis of HHS records and FEMA's current spending plan, by the end of fiscal year 2004, HHS and DHS will have spent approximately $17.8 million on the Noble Training Center. This figure excludes salary and expenses for two full-time Federal employees at Noble and student expenses paid directly by HHS. The by-year breakdown is as follows:

	Amount
Fiscal year 1999	$2,800,000
Fiscal year 2000	845,000
Fiscal year 2001	1,500,000
Fiscal year 2002	4,000,000
Fiscal year 2003	1,369,092
Fiscal year 2004	7,300,000
TOTAL	17,814,092

Comment.—Just around the corner from Noble is the Center for Domestic Preparedness, the pinnacle of first responder training. The CDP has been a training facility for roughly the same amount of time as Noble. This fiscal year CDP is scheduled to train in excess of 50,000 first responders. I can only guess that the differences are due to management.

Question. Can you explain to me why these two centers are in such contrast?

Answer. We cannot address HHS' utilization of Noble. However, since DHS assumed responsibility for Noble in March 2003, it has played a key role in the Department's overall efforts to prepare emergency personnel, and it is an important part of the Department's plans for the future. Noble has joined FEMA's training team, which will train more than 250,000 personnel in fiscal year 2004.

Question. How many responders do you plan to train at Noble this year?

Answer. We expect to train 1,320 personnel at Noble in fiscal year 2004 in the following courses:

—7 "Healthcare Leadership for WMD Incidents" courses for 490 participants

—6 Metropolitan Medical Response System exercise-based, integrated emergency management courses for 420 participants

—3 CDC partnership courses for 180 personnel

—9 Radiological Emergency Response Operations courses for 230 participants

Based on funding of approximately $4.3 million we have maximized our deliveries as we ramp up effort for fiscal year 2005 and for fiscal year 2006. The Noble facility cannot currently accommodate as many students as can the CDP facility, given existing facility sizes and infrastructure.

Question. How much do you propose to spend in these efforts?

Answer. In fiscal year 2004, $4.3 million is allocated for the Noble Training Center. Additional funding from other DHS sources is expected to bring total expenditures for Noble this year to approximately $7.3 million.

Question. Is there any action being taken to tap into the expertise of the CDP?

Answer. Yes. Collaboration between the CDP and FEMA training officials has been in progress for some time. We are currently working on the following plans:

—Consolidating student support services and logistical support between CDP and Noble

—Conducting joint medical training for first responders

—Conducting outreach training for Tribal emergency personnel

Question. What are your intentions for Noble in the next 2 years?

Answer. We are making extensive use of the Noble Training Center (Noble) and are very pleased to have it as an element in the Department of Homeland Security (DHS) training system. During fiscal year 2003, DHS delivered the most ambitious schedule of training ever offered at Noble, and is undertaking an even more ambitious slate of activities in fiscal year 2004.

Noble was transferred to DHS in March 2003, and was assigned to the Emergency Preparedness and Response Directorate (EP&R)/FEMA. FEMA officials quickly analyzed the situation at Noble, inspecting the facility and reviewing instructional programs. At that time, Acting Under Secretary for EP&R Mike Brown established three priorities for Noble: (1) Correct infrastructure deficiencies to ensure that the facilities and systems would continue to support world-class training activities; (2) maximize the utilization of Noble by offering a full schedule of first-rate instructional programs targeted at planning and response for mass casualty events; and (3) integrate Noble into the training system directed by DHS' United States Fire Administration, which manages the National Fire Academy and the Emergency Management Institute (EMI). Efforts to meet these goals began at once and continue today. In addition to offering an aggressive schedule of training, FEMA has also:

—Awarded a contract to manage the Noble physical facility to the SEI Group, Inc. of Huntsville, Alabama

—Awarded a contract to provide security for the facility to DECO Security Services, Lorton, Virginia

—Arranged for classrooms and support to be provided through a pre-existing contract supporting the EMI

—Continued work on a $1 million healthcare weapons of mass destruction (WMD) curriculum development project with Auburn University and its subcontractors (Work on this project is scheduled for completion by June 30, 2004.)

During fiscal year 2004, in addition to a full slate of instructional programs, the following key activities are underway to improve the Noble facilities:

—Update of Noble's phone system and computer network

—Renovation of 2 dormitory buildings to provide housing for 160 students

—Retrofitting of the third floor of Noble to create a state-of-the-art exercise and simulation training area

DHS expects to train 1,320 personnel at Noble in fiscal year 2004 in the following courses:

—7 "Healthcare Leadership for WMD Incidents" courses for 490 participants

—6 Metropolitan Medical Response System (MMRS) exercise-based integrated emergency management courses for 420 participants

—3 Centers for Disease Control and Prevention (CDC) partnership courses for 180 personnel

—9 Radiological Emergency Response Operations courses for 230 participants

In fiscal year 2005, using the existing funding level and leveraging other funding sources, DHS plans to train 2,125 participants as follows:

—7 Healthcare Leadership courses for 420 participants

—8 MMRS exercise-based integrated emergency management courses for 600

—5 Hospital Emergency Management courses for 150 personnel

—4 Hospital Emergency Incident Command System train-the-trainer offering for 120 participants

—7 Radiological Emergency Response Operations courses for 155 responders

—1 Advanced Radiological Incident Operations training course for 30 responders

—1 Radiological program train-the-trainer course for 30 trainers

—5 Response Team training for CDC staff, with a total of 300 participants

—8 Disaster cadre training courses (various titles) for 320 students

In addition, EMI is currently assessing training needs for the National Disaster Medical System cadre. While the cadre's initial training is currently offered online, Noble is being considered for use in meeting some of the cadre's exercise-based course requirements.

Also, for fiscal year 2005, DHS will continue to collaborate with the Center for Domestic Preparedness (CDP), and plans to join forces with CDP to deliver training. This joint training will simulate the responder/hospital personnel interface that is critical during a mass casualty event.

Comment.—When we began this adventure, it was my belief that the proximity of CDP and Noble would allow us to provide one of the best comprehensive incident response training programs in the country. Not only do we have the only live agent training facility, but just around the corner is "the only hospital facility in the United States devoted to medical training for hospital and healthcare professionals in disaster preparedness and response." This would provide the opportunity for municipalities, communities, regions and states to know that their responders are prepared from the site of the incident throughout the hospital, not just to the emergency room door. This is an opportunity for comprehensive training that must not be ignored if we expect our first responders and medical personnel to act fluidly in the event of a disaster.

Question. I would like your thoughts on this concept.

Answer. While each organization has its special expertise, we believe that bringing CDP and other FEMA training activities closer together will greatly enhance services for the Nation's emergency responders.

Question. Mr. Secretary, I continuously hear of concerns from my localities regarding the speed at which funds are dispersed to their final destination. What is the Department doing to ensure that these funds are put to use more quickly?

Answer. The Department of Homeland Security takes seriously our responsibility to provide resources to our Nation's emergency prevention and response community and to ensure that this assistance is provided in most efficient, effective and responsible manner. I believe that Congress also supports this goal. Indeed, Congress has provided strict timeframes within the last several appropriations acts for the Office for Domestic Preparedness (ODP) and the Department of Homeland Security. In the fiscal year 2003 Omnibus Appropriations Act, the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act, and the fiscal year 2004 Department of Homeland Security Appropriations Act, Congress required that ODP allocate funds to states within 30 days of the enactment of these acts. Congress further required that states apply for their allocated funds within 30 days of the allocation or availability of funds. Congress required that ODP make awards to states within 30 days of receipt of application, or receipt of updated homeland security strategies, whichever was later. Additionally, Congress required that states obligate or pass-through funds to units of local government within 60 days of receipt of an award from ODP.

These timeframes have certainly expedited the award of funds to states under the Homeland Security Grant Program and the Urban Areas Security Initiative. However, some complaints of the slowness of funds reaching localities are legitimate and understandable. There are certain impediments to localities receiving their funds from their states that are outside of the control of the Department of Homeland Security. For instance, some states can not accept Federal funds unless they have been previously included in their State budget. Depending on when the State legislature convenes, the transference of funds and support to localities might be delayed. Additionally, as pointed out in the December 1, 2003 survey by the National Emergency Management Association, a number of other factors at the State and local level serve to impede the timely transfer of homeland security funds to localities, including State and local bid requirements for Federal funds, Further, equipment inventory stock might also prevent speedy delivery of equipment to State and local emergency responder agencies.

The Department and ODP are making every effort to expeditiously award funds to states. With the assistance of Congress, we have made great strides in providing funds and other assistance to states and units of local governments. Unfortunately, because of certain State and local restrictions, funds might experience a delay at the State and local levels. On March 16, 2004, Secretary Ridge announce that formation of the Homeland Security Funding Task Force charged with examining the first responders funding process and ensuring Federal grant money monies move quickly to the end user: first responders.

Question. I applaud the consolidation of grants under the ODP. I believe a one-stop shop is an important part to making the grant process more accessible to all entities. Will you develop a mechanism to ensure that funds are used in a manner that ensures the proper distribution of assets? Will the different grants be working in conjunction? Or in other words how will ODP ensure that the right hand knows what the left hand is doing?

Answer. On January 26, 2004, I announced my intention to consolidate the Office for Domestic Preparedness with the Office for State and Local Government Coordination to form a new office—the Office for State and Local Government Coordination and Preparedness. As I explained at the time, this consolidation is in direct response to requests from the field, which date back to 1998, to provide State and local governments with a "one-stop-shop" and one central focal point for grants, assistance, and other interactions related to homeland security.

This consolidation will place 25 various State and local support programs and initiatives within one office to ensure simplified and coordinated administration of these programs. I firmly believe that this consolidation will benefit both DHS and the State and local emergency response community. As part of this effort, the new Office will issue application kits and provide awards that combine several different grant programs. ODP took the first step in this direction through the fiscal year 2004 Homeland Security Grant Program, which combined three separate ODP-administered programs under one single application kit. The new Office of State and Local Government Coordination and Preparedness will use this combined application kit as a model for future grant programs.

Further, the new Office of State and Local Government Coordination and Preparedness will depend on the subject matter experts within the agencies previously administering these consolidated programs to ensure that invaluable experience and expertise with these programs is not lost. The Department is currently working to ensure that that this expertise is not lost, but continues to guide the development and day-to-day management of these programs. Through these efforts, I am confident that the new office will provide assistance to states and localities in a more efficient, coordinated, and streamlined manner. I appreciate your support for the consolidation and look forward to your continued support on this and other Department initiatives.

Question. Mr. Secretary, your budget provides the Coast Guard with $678 million for the Integrated Deepwater System. I remain concerned with the Coast Guard's management of the Deepwater procurement and how the Coast Guard is prioritizing use of its funds. The Coast Guard and OMB appear to have lost sight of the priorities of legacy replacement and the goal of reduced operational expenses. Every dollar spent poorly in this procurement process delays the Coast Guard's ability to obtain the best, most modern equipment to protect the homeland. The funding will acquire two UAV's, a National Security Cutter, three SRP's, one LRI, and IDS patrol boats. Noticeably absent is the Maritime Patrol Aircraft, the CASA CN–235. Why were funds for the MPA not included? How does the Coast Guard intend to make up for the loss of this critical asset? How many MPA does the USCG intend to purchase? When can we expect the Coast Guard to request funding for the MPA?

Answer. The Coast Guard's fiscal year 2005 budget requests funds for the Maritime Patrol Aircraft (MPA) to missionize the third CASA aircraft, which was funded for acquisition in fiscal year 2004. This missionization includes the logistic complement required for Full Operating Capability and partial spare parts used for the logistics system start up. The Coast Guard is currently acquiring the CASA CN235–300M as the Deepwater MPA. The delivery of the first two MPA is scheduled for 2006, with full operational capability in late 2006 or early 2007.

The Coast Guard will use existing aircraft in the Coast Guard inventory to ensure the Nation's highest maritime security and safety priorities are met until new aircraft are delivered.

The number of Maritime Patrol Aircraft in the current Implementation Plan is 35. Simultaneously, the Coast Guard is working to align the Deepwater Program with the strategic goals and objectives of the Department of Homeland Security (DHS). DHS Management Directive 1400 established an Investment Review Process, which included an interagency Investment Review Board (IRB) and Joint Requirements Council (JRC). The Investment Review Process is designed to ensure that spending on investments directly supports and furthers DHS missions; optimal benefits and capabilities are provided to stakeholders and customers; acquisition oversight of new investments is provided throughout their life cycle; and portfolios are managed to achieve budget goals and objectives. The Coast Guard is working aggressively with the IRB and JRC and its newly chartered Aviation Council to ensure capital funds provide the best Departmental investment. The DHS Joint Requirements Council (JRC) partially reviewed DHS Aviation Requirements in January 2004 at their first meeting. Until DHS and Coast guard decisions are made on future aviation requirements, it is difficult to project the exact mix of aircraft in the final Deepwater solution.

The Maritime Patrol Aircraft is an essential element of the Deepwater system of systems approach to the recapitalization of Coast Guard assets. The Deepwater plan projects future funding for MPAs to achieve its long-term project goals.

QUESTIONS SUBMITTED BY SENATOR JUDD GREGG

Question. Mr. Secretary, I would like to address the matter of the Customs Services' ability to meet the increased needs of new and growing airports and seaports for inspections services. If Customs is not able to expand its services into new, eco-

nomically growing communities around the country then not all areas of the country will be able to share in the economic benefits of international trade and tourism—and as a result then the economic growth of the Nation as a whole will also be restricted.

My concerns in this regard have been raised by my experience in working with Customs unsuccessfully to provide inspection services to the Pease International Tradeport in Portsmouth/Newington, New Hampshire. When I was governor, I helped take the first steps to create the Tradeport following the BRAC closing of Pease Air Force Base with the vision of it becoming a commercial air terminal open to international flights and thus helping to drive the economy of not only New Hampshire, but the entire region.

Unfortunately, despite spending over $35 million in Federal and State funds to build a commercial terminal, according to Customs' own specifications, we have been unsuccessful in getting Customs' to either approve the use of the facility as is—or to even tell us what the post-9/11 modifications are that Customs insists are now needed. Even more frustrating has been Customs refusal to provide inspection services, even over the short-term, so that DOD chartered aircraft currently carrying U.S. military personnel home from Iraq and Afghanistan can land and refuel at Pease on their way to the troops' ultimate destinations within the United States. While Customs says on the one hand that it does not have the manpower to service these 11–15 flights every 45 days, it also says it could do these inspections at current manpower levels—if Pease paid economically exorbitant and untenable fees to the Customs service.

I would note that two Customs inspectors actually have offices on Pease Tradeport's premises and the local Air National Guard unit has been trained to provided such inspection services; however Customs will neither use the local Customs officers or allow the Air National Guard unit to provide the necessary inspection services so that the DOD charter flights can land at Pease.

As many of us in New Hampshire had hoped for at Pease Tradeport's actual opening in 1998, Pease's close proximity to Boston's Logan airport is now becoming an attractive as a convenient point for servicing planes and crews of various commercial airlines' domestic and international flights, which are increasingly facing difficulties with flight scheduling, customs, and gate access due to Boston's limited space and heavy traffic. However, Pease Tradeport's value as an alternative for airlines is largely negated when Customs is either unwilling or unable to provide even minimal inspection services.

Again, my parochial experience in this regard has raised my concerns about Customs—and thus DHS'—ability to expand its inspection services into new, economically growing communities throughout the country and whether the benefits of international trade and tourism are going to be confined to areas of the country that already enjoy them for the foreseeable future.

In light of the 35 percent increase in Customs positions that the Congressional Research Service says Congress provided funding for in fiscal year 2002 alone, do you feel the President's budget request, if approved by Congress, provides the Department with the needed flexibility to respond to the need for Customs services to all areas of the country that need them, including up and coming areas of the country like NH?

Answer. The Pease International Tradeport issue is currently under review by U.S. Customs and Border Protection (CBP), Office of Field Operations (OFO). OFO has conducted a study of the facility to determine what additional security modifications will need to be implemented. The results of this study should be compiled shortly.

The Department of Homeland Security, in particular CBP, is committed to providing security for our Nation without impeding the free flow of commerce. The fiscal year 2005 President's Budget should provide CBP with the flexibility to align our staff to existing workload and provide services where needed.

QUESTION SUBMITTED BY SENATOR LARRY CRAIG

UTILIZATION OF DEPARTMENT OF ENERGY NATIONAL LABS

Question. Secretary Ridge, on January 30, 2004, you received a letter signed by the entire Idaho Congressional delegation expressing our objections to guidelines issued by the DHS Office of Research and Development. These guidelines describe DHS's approach to the utilization of Department of Energy national laboratories. A copy of this letter is enclosed herewith. I am aware that you have received similar

letters from other members of Congress and that issues surrounding the implementation of the DHS research agenda may be the subject of current GAO investigation.

How do you intend to address the issues raised in the Idaho delegation's letter and when can I expect a response?

Answer. The Department of Homeland Security, through Section 309 of the Homeland Security Act of 2002, is provided access to the national laboratories and sites managed by the Department of Energy to carry out the missions of DHS.

The DHS Science and Technology Directorate, wishing to make the best use of each of these laboratories and sites in consonance with statute, regulation, and policy, asked laboratories and sites to make a decision regarding their desired mode of interaction with the Directorate—to participate in S&T's internal strategic planning and program development processes or, if otherwise permissible under applicable law, regulation, contract, and DOE policy, to respond to certain types of S&T solicitations open to the private sector.

On March 31, 2004, the following national laboratories and sites communicated their decision to Under Secretary McQueary to participate in S&T's internal strategic planning and program development processes: Argonne National Laboratory, Bechtel Nevada, Brookhaven National Laboratory, Idaho National Engineering and Environmental Laboratory, Lawrence Livermore National Laboratory, Los Alamos National Laboratory, Oak Ridge National Laboratory, Pacific Northwest National Laboratory, and the Sandia National Laboratories. The designation of intramural/extramural is therefore no longer necessary for the nine labs under consideration.

An external review will be conducted to assess the baseline capabilities of the national labs to provide the Department with an enduring capability to meet long-term mission requirements. The results of this review will be utilized by the Homeland Security Science and Technology Advisory Committee to advise the Department on options for establishing a long-term strategic relationship with the national laboratories.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

CHEMICAL PLANT SECURITY

Question. Mr. Secretary, you and I have previously discussed the role of the Department of Homeland Security as it pertains to the protection and security of chemical plants in this country. Your Department continues to take a "hands-off" approach by relying on voluntary efforts by the chemical plant industry to assess vulnerabilities and take protective actions.

We know that the EPA has estimated that over 100 plants located all over the country could affect over 1 million people, if attacked. We know that the Department of Justice released a study in April of 2000, concluding that, "the risk of terrorists attempting in the foreseeable future to cause an industrial chemical release is both real and credible." We know that in February of 2003, the National Infrastructure Protection Center (NIPC), which is now part of the Department of Homeland Security, issued a threat warning that, "Al Qaeda operatives also may attempt to launch conventional attacks against the U.S. nuclear/chemical-industrial infrastructure to cause contamination, disruption, and terror. Based on information, nuclear power plants and industrial chemical plants remain viable targets."

We know that the Homeland Security Act requires DHS to analyze the vulnerabilities to our critical infrastructure and take protective actions to strengthen them. However, when you testified last year, you indicated that the chemical industry was better suited to assess vulnerabilities and take appropriate security measures.

Last November, 60 Minutes reporter Steve Croft and Carl Prine, an investigative reporter at the Pittsburgh Tribune-Review, found their way in to numerous chemical plants containing dangerous materials without a hint of resistance. This revelation clearly highlighted the fact that the chemical industry was doing little to nothing to improve security at chemical plants.

A July 2003 survey by the Conference Board found that since 9/11, U.S. corporations have increased their spending on security by only 4 percent.

Mr. Secretary, do you maintain the position that the chemical industry is better suited to assess vulnerabilities and take protective actions to secure chemical plants? Does your budget request address this issue in any way? If so, how much is included for chemical plant security?

Answer. We look to the private sector as the primary agent of change when it comes to assessing vulnerabilities and taking protective measures at their individual facilities. As you know, 85 percent of critical infrastructures are privately

owned. Our role is to provide the tools (standards, techniques, best practices) necessary to do an effective job. We have a genuine program to assess whether this approach is effective and will make adjustments as necessary.

Several initiatives are underway to help protect the Nation's chemical plants. We will spend about $18 million for protective measures at the 360 chemical plants on the fiscal year 2004 Protective Measures Target List. This amount funds site assistance visits by my security specialists to assess vulnerabilities and help establish buffer zone protection plans. Approximately $4.1 million is for the acquisition of web cam monitors for local law enforcement agencies to install on public right-of-ways adjacent to 17 critical chemical sites to extend their buffer zones.

Question. What more can you do to make sure that the chemical industry responds with a robust program to secure their plants?

Answer. DHS Protective Security Advisory Teams visited the 17 critical sites last year to provide training and assist site personnel and local law enforcement develop Buffer Zone Protection Plans to make it more difficult for terrorists to conduct surveillance or attack one of our facilities.

For the remaining 343 sites, we will visit each one to provide training, support, and recommendations to owners and operators and local law enforcement. Each site has its own particular needs. Some visits will focus on "inside the fence" issues with plant security personnel to identify and reduce vulnerabilities. Others will involve the development of buffer zones in cooperation with local law enforcement. Some sites will need both types of assistance. We intent to have visited all 360 chemical facilities by the end of the year. We have also published two reports, the Characteristics and Common Vulnerabilities Report and the Potential Indicator of Terrorist Activity (PI) Report, to assist owners and operators of chemical facilities. The former characterizes and discusses common vulnerabilities for chemical manufacturing facilities producing and handling large quantities of inherently hazardous materials while the latter discusses potential indicators and warnings of terrorist activity that law enforcement and plant security personnel can use to better protect their facilities.

We have established a protection, training, and planning program for State homeland security personnel, local law enforcement, chemical facility operators and site security personnel. Periodic drills among the protective community will be conducted to exercise the chemical facilities plans in the case of a potential terrorist attack and we intend to factor chemical plant security into national exercises.

Finally, the Department is in the process of developing plans for deploying a cadre of Protective Security Advisors (PSAs). Each one will have responsibility for a specific region of the country and will maintain a close relationship with the chemical plant owners and operations in their area. The advisors will facilitate information sharing, organize protective security training, assist in emergency coordination, and represent the Department in the communities in which they are posted. Security Augmentation Teams (SATs) are also being developed that will consist of approximately 25 personnel drawn primarily from major urban SWAT units. The teams will focus on protecting high-value sites, such as critical chemical facilities. Their operations concept is to develop working relationships with the site's permanent protective security team and become familiar with the site's specific vulnerabilities. The development of these two programs are in the early stages but are being closely monitored by my office.

IMMIGRATION

Question. How much of a reduction in the more than 6,000,000 petitions pending with U.S. Citizenship and Immigrant Services do you expect to achieve this year with the $160,000,000 requested in the President's budget?

Answer. With the additional resources requested in 2005, USCIS will achieve the President's goals of eliminating the backlog and achieving a 6-month processing time for all immigration applications by 2006. In order to achieve this goal, USCIS will:

—Reengineer processes to achieve greater efficiencies;
—Update policies and procedures to streamline adjudications and increase the percentage of cases completed at initial review by an adjudicator; and
—Manage production against milestones—beginning with collaboratively setting goals, reporting progress, and identifying additional improvement opportunities.

USCIS is finalizing its Backlog Elimination Plan and will provide this plan to Congress in the coming months. The plan will include a road map to eliminating the backlog with defined milestones.

Question. How many new petitions do you expect the President's Immigration Reform Plan to generate?

Answer. This information will be available once Congress has drafted the legislation and the specifics are known.

Question. What lessons from the 1986 Immigration Reform and Control Act (IRCA) legalization programs have been applied to the President's Immigration Reform Plan?

Answer. The IRCA planning teams developed a strategy that enabled the Service to quickly expand its adjudicative capacity through the establishment of temporary regional processing centers and local interview offices. Temporary employees were hired and trained specifically to adjudicate that workload. INS reassigned experienced executives and managers at all levels to oversee operations, but relied heavily on the skills or retired executives and managers (reemployed annuitants). This strategy enabled the Service to continue its efforts to process the normal casework plus handle the surge in workload caused by the passage of IRCA. Key components of IRCA were: the development of the regional processing center concept, development of a modular office plan for field interviewing sites, automated data systems to record transactions, and receipt of authority from Congress to expedite certain leasing and contracting requirements. In addition, INS received authority to reemploy annuitants without salary offset. The reemployed annuitant program was absolutely critical to the overall success of the program.

INS worked closely with Congress prior to the passage of IRCA, and that cooperation was also instrumental in INS being able to meet the requirements for the legalization provisions of IRCA.

Question. What were the total costs of IRCA's two legalization programs (please break down by main components) and how much revenue was generated in total by the fees charged to process IRCA applications?

Answer. The IRCA program was totally fee-funded. Therefore, the number of applications filed and their respective fees determine the total cost of the program. Our analysis to date of the program has determined a total application workload of approximately 2,700,000, with costs/fee revenues totaling $245,000,000. The breakdown of this program is as follows: (1) Application for Permanent Residency (2.68,000,000 applications/$241 million), (2) Application for Status as a Temporary Resident (6,700 applications/$3.7 million).

Question. How much will the President's Immigration Reform Plan cost, and what components comprise the total cost?

Answer. It is expected that costs associated with the workload would be covered with fees like all other application and petition processing.

Question. If the President's Immigration Reform Plan is funded through fees, what proportion of the funds will be distributed to U.S. Citizenship and Immigrant Services (to adjudicate petitions), to Immigration and Customs Enforcement (for investigations and enforcement), to the Federal Bureau of Investigations (for background checks), to the Department of Labor (for labor certification and worksite enforcement), and to the Department of State's Bureau of Consular Affairs (for visa issuances)?

Answer. CIS costs associated with the temporary worker program will be covered by application fees. The 2005 Budget requested additional funding to support Immigration and Customs Enforcement, an additional $23,000,000 to more than double the resources devoted to worksite enforcement.

Question. How many full-time equivalent [FTE] personnel will be necessary to implement the President's Immigration Reform Plan? What level of fees or additional appropriations would be necessary to hire those additional FTEs without further increasing the deficit?

Answer. This information will be available once Congress has drafted the legislation and the specifics are known.

DEPARTMENTAL MANAGEMENT

DHS HIRING FREEZE

Question. According to a March 26, 2004 Wall Street Journal article, certain DHS agencies have declared a "hiring freeze" in the Bureaus of Customs and Border Protection and Immigration and Customs Enforcement because of a potential budget shortfall of approximately $1.2 billion. Could you please explain to the subcommittee whether this shortfall is actually a "computer glitch" resulting from the combining of the budgets from legacy agencies or has the agency simply failed to request sufficient funding for front line staffing as it continues to roll out new border security initiatives such as One Face at the Border, US VISIT, C–TPAT, and C.S.I.?

Answer. During a review of the status of execution of the fiscal year 2004 budget, ICE and CBP determined that implementation of hiring restrictions was a prudent

managerial measure to ensure that they manage their overall requirements within their fiscal year 2004 appropriations. It was also determined that additional focus was required to work through funding realignments related to the establishment of the three new Bureaus.

The Department established a review team composed of staff from the Chief Financial Officer's Office, Border and Transportation Security, CIS, CBP, ICE, and the Coast Guard to assess the situation. The review team engaged in a detailed budget reconciliation effort between the three Bureaus resulting in an internal realignment of $212 million with possible subsequent internal realignment of approximately $270 million pending final documentation and billing. The work has been on-going, but agreements have been reached to realign funds to cover costs of services incurred by the Bureaus. Formal memoranda of agreement will be implemented between the three Bureaus and help ensure that funding is aligned with services rendered.

There is no $1.2 billion shortfall as reported by the Wall Street Journal.

Security initiatives such as One-Face-at-the-Border, US VISIT, C–TPAT and CSI were sufficiently funded through the appropriations process and are not contributing to accelerated rates of expenditures.

Question. Funds for these accounts are apportioned on a quarterly basis. Was the anti-deficiency act violated for any of the CIS, CBP or ICE accounts for fiscal year 2003 or fiscal year 2004?

Answer. The anti-deficiency act has not been violated for the CIS, CBP or ICE accounts in fiscal year 2003 or fiscal year 2004.

TSA REPROGRAMMING PROPOSAL

Question. What is the status of the TSA reprogramming proposal?

Answer. TSA has proposed a modest reprogramming request for fiscal year 2004 in order to meet critical needs. The Department delivered a reprogramming request to the appropriations committees on April 23, 2004. TSA will follow up on answers to questions posed by Committee staff who have been briefed on the request.

FTE

Provide a chart, broken by DHS agency, that have the following headings: fiscal year 2003 on-board end of year, fiscal year 2004 on-board current, fiscal year 2004 projected on-board end of year, fiscal year 2003 FTE, fiscal year 2004 funded FTE, fiscal year 2005 FTE request.

DEPARTMENT OF HOMELAND SECURITY FISCAL YEAR 2003—2005

Component/Bureau	Fiscal year 2003 FTE	Fiscal year 2003 On-Board End of fiscal year	Fiscal year 2004 On-board Currently	Fiscal year On-board Projected end of fiscal year	Fiscal year FTE	Fiscal year 2005 FTE	Comment
Border & Transportation Security:							
Office of the Under Secretary	5	5	27	40	67	75	
US VISIT	.....	.....	.....	64	64	102	
U.S. Bureau of Customs & Border Protection	38,452	40,178	[1] 41,847	[2] 41,298	[3] 40,076	41,001	SEE FOOTNOTE (CBP)
Immigration and Customs Enforcement [4]	35,955	34,708	15,861	15,000	14,749	15,550	Fiscal year 2003 includes Legacy INS; Fiscal year 2004 onboard does not include FTE for Federal Air Marshal Service
Transportation Security Administration	58,612	55,920	51,646	53,046	51,346	52,503	
U.S. Coast Guard—Civilian	6,341	6,773	6,717	7,237	6,492	6,821	Direct and reimbursable
U.S. Coast Guard—Military	39,219	39,644	39,981	39,938	39,874	40,259	
U.S. Secret Service	6,019	6,209	6,292	6,493	6,381	6,506	
Emergency Preparedness & Response	5,432	5,726	5,682	5,970	4,780	4,776	Direct
U.S. Citizenship & Immigration Services	9,625	9,100	8,875	9,000	9,795	9,937	Decrease in on-board due to hiring freeze
Federal Law Enforcement Training Center	831	908	931	934	934	936	
Information Analysis & Infrastructure Protection	226	226	263	543	729	737	
Science & Technology	79	34	57	180	180	218	FTE numbers do not include: sin public health service FTE spt S&T; staff at the envir measurements lab; staff at PIACD and IPAs
Departmental Management:							
Departmental Operations	274	359	445	617	708		
Office for Domestic Preparedness	129	57	69	146	146	197	
Wireless/IT	15	5	5	15	15	15	
Inspector General	372	396	402	500	457	502	
Totals	201,312	200,163	179,014	180,849	176,702	180,843	

Note: On-Board are positions not FTE (full time and part time).

[1] Fiscal year 2004 on-board is as of 2/7/04 Current on-board numbers are positions not FTE. Full-time 40,227; Part-time 1,620.

[2] Consistent with CBP staffing report required by the fiscal year 2004 Appropriations Act. End of year on-board will vary significantly resulting from transfer of employees between CBP and ICE. These transfers are result of the organizational realignment required by the creation of DHS.

[3] Discretionary and Mandatory FTE that was built off the fiscal year 2003 actual FTE and includes additional positions appropriated by Congress. Estimated FTE usage at the end of fiscal year 2004.

[4] Does not include FAMS.

DHS PERSONNEL REGULATIONS

Question. Concerns have been raised with regard to the adequacy of funding for the Department of Homeland Security, specifically funding for first responders and other frontline personnel. In light of funding limitations for frontline positions, do you believe spending over $100 million to design a new pay system is the right priority for DHS? When does the department anticipate that the new pay system will be fully implemented and operational within all bureaus within DHS? How much of the $100 million will actually be used for salaries for front line personnel?

Answer. Our current schedule anticipates that full deployment of the new system will be completed in calendar year 2006. None of the $100 million will be used for salaries of front-line personnel, but rather will support key activities associated with the design and deployment of the new HR flexibilities. A sizeable amount ($31 million) of this request will be directed to training for front-line employees and managers. While $100 million may seem to be a lot, we view this as a necessary, and appropriate, investment in our people and the human capital systems they work under. We envision the flexibilities contained in this language to be a key catalyst to our ability to attract and retain the right talent for DHS and believe we will reap the benefits from this investment for many years to come.

Additionally, investments in human resources information technology are required to identify further organizational savings and allow the eventual redirection of staff resources to front-line work. A 6-year life cycle cost of $131 million for human resources information technology is projected and is essential to ensure the necessary common technology platform to support the successful deployment of HR flexibilities and ensure they achieve the intended results. Absent this investment in HR technology, it would be difficult, if not impossible in some components, to implement the HR flexibilities because of the varying quality and maturity of components' existing HR technology capabilities.

Question. What will be the annual cost for conducting the local and national pay surveys to private contractors to implement the pay for performance system?

Answer. We have not yet costed-out this service. We do know that there are several commercial market survey instruments available to us for this purpose, and we have already initiated lessons-learned discussions with other Federal agencies that already use a component of market-based pay. We have been told by one agency (FAA) that their recurring annual survey costs are estimated at $30,000 per year.

Question. What does DHS believe will be the full cost for implementing a new pay system?

Answer. We are projecting a fully loaded life cycle costs of $408.5 million to support full system implementation. Major components of this figure include the $102.5 million for system implementation, $10 million for Coast Guard performance pool, an estimated $165 million for other component performance pools, and a 6-year life cycle cost of $131 million for human resources information technology. Some of the component performance pools could come from existing salary and expense funding spent on within grade and quality step increases.

Question. How many different pay rates will there be for DHS employees in the pay for performance system as opposed to the clear 15 Grade Ten Step GS pay scale?

Answer. We are anticipating that there will be between 10 and 15 major occupational clusters of positions (i.e. administrative, law enforcement, etc,). According to our estimates, we are envisioning 4–5 broad pay bands within each cluster to define entry-level, journey-level, senior expert, and supervisory pay groupings.

Question. What will the annual administrative cost be for the pay for performance system?

Answer. We do not have this level of information yet, but are currently benchmarking with organizations with similar systems. We are envisioning that the bulk of these recurring costs will be in supervisory and managerial training, not salary administration, and view that as a positive commitment to the organization and our people.

Question. How much of the $100 million will be allocated by contracts?

Answer. We anticipate the bulk of the $100 million will be allocated by contract. Major breakdown of overall costs includes: $27 million for program management, oversight and evaluation; $31 million for training and communications to support system implementation; $42 million for detailed systems design and implementation support (business process reengineering, compensation expertise, etc.) It's important to note that of the one-third allocated for managerial and employee training which will likely be managed by contract, there will be a direct and tangible deliverable to the government beyond the contractor services. Most of the services being pro-

vided by contractors are those where specialized skills and knowledge are required for a fairly short duration.

DEPARTMENTAL COMPARISONS

Question. When compared to the Departments of Treasury, Transportation, Justice, and Commerce, the Office of the Secretary of the Department of Homeland Security is spending incredible sums of money in areas such as Legislative Affairs, Public Affairs, and the Chief of Staff. For example, based on fiscal year 2004 enacted numbers, the Departments of Treasury, Transportation, Justice, and Commerce have an average of 17 and 17.5 FTE respectively in their Public Affairs and Legislative Affairs offices. DHS, in contrast, has 43 and 49 FTE in these two offices. The Office of the Secretary at DHS spends $8.1 million on Public Affairs and $5.9 million on Legislative Affairs while the other four Departments average $1.6 million each on Public Affairs and $1.7 million each on Legislative Affairs.

The Departments of Treasury, Justice, and Commerce have an average of 11 FTE and spend an average of $1.1 million each in their Chief of Staff office while DHS has 31 FTE in this office and spends $5 million. (Information on the Office of the Chief of Staff for the Department of Transportation was not available). Why is DHS spending so much more on their Public Affairs, Legislative Affairs, and Chief of Staff Offices in comparison to other Departments?

DEPARTMENTAL COMPARISONS FISCAL YEAR 2004—ENACTED

	Chief of Staff		Public Affairs		Legislative Affairs	
	FTE	Cost	FTE	Cost	FTE	Cost
Dept of Homeland Security	31	$5,047,000	43	$8,168,000	49	$5,907,000
Dept of Transportation	.....	.....	19	1,889,000	24	2,267,600
Dept of Treasury	12	1,393,279	17	1,725,620	13	1,459,292
Dept of Commerce	7	1,109,000	12	1,882,000	12	1,605,000
Dept of Justice	14	820,859	20	944,187	21	1,506,177
Average	11	1,107,713	17	1,610,202	17.5	1,709,517

Answer.

CHIEF OF STAFF'S OFFICE

The Chief of Staff's Office currently consists of 31 FTE positions. The function of the Office is to support the mission of the Department through coordination of the 22 agencies and directorates that have been consolidated into the Department of Homeland Security. The Chief of Staff's Office is also responsible for all operational functions that relate to the Immediate Office of the Secretary (budget, information technology, personnel and advance), and offices that fall under the budget supervision of the Chief of Staff's Office.

Confronting one of the largest organizational transformations in United States Government history, the Chief of Staff's Office functions as the central point for coordinating the massive consolidation and reorganization challenges of the new Department. To ensure a high-level of initial access and to meet the critical and complex goals of Homeland Security's mission, the Chief of Staff's Office includes the Office of Policy and the Office of Counternarcotics.

The Chief of Staff's Office manages the day-to-day activities of the Department and assists in guiding the long-term goals of Homeland Security. With the inherent challenges of a concurrent creation of a new Department, reorganization, consolidation, and several new offices, the Chief of Staff's Office seeks to streamline, coordinate, and deliver highly effective initiatives and policies that will ensure our safety, response capacity and our freedoms.

To accomplish these goals, the Chief of Staff's Office utilizes the Office of Policy to coordinate all policy decisions that affect the Department. Due to the rapidly evolving nature of the Department, the Office of Policy continues to be a vital facet for developing and monitoring the range of issues the Department of Homeland Security confronts.

The Office of Counternarcotics serves a vital function for Homeland Security as the Department works to address drug related activities that impact the security of our Nation.

OFFICE OF PUBLIC AFFAIRS

The Department of Homeland Security (DHS) is a new department with unique responsibilities and a complex mission that includes facets of responsibility not undertaken by other government agencies. Consistent with the overarching mission of the department, the DHS Office of Public Affairs (OPA) has created and maintained several programmatic responsibilities to support the department's critical mission areas that exceed traditional press office functions.

The congressional inquiry specifically compares the full-time equivalent (FTE) and budget allotment of DHS OPA to the Departments of Treasury, Transportation, Commerce and Justice, and requests justification for the apparent differences between DHS and the other departments.

There are three primary justifications for the DHS FTE allotment and budget:

Scope of Mission.—DHS Office of Public Affairs contains many functions that either do not exist at other agencies or are contained in other parts of the organization and are thus funded by those offices. These additional functions were strategically placed within the Office of Public Affairs to ensure consistency of message to external audiences and to develop synergies between these various functions. Information follows about the multiple functions that are contained within DHS OPA.

Different Comparables.—Comparing the DHS Office of Public Affairs to Treasury, Commerce, DOJ, and DOT is an inaccurate comparison. DHS OPA is more analogous to the Department of Defense and the Department of State, in terms of the media's interest in department activities, the importance of communicating accurate, timely information to the public, and the international implications of the department's activities.

In addition, both DOD and DOS public affairs support programmatic efforts similar to the Department of Homeland Security, including public education campaigns, a speaker's bureau and other public liaison functions. It should be noted that DHS's current FTE allocation (43) is considerably lower than the public affairs FTEs at the Pentagon (56 FTEs in just OSD public affairs, excluding the large public affairs staffs at the armed services level) and at the Department of State (170 FTEs at headquarters, excluding embassy public information officer staff).

It should also be noted that DHS has a total of 180,000 employees—substantially more than the other departments that DHS is being compared to.

The Department of Homeland Security's mission is to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and to minimize the damage from potential attacks and natural disasters. To support these missions and ensure consistency in public information, DHS OPA performs functions not included in other department's staffing numbers; either because those functions sit elsewhere in the department or they are they are unique to DHS. Below is a brief description of these functions and specifically how they further the department's mission.

—*Public Education.*—The Office of Public Education's goal is to create and sustain public education campaigns that raise the level of national citizen preparedness. This program directly supports the department's mission to reduce America's vulnerability to terrorism and to minimize damage in the event there is another attack.

In February 2003, DHS OPA launched the Ready campaign, a comprehensive, bilingual public education campaign designed to educate and empower Americans to prepare for potential emergencies and reduce America's vulnerability to terrorism in the event that there is another attack. This campaign experienced the most successful launch in Ad Council history and continues to grow. With congressional support in 2004, DHS hopes to expand the campaign to offer a three-pronged strategy for preparing communities: Ready, Ready for Business, and Ready for School.

The Office of Public Affairs has also partnered with the National Academies of Science and the Radio and Television News Directors Foundation to host ten tabletop exercises designed to facilitate real discussion between media and government officials about crisis. This program will supply members of the media with resources to aid in the dissemination of reliable information during a crisis and will provide the government with a better understanding for how to best work with media in providing critical information to the American public during times of crisis.

Finally, DHS OPA is working to engage the American public directly in homeland security issues through a partnership with the Council for Excellence in Government (CEG). These CEG town hall meetings have taken place across the Nation and top officials at the Department of Homeland Security have partici-

pated to directly hear citizen's concerns and ideas firsthand. Additional public education initiatives of this nature are in the works for the future as well.

—*Public Liaison.*—The goal of the Office of Public Liaison (OPL) is to educate key constituent organizations about DHS policy initiatives, organize opportunities for dialogue and provide groups with one point of contact to exchange information and address concerns. Due to the wide range of issues handled by the department, the OPL interacts with think tanks, associations, ethnic groups, universities, and others. OPL also runs the DHS Speakers Bureau, which organizes and responds to hundreds of incoming speaking invitations. Placement of the Office of Public Liaison within DHS OPA is consistent with DOD and DOS.

—*Incident Communications.*—The Homeland Security Act of 2002 outlines DHS authority and responsibilities in the event of a possible terrorist attack. DHS OPA has put several processes in place to support that legislative mandate as well as Homeland Security Policy Directive-5 (HSPD–5), which specifically requires the department to inform the American people about any terrorist-related events. "The Secretary shall ensure that, as appropriate, information related to domestic incidents is gathered and provided to the public . . ." This requires a full crisis management capability that is always in place and ready to respond and lead the national effort to comply with HSA 2002 and HSPD–5. This is especially true since we lead the Interagency Incident Management Group (IIMG).

The DHS OPA staff has the primary Federal leadership role in overseeing the public information components of the National Response Plan (NRP) and National Incident Management System (NIMS). This includes interagency content coordination as well as state/local government and private sector coordination. These documents and procedures are cornerstones for all major incident public affairs response activity, and ensure that Federal, State, and local communicators function as one voice in delivering critical information and instructions to the public. This function is essential—the public cannot be told different information from authority figures during an emergency situation.

DHS OPA coordinates planning and operational actions with State and local authorities, which includes training and briefing to State public affairs staffs, exercise activity, and real-world incident management. DHS OPA also conducts interagency table top exercises to evaluate and improve upon Federal and department incident response capabilities. In order to inform the media about what they can expect from the Federal Government during a terrorist incident, DHS OPA has created a reference manual with media guidance that is near distribution.

DHS OPA currently maintains a staffing presence in the DHS Homeland Security Operations Center (HSOC) for the majority of the time, requiring numerous, back-to-back staff shifts. Ultimately, DHS OPA will be responsible for providing 24/7 coverage in the HSOC, which is currently operational 24 hours a day.

Finally, DHS OPA also coordinates directly with international counterparts and non-governmental organizations to ensure that the department's capabilities are known and to gain information about best practices being used around the world. Examples include participation in the multi-discipline National Disaster Risk Communications Initiative and continuous coordination with counterparts in Great Britain.

—*Historian.*—The DHS Historian and historical staff are vital to the formation, preservation, and dissemination of the institutional memory of the Department. The DHS Historian also oversees and directs the recording and preservation of the history of the Department through the publication of a wide range of historical studies aimed at a diverse audience, making the Historian and historical publications essential to a broad-based public awareness of the work and history of the Department.

The work of the DHS Historian and records managers in collecting and preserving historically important records is also a critical element in ensuring government transparency in general and, specifically, public accountability of a Cabinet department charged with protecting the American people and way of life.

Activities include the production of a range of reference, policy, and historical background assessment papers; providing expert historical knowledge essential for informed decision making; maintaining the institutional history of the Department; providing professional assistance to the historical and archival activities of the directorates and bureaus within the Department; and producing such documentary collections as may be deemed necessary.

—*Web Content and Development.*—The work of the DHS Web team is of particular importance because OPA is tasked with building a functioning website that is consistent across the DHS bureaus and useful to the American public seeking information about the department's missions and policies. Pew research in April 2002 found that 68 million American adults had used government agency Web sites—a sharp increase from the 40 million who had used government sites in March 2000. An average of 1.7 million pages is viewed each week on the DHS website. During the most recent Orange alert, 2.5 million pages were viewed weekly.

—*Employee Communications.*—The Employee Communications function ensures that key policy, procedural, and operational information from headquarters is disseminated and understood by the department's 180,000 employees. This function is critical to establishing a new culture for DHS employees folded in from 22 component bureaus and agencies. Employee Communications researches communication needs, promotes two-way communication, and provides a comprehensive range of tools such as a weekly e-newsletter, roundtable sessions with principals, and the intranet website.

—*Speechwriting.*—The Speechwriting staff supports the Office of Public Affairs' public education mission by writing public remarks for the Secretary, Deputy Secretary and other spokespeople. This includes support for DHS senior leadership during time of national crisis, when there is a particular need for timely, straightforward public information. Current staffing levels are consistent with those at DOS.

—*Communications/Press Office.*—Due to the department's mission, including its international impact, DHS OPA receives an extremely high call volume from reporters interested in homeland security issues. OPA also has taken proactive steps to provide the public with timely information about homeland security issues, such as giving advice to holidays travelers, educating companies about their rights under the newly enacted Safety Act, and guiding Americans to be alert when using rail transportation.

OFFICE OF LEGISLATIVE AFFAIRS

The Department of Homeland Security's Office of Legislative Affairs' (OLA) responsibilities are commensurate to the overarching mission of the Department, both diverse and far-reaching in scope. The legislative duties of the Department are comparable to other large Federal agencies sharing multiple committee jurisdictions and addressing a large volume of Congressional inquiry and activity.

The Office of Legislative Affairs is responsible for the development and advancement of the Department's legislative agenda. This includes the establishment and maintenance of constructive congressional relations, the development of Departmental protocols for interaction with Congress and contributing to the formulation of and communication of the Department's strategic message.

Specifically, OLA coordinates staffs and develops material for congressional hearings to include creating briefing books and editing written testimony. OLA assists with witness preparation of oral testimony, including coordinating and scheduling policy and subject-focused pre-briefing prior to a hearing date. They also coordinate and manage legislative briefings in advance of a hearing. The briefings provide the policy landscape, possible questions and answers, information on other witnesses, and other last minute insights. Additionally, OLA staff coordinates and tracks deliverables which result from hearings, including questions for the record.

Further, OLA is responsible for all congressional mail sent to DHS. This involves recording and tracking correspondence, assigning due dates, ensuring letters are answered in a timely manner and proofing and editing all correspondence for the Assistant Secretary's signature.

Currently, more than 80 House and Senate Committees claim jurisdiction over the Department's many important functions. These committees include the Select Committee on Homeland Security, Committees on Appropriations, and other committees addressing homeland security issues related to transportation and infrastructure, agriculture, science, energy, commerce, taxes, government affairs, intelligence, judicial issues, financial services and international relations.

DHS OLA places the highest priority on responding to all Congressional oversight inquiries in a factual and timely manner. This broad interest in the Department and its mission produces multiple hearings and Congressional briefings, numerous solicitations of response to Congressional questions and requires adequate resources to be devoted to sufficiently respond to such inquiry.

For example, in 2003, the Department of Homeland Security testified at 148 hearings—some including multiple witnesses from both the full Department, as well of

each of its directorates. From January 28th through April 22nd of this year, the Department has produced witnesses for 82 hearings. Additionally, in 2003, DHS OLA was responsible for 838 briefings of Congressional members and staff. This year, DHS OLA has already conducted 509.

Congressional inquiry that specifically compares the full-time equivalent (FTE) and budget allotment of DHS OLA to that of other Federal Departments requires an examination of not only the unique functions of the DHS OLA but also requires a thorough inspection of the personnel numbers of other Legislative Affairs offices outside of DHS.

For example, other departments with comparable missions report similar or greater resources devoted to Legislative Affairs. DHS OLA shares similar personnel numbers not only within the Legislative Affairs offices of other departments, but also support staff, some greatly exceeding that of DHS OLA.

NEBRASKA AVENUE COMPLEX

Question. Legislation authorizing the transfer of the property from the Navy to GSA has been submitted. What is the status of the legislation in the various authorizing committees? What has the Department been doing to educate the authorizers and the leadership of the urgency in moving this legislation by April 30?

Answer. The proposed legislation from the Administration transferring the Nebraska Avenue Complex to the General Services Administration for the use of the Department of Homeland Security was submitted to Congress for consideration by letter from General Services Administrator Stephen A. Perry to Speaker of the House J. Dennis Hastert dated February 12, 2004, and by letter to Vice President Cheney, as President of the Senate, dated February 18, 2004. House and Senate Leadership, House and Senate Authorization Committees, and House and Senate Appropriation Committees have been briefed on the NAC legislation and the necessity of passing the legislation as soon as possible. A freestanding bill has been reported out of the House Armed Services and Transportation and Infrastructure Committees. Similar legislation has been reported out of the Senate Armed Services Committee as part of the fiscal year 2005 Department of Defense Authorization bill. Additionally, since February, the Appropriations and Authorizing Committees staffs have both toured the NAC in preparation for the introduction of the legislation.

Question. What would it cost to lease the equivalent amount of space in Washington, DC for fiscal year 2005 and for fiscal year 2005–2009?

Answer. Using an average of $46.34 per square foot (assuming a 5 year lease), the equivalent cost of leasing approximately 450,650 square feet of floor space (approximate NAC requirement), the cost would be $20,883,000 in fiscal year 2005 and for the period fiscal year 2005–2009 would be $106,523,000 (assuming an average cost inflation of 5 percent per annum). These costs do not include the cost of parking.

GRANT CONSOLIDATION

Question. What is the status of Secretary Ridge's proposal to consolidate TSA, FEMA, ODP and other grants in the Office of State and Local Government Coordination and Preparedness? Have any funds been officially transferred? If the proposal is still going forward, how many people from TSA and FEMA will be (or have been) transferred? Are they people associated only with grant stewardship, or are subject matter experts also being transferred?

Answer. The move to create a one stop shop for grants is based upon input from the user or grantee community and is designed to enhance coordination of the multitude of preparedness and security grants currently administered by the Department (ODP, FEMA and TSA). The one-stop shop consolidation will allow DHS to gain a global perspective on all of the grants to ensure that redundancies are minimized, funds are directed to the highest best use and DHS can proactively make recommendations to states, localities and other recipients on mutual aid and dual use opportunities.

Moving the TSA grants to SLGCP will provide DHS with concrete benefits. First, it will allow the substantial bulk of the TSA personnel who are not impacted by the consolidation to focus on their core mission of transportation security. Next, it creates internal (to DHS) and external (to recipients) improved efficiencies because only one DHS team (SLGCP) will interact with grant recipients rather than two separate teams (one at SLGCP and one at TSA) and, more importantly, recipients who apply for more than one type of grant (e.g. a UASI and a TSA grant) will only need to deal with one DHS team (SLGCP).

Final policy responsibility for grant guidance and grant distribution will reside with the Office of State and Local Government Coordination & Preparedness. How-

ever, overall hazards and transportation security policy input will remain with FEMA, TSA, as well as the Coast Guard, and MARAD. And, to ensure the continuing involvement of TSA in the grant process, ODP will create a distinct office dedicated specifically to transportation related grants. This office will work closely with TSA in developing transportation security grant policy.

HIRING PRIORITIES

Question. Recently, in the midst of budget constraints during this period of increased demand to protect the homeland, the Department announced its intention to hire a director of its Hollywood entertainment liaison office. This position would pay up to $136,466. This salary would pay the entry level salaries of 5 TSA screeners, 4 ICE Special Agents, 4 U.S. Border Patrol Agents, 8 Coast Guard non-rate enlistees or 3 U.S. Secret Service Special Agents. How can the Department justify the creation of such a position when hiring for front line activities within the Department is ongoing and there are hiring freezes in other parts of the Department?

Answer. Public Affairs utilized an open, funded position from one of its bureau offices to create the Director of Entertainment Liaison position. By taking an FTE from an office where reorganization had created efficiencies in workload, the position utilized those efficiencies to create a position with value added to the Department.

The Entertainment Liaison Office is a necessary addition to the Office of Public Affairs. This person will work with television and movie producers to ensure that they do not take "editorial license" with Homeland Security matters that could provide the public with false impressions or inaccurate information. We spend a great deal of effort to educate people to help them to be better prepared for any possible disaster—natural or manmade. Millions of Americans get information through the entertainment industry. This position will help to ensure that these people get an accurate portrayal of the department's mission, policies, and activities, while proactively working to help the American public better identify DHS functions. The Entertainment Liaison office will guide the direction of documentaries and law enforcement "reality" shows to provide real information about how the country is better prepared today.

This is not a unique position in government. Many other Federal agencies already utilize a liaison with the entertainment industry. The CIA has a Hollywood liaison, and the Department of Defense houses a large staff to serve the same function.

CONTRACTING OUT

Question. During the April 30, 2003, hearing, Secretary Ridge testified that he would provide the Subcommittee by August 2003 the fiscal year 2004 Management Plan of the Department. To date, that has not been submitted. Please submit the Plan. What are the Department's plans for fiscal year 2004 and fiscal year 2005 for contracting out work currently provided by DHS personnel?

Answer. The Department has engaged in a 2004 Competitive Sourcing Plan that provides for the competition of approximately 1,500 commercial FTE at CIS and the USCG. No decisions have yet been reached regarding whether to retain the work in-house or convert it to contract performance. Competition based decisions are expected in the August/September timeframes. The Department is currently working with its Organizational Elements to identify opportunities for additional competitions in the fiscal year 2005 completion timeframe and based upon the 2003 FAIR Act inventory of commercial and inherently governmental functions, but we have not yet made any final decisions regarding what will be competed or the form of competition (streamlined or standard).

FUNDING FEDERAL AIR MARSHALS AND PORT SECURITY GRANTS

Question. Provide for the record the response to my March 9, 2004 letter to Secretary Ridge.

Answer. The Secretary appreciates the question and the opportunity to respond. A response to the Senator's March 9, 2004 letter to the Secretary is forthcoming.

TRANSPORTATION SECURITY ADMINISTRATION

IMPLEMENTATION OF AIR CARGO STRATEGIC PLAN

Question. Please provide an update on all steps taken to date to implement your 11/03 Air Cargo Strategic plan. How are you integrating the hiring of 100 air cargo inspectors into that plan and what is the status of that hiring effort?

Answer. The Air Cargo Security Plan outlines a layered security strategy based on TSA's threat-based, risk managed approach to security. TSA is focused on numerous strategies to secure cargo aircraft, perimeters, facilities, and personnel. TSA plans to publish a Notice of Proposed Rule Making (NPRM) soon that will include requirements for further implementation of the Plan. But it is important to note that a significant number of measures called for by the Plan have already been implemented:

—As of April 18th, 2004, 75 out of the 100 cargo inspectors have been hired and are on board. The remainder has been tendered offers of employment, which are currently being processed. We expect the remaining inspectors to be on board within the next two pay periods. These inspectors will be deployed throughout the United States and under the supervision of the local Federal Security Director.

—A security directive requiring foreign all-cargo carriers to comply with the same cargo security procedures as domestic air carriers has been issued.

—A security directive requiring passenger and all-cargo carriers to perform random inspections of air cargo has been issued.

—TSA's research and development budget for fiscal year 2005 includes $55 million to develop new technologies for inspecting cargo for explosives, radiation, chemical, and biological agents, and other dangerous substances.

—The Known Shipper database has been expanded by involving more companies and collecting more information to enhance shipper and supply chain security

—To assist TSA in evaluating the latest technology available for identifying high-risk cargo, a Request for Information (RFI) was issued on April 12. The RFI will close on April 30th.

—Explosives Trace Detection (ETD) and Explosives Detection System (EDS) technology have been evaluated to determine their viability in conducting targeted air cargo inspections. The EDS Pilot program is progressing towards an operational phase. TSA has selected three vendors to test their machines against eight commodities. There are five airports selected to participate in the pilot; MIA, DFW, ORD, ATL, LAX. The first screening is scheduled to begin at the end of May and finish at the end of June.

AIR CARGO SCREENING: LEVERAGING DOD RESEARCH

Question. In his January 26, 2004 testimony before the National Commission on Terrorist Attacks Upon the United States, Principal Deputy Assistant Secretary of Defense for Homeland Defense, Peter F. Verga, spoke to three Advanced Concept Technology Demonstration (ACTD) efforts currently underway at DOD. One of them, the Air Transportable cargo screening ACTD, is designed to detect explosive threats in pallet cargo loads moving through the military transportation system. Is your agency aware of this effort and is its use under consideration for one of the pilot air cargo demonstration projects called for and funded in the fiscal year 2004 Homeland Security Appropriations Act? If not, why not? If so, please describe the testing being conducted—including the location, timeframe, and level of funding.

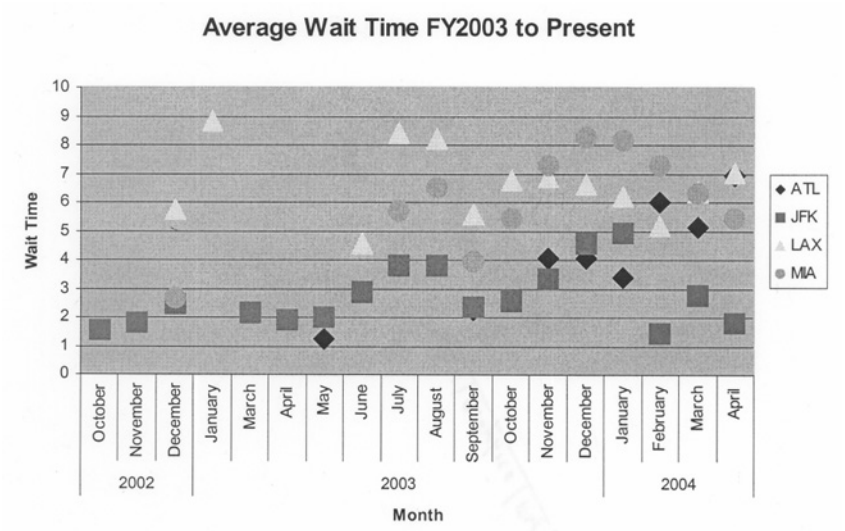
Answer. Both agencies benefit from research and development projects designed to provide technologies for screening cargo to be carried on board an aircraft. TSA has been in contact with the Department of Defense (DOD) regarding the Advanced Concept Technology Demonstration (ACTD), and will be working with DOD personnel to ensure that efforts undertaken by either TSA or DOD are complementary.

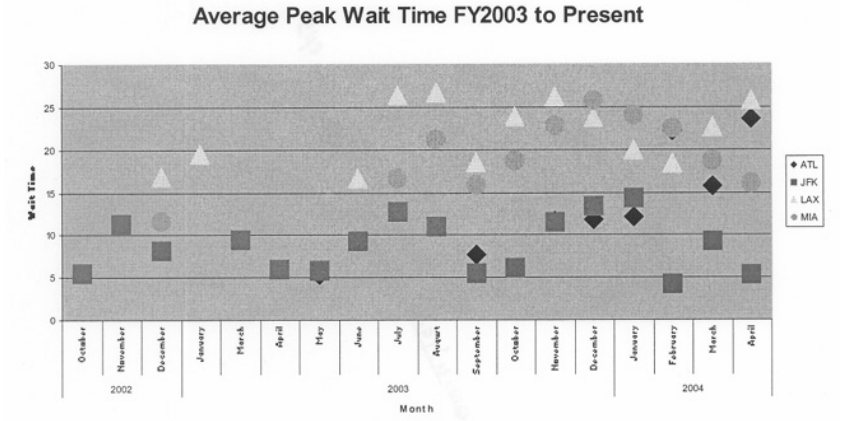
WAIT TIMES AT AIRPORTS

Question. Last summer, my staff requested information regarding the wait times for airline passengers nationwide and at the JFK, LAX, MIA, ATL, Charleston, WV, and Jackson, MS airports on a month-by-month basis for fiscal year 2003 and 2004. They are still waiting for this information. The wait times should be presented graphically with data on the level of airport screeners at each of the requested locations. Please provide the information.

Answer. TSA's plan for wait time data collection rotates the responsibility of collecting passenger security checkpoint wait time data among different airports throughout the year. Each month, approximately 26 airports are instructed to conduct a wait time study of two consecutive weeks. These airports are selected according to their geographical and size categories in order to allow TSA to extrapolate across the full range of airport diversity. All Category X and I airports—as well as select Category II, III and IV airports—will be chosen to collect data at least three times each over the course of the year. The monthly airport selections are balanced in order to provide consistent data for headquarters analysis. In March, the average

wait time for this sample of airports was 3.1 minutes with an average of 10.4 minutes at peak time. Please see attachment for airport specific information.





The average peak wait times are the wait times encountered by passengers during the airport's high passenger volume periods. This is an average of all the checkpoint's peak times at each of the selected airports over the given month.

DISCRIMINATION COMPLAINTS BY TSA SCREENERS

Question. Transportation Security Administration (TSA) employees have filed numerous discrimination complaints. Employees have filed complaints for a litany of reasons from poor agency management to failing to address the security problems at airports nationwide. As of January 2004 the agency faced a backlog of approximately 1,800 discrimination complaints. How has TSA addressed this problem and what plans are being considered to alleviate the backlog of discrimination complaints?

Answer. In January 2004, the Office of Civil Rights (OCR) implemented a "Backlog Elimination Strategy." With this strategy, the OCR sought to both eliminate the backlog of discrimination complaints, develop a system that would promote rapid processing and resolution of current complaints, and perhaps, most important, improve service to our customers. During fiscal year 2003, OCR received in excess of 1,800 informal complaints of discrimination. In January 2004, the OCR had a back-

log of 476 informal complaints that required action. As of April 8, 2004, OCR had a backlog of 8 informal complaints requiring action.

We have trained all of our EEO counselors and many OCR staff members in alternative dispute resolution techniques and have provided our EEO counselors with additional counselor training. We are proud to say that OCR's strategy of addressing EEO complaints is not reliant on the "pushing of paper." We are providing training to TSA managers that focuses on management practices that promote equal employment opportunity and are working closely with various TSA offices to identify and address potential civil rights issues.

AIR MARSHAL TRAINING

Question. In December 12, 2003 written testimony to Senator Hollings, the General Accounting Office stated that funding cuts and delays would push back into mid-2004 advanced air marshal training—scheduled for completion in January 2004 for those air marshals hired between October 2001 and July 2002. What is the current status of advanced air marshal training? Have all air marshals hired through the end of fiscal year 2003 received the required advanced training?

Answer. Phase II Training, the equivalent of advanced training for Federal Air Marshals, continues at the Federal Air Marshal Training Center in Atlantic City, NJ. Presently, the last class is scheduled to begin on May 31, 2004. At the end of that class, approximately 136 Federal Air Marshals will not have attended Phase II for the following reasons: debilitative medical conditions (61) active military duty (39); and administrative positions (36). The 36 Administrative Positions represent 36 Federal Air Marshals (FAMs), who have background investigation issues and/or disciplinary action pending. When those matters have been adjudicated, the FAMs will attend Phase II Training. These numbers may be reduced as personnel in those categories become available to attend Phase II Training, since training positions remain available to include the above.

CANINE TEAMS—DIVERSION FROM CURRENT MISSIONS

Question. The Secretary has proposed to increase rail security by diverting K–9 teams to rail stations. Yet, there is no new money for this purpose. Where are the K–9 teams being diverted from and what impact is the diversion having on those missions?

Answer. DHS has announced that it will create Rapid Response Teams to augment local dog teams through the Federal Protective Service (FPS). FPS, working with TSA, will determine how best to mobilize existing dog teams across the Federal Government during heightened alerts. We have no intention of taking K–9 teams away from screening air cargo and protecting other Federal infrastructure. TSA is developing a program to partner with local authorities to provide explosives detection training for current and future dog teams.

REGISTERED TRAVELER

Question. What are the costs in fiscal year 2004 and fiscal year 2005 to implement the registered traveler program, how much of that cost will be covered by fees on the registered travelers, and what will be the expected increase in wait times for non-registered travelers if the registered traveler program is implemented with no increase in the screener workforce?

Answer. TSA intends to conduct Registered Traveler (RT) Pilots at a limited number of airports beginning in June 2004. The pilot programs will assess improvements in security and enhancements in customer service for passengers. The pilots will last approximately 90 days. Results of these pilots will be analyzed to determine the program's effect on security and service.

During the RT Pilots, TSA will test technology, including biometric tools, to enhance identity verification at the passenger security checkpoint, in conjunction with business processes, including potential reconfiguration of select checkpoint lines and lanes. TSA will be testing a range of technology and operational variables. The RT Pilots will monitor and assess possibilities for a secure and expedited travel experience for those who volunteer for the program. The number of participants in the RT Pilots will be capped at 10,000, spread across a small number of airport locations. It is anticipated that this small RT Pilot test will not have a detrimental effect on either those who do not volunteer or on the screener workforce. Upon conclusion of the pilots, determination will be made regarding best practices and necessary enhancements required for larger implementation of the program.

The cost of the RT Pilots will be funded through $5 million appropriated for the Registered Traveler program in the Homeland Security Appropriations Act, 2004

(Public Law 108–90). Contrary to media reports, TSA is not planning to charge a fee to passengers who participate in the 90-day RT Pilots.

TSA will await the results and analyses of the Pilots prior to making any decisions regarding the implementation of a Registered Traveler program in fiscal year 2005, including any costs that may be incurred by passengers who wish to participate in the voluntary program. The fiscal year 2005 request includes $15 million to pay for additional start-up costs, such as IT infrastructure and staffing associated with an RT program. TSA anticipates that future operational program costs for the Registered Traveler Program would be covered by fees incurred by participants. Thus, the Registered Traveler Program would become self-funded.

Until the pilot has been conducted and the results fully evaluated, staffing requirements and their implications cannot be fully understood. However, TSA remains committed to its customer service objectives and minimizing the wait time for the traveling public.

EMERGENCY PREPAREDNESS AND RESPONSE

PROJECT BIOSHIELD

Question. How can the Department justify spending between $1 billion and $1.5 billion on experimental anthrax experimental vaccines not approved by FDA and unlikely to be approved for many years, when these vaccines have been developed by companies who have never had a commercially manufactured vaccine approved by FDA?

Answer. Anthrax tops virtually every biowarfare threat analysis, because of its high fatality rate (as demonstrated by the October 2001 attacks, where 45 percent of those with inhalation anthrax died), persistence in the environment, ease of production, and ease of aerosolization. Although antibiotic treatments are available, the use of an anthrax vaccine would provide pre-exposure protection for first responders and remediation workers. In a post-attack scenario, a vaccine would shorten the course and increase the effectiveness of treatment antibiotics when given to large exposed populations, and facilitate re-entry into contaminated space. It would also provide protection if a terrorist deployed antibiotic-resistant anthrax. Other important anthrax treatment modalities such as anthrax antitoxins, which can potentially save the lives of those already ill, are under advanced development and may become available for BioShield procurements in the future.

The current licensed anthrax vaccine, Anthrax Vaccine Adsorbed (AVA), has many disadvantages for civilian use, including a primary requirement of 6 doses over 18 months with annual boosters and a limited production capacity (the only producer has a maximum production of 6.6 million doses per year). However, it is currently available, effective, and safe; and newer, 3-dose schedules are being evaluated. Through an interagency agreement between the Department of Defense (DOD) and DHS, the manufacturer could provide 5 million doses to the stockpile by 2006.

Project BioShield provides for the acquisition of licensable products with the term "licensable" defined as within 8 years. This provision allows the Department to consider competitive bids proposed by companies that have a validated current Good Manufacturing Practices production process capable of scaled commercial production, as well as products that have been tested in appropriate animal models for efficacy and in human clinical trials for safety. New recombinant Protective Antigen (rPA) anthrax vaccines made using genetic recombinant biotechnology are being developed as next-generation anthrax vaccines. In preliminary studies, rPA vaccines protected animals against lethal anthrax aerosol challenge. Two manufacturers—one of them in the United States—are developing rPA vaccine under contract with the National Institutes of Health (NIH). Human trials to evaluate safety began in the summer of 2003. NIH contracts for advanced development, process development, and further clinical testing were awarded in September 2003. A 3-dose schedule has been suggested as likely, although studies could result in a 1–2 dose schedule in certain situations. Cost is estimated at $10 per dose. Initial rPA delivery to the Strategic National Stockpile is expected in 2004 as an investigational product.

Two manufacturers have nearly completed phase I clinical trials, and further clinical and animal testing plans appear reasonable to NIH and Food and Drug Administration reviewers. Recent progress reports to NIH indicate steady progress by both manufacturers with no major obstacles envisioned. NIH will continue to support and monitor the current development of the product through phase II clinical trials.

HHS will request monthly progress reports from the manufacturers and will host interagency risk management meetings to review the reports and to intervene when necessary. Also, a significant percentage of the contract payment will not be available until after licensure, both for pre-exposure and post-exposure use.

After consideration of the anthrax threat, public health need, advanced development progress, manufacturing capability, and cost, the Policy Coordination Committee of the Homeland Security Council recommended, and the Deputies Committee approved, procurement of additional anthrax vaccine.

Question. Why doesn't DHHS adopt a near-term to long-term policy for stockpiling of anthrax vaccine with product available now for the next 5 years and with next generation vaccines thereafter? Isn't a mixed approach being used for the procurement of other vaccines?

Answer. DHS and HHS are working closely to develop both a near-term and a long-term strategy for stockpiling existing prophylactics and/or pharmaceuticals to protect against or to treat exposures to anthrax while continuing to seek and encourage the development of next-generation anthrax vaccines. Currently, the Strategic National Stockpile (Stockpile) contains a sizable inventory of antivirals for treatment of anthrax exposure, and due to their current availability, the Stockpile is markedly increasing its caches of such countermeasures—enough to treat 12 million people with an increase to 30 million by the end of this year. Additionally, DHS, through an interagency agreement with DOD, is purchasing the only FDA-licensed anthrax vaccine, AVA, in fiscal year 2004, fiscal year 2005, and fiscal year 2006—for a total of 5 million doses to be added to the Stockpile. As a result, the Stockpile will contain ample amounts of prophylaxis for anthrax exposure, and will serve as a bridge until the next-generation anthrax vaccine, rPA, is accepted into the Stockpile.

Question. Please provide an expenditure plan by quarter for fiscal year 2004 and fiscal year 2005 for Project Bioshield that identifies specific procurements for which decisions or solicitations have been made to date and general purposes or goals for remaining obligations.

Answer. Over the past 10 months, the Weapons of Mass Destruction (WMD) Medical Countermeasures subcommittee has developed countermeasures information of interest to administration policymakers who will make the BioShield procurement decisions. The WMD subcommittee commissioned an end-to-end analysis of medical countermeasures to Category "A" biological agents (anthrax, smallpox, plague, botulinum toxin, tularemia, Ebola, and other hemorrhagic fever viruses). Working groups developed initial requirements for four high-priority bioweapon countermeasures for which there is high need and a reasonable expectation that products will be available in the near-term:

—Next-generation anthrax vaccine (rPA)
—Anthrax immune therapy
—Next-generation smallpox vaccine (modified vaccinia, MVA or LC16m8)
—Botulinum antitoxin

STOCKPILE

Question. Please provide an expenditure plan by quarter for fiscal year 2004 and fiscal year 2005 for Strategic National Stockpile that identifies specific procurements for which decisions or solicitations have been made to date and general purposes or goals for remaining obligations.

Answer. The fiscal year 2004 Strategic National Stockpile spending plan has already been provided to the Appropriations Committee on May 11, 2004, during a Strategic National Stockplie (SNS) briefing. A fiscal year 2005 spending plan is being formulated by the Centers for Disease Control and Prevention, but it has yet to be provided to DHS.

REGIONAL OFFICE AND IMPACT ON EXISTING FEMA REGIONAL STRUCTURE

Question. Please provide an update on the Department's plans to establish a regional structure. What impact will this new structure have on FEMA'S 10 regional offices and their longstanding and successful linkages with State and local emergency managers?

Answer. An effective Department of Homeland Security (DHS) field operational management concept is essential to ensure that the Department fulfills its mission in leading the national unified effort to protect America. Of the 22 agencies that now comprise the Department, 7 have regional structures. DHS is conducting a baseline analysis regarding a regional concept of operations that would ensure effective management of field operations both on a day-to-day basis and during incidents

One of the core missions of DHS regional offices would be to collaborate with Federal, state, local, tribal and private sector stakeholders within the region to coordinate homeland security activities. To ensure that the DHS regional offices are able to perform this coordination function, FEMA regional offices will continue to partner

with State and local governments to help ensure that communities throughout the Nation can prepare for, respond to and recover from incidents and disasters.

Question. How will those relationships be protected under a new regional structure?

Answer. Over the years, FEMA regional offices have developed such productive working relationships with their State and local partners that it is often touted as the hallmark of intergovernmental coordination and collaboration between a Federal agency and its constituent stakeholders. In recognition of these valuable partnerships, the Department is working to design a regional construct that will capitalize upon these excellent relationships to enable the more effective and efficient delivery of DHS services to external stakeholders.

DISASTER RELIEF

Question. Please provide the Subcommittee with an update on disaster relief funds.

Answer. As of April 28, 2004, $1.487 billion remains unobligated in the Disaster Relief Fund If obligations occur at the 5-year average of $249 million per month for the remaining 5 months of the fiscal year and FEMA realizes another $200 million in recoveries of prior year obligations (actual recoveries through March 31 equal $194 million), FEMA will end the year with an unobligated balance of $442 million, which is close to the estimate of $453 million in the fiscal year 2005 President's budget. In summary (in thousands of dollars):

Unobligated Balance, 4/28	$1,487,265
Estimated recoveries	200,000
Obligations May 1-Sept. 30 (5 × $249 million)	−1,245,000
Estimated unobligated balance 9/30/04	442,265

Of course, any large hurricane or other disaster events during the remainder of the fiscal year could significantly impact these estimates.

UNITED STATES SECRET SERVICE

CAMPAIGN LABOR COSTS

Question. The fiscal year 2004 budget includes $64 million in costs associated with the 2004 campaign protection program. This budget was based on a historical average of 603 "protection days" covering multiple candidates. How many candidates have received protection during the 2004 campaign? Provide the date protection started for each candidate. Does the Secret Service still anticipate that 603 protection days will be required for the presidential campaign? What savings does the Secret Service anticipate from the campaign program, if any?

Answer. As you note, the Secret Service's campaign protection estimate is based on the historical average of the number of protection days provided for the last four elections. The Administration believes this is the most appropriate method for developing estimated campaign protection costs, since it does not presuppose a set number of candidates or particular days on which protection will begin or end.

To date, the Service has provided protection for two candidates and one spouse. Following the Democratic Convention, the Service will provide protection to the Vice-Presidential nominee and the Vice-Presidential nominee's spouse. Baring protection being provided to a third party, an independent candidate or, on the Republican ticket, someone other than the sitting President or Vice President, 421 days of protection will be provided.

Of the $64 million budgeted for the campaign program, $40.0 million is for direct costs related to protection, and $24 million is for labor costs relative to personnel that are being reallocated from the Service's investigative activity to the campaign in order to staff the protective effort. These reallocated labor costs are covered by the Service's base budget. To the extent these personnel are not required for campaign-related work; they will continue their investigative activities.

Because of lower than originally projected campaign activity, the direct costs are now estimated to total only $33 million. The Department and the Secret Service will work with Congress to find appropriate uses for any excess campaign protection funding.

Candidate/Nominee	Projected dates of Protection	Protection Days
John Kerry	February 20, 2004 through September 30, 2004	224
Mrs. Kerry[2]	April 13, 2004 through September 30, 2004	85.5
John Edwards	February 22, 2004 through March 3, 2004	11
Dem. VP Nominee[1]	July 26, 2004 through September 30, 2004	67
Dem. VP Spouse[1 2]	July 26, 2004 through September 30, 2004	33.5
Total Projected Campaign Days		421

[1] Estimated VP Nominee and Spouse start dates.
[2] Protection for spouses are projected as ½ day of protection.

"FORCE MULTIPLIER" TO FEDERAL AIR MARSHALS

Question. On February 24, 2004, the Immigration and Customs Enforcement and the Secret Service announced a new agreement to provide force multiplier to Federal air marshal service. According to the Department, this initiative would enable the ICE FAMS the flexibility to deploy their Federal Marshals to a wider range of flights. Other than providing the ICE FAMS with travel information for armed personnel traveling on U.S. commercial flights during their normal course of business, what specific responsibilities will Secret Service agents have on these flights that they didn't have before February 24, 2004? In many cases, Secret Service agents travel from one city to another following several hours of protection responsibilities. Does this mean that U.S. Secret Service agents will then be asked to substitute as Federal air marshals when traveling on official business?

Answer. The objective of the Force Multiplier Program (FMP) is to capitalize on the presence of literally thousands of armed Federal law enforcement officers (LEOs) that routinely travel throughout the country on commercial carriers in support of the missions of their respective agencies. Essentially, the FMP is a system that would allow the Federal Air Marshal Service (FAMS) to track and coordinate LEO flight activity to optimize the use of Federal Air Marshals and otherwise enhance the level of LEO coverage provided to the Nation's civil aviation system.

While USSS Special Agents are participating in the Force Multiplier Program, they will not be acting as "de facto FAMs" and are not a substitute for Federal Air Marshals (FAMs). While they receive a briefing, they are neither fully trained nor tactically positioned on the aircraft to serve as FAMs. The USSS Special Agents will have no additional responsibilities while aboard U.S. commercial flights during the course of their official travel. It will, however, heighten their awareness within the aviation domain and allow the FAMS to monitor the presence of armed LEOs on flights. In the event of an in-flight crisis, the USSS Special Agents would react accordingly to the threat as prescribed by applicable statutes and their agency policy.

IMMIGRATION AND CUSTOMS ENFORCEMENT AND CITIZENSHIP AND IMMIGRATION SERVICES

IMMIGRATION-RELATED CASEWORK—ASSISTANCE TO CONGRESSIONAL OFFICES

Question. I am troubled by the reports I am receiving from members of my staff about the difficulties that they are having in obtaining help from your agency for my constituents. Under the current reorganization regime, my staff is finding that their efforts to get answers to even some of the most basic questions about visas and immigration processes are meeting with resistance from agency staff. Contacts, both e-mails and follow-up phone calls, from my office to district office staff in your agency are not receiving timely responses. It sometimes takes days to get even an acknowledgment of an inquiry. In many cases, contract personnel, particularly at the service centers, are less acquainted with the intricacies of immigration law than are members of my own Senate staff. On many occasions my staff has made inquiries only to receive responses that are strictly scripted. Even more disturbing, calls from my Senate office are not even being answered at headquarters. I would like to know what efforts are being made to monitor service to the public and to ensure that Congressional inquiries are handled promptly?

Answer. The Director, U.S. Citizenship and Immigration Services (USCIS) is also troubled if you and your staff are not receiving timely and appropriate responses to your inquires from USCIS personnel and appreciate your bringing it to his attention. You should know that the Standard Operating Procedures for all congressional units, both here at USCIS headquarters and in the field, specifically state that all phone calls from congressional offices must be returned within 24 hours, e-mails within 10 days, and written correspondence or faxes within 30 days. If this is not

being done, then the Director would be happy to look into any specific instances or cases you could provide to me. However, it is important to note that some case resolution (which should be considered distinct from the return of a phone call or the answer to a letter), because of its complexity, may take considerably longer.

The Director appreciates you bringing this to his attention and wants to assure you that customer service is one of the top three priorities of USCIS. We will continue to commit ourselves to building and maintaining an immigration services system that provides information and benefits in a timely, accurate, consistent, courteous and professional manner and ensure that those values are exhibited in our congressional units.

It appears that the above question regarding responsiveness primarily relates to immigration services issues under the purview of U.S. Citizenship and Immigration Services (USCIS). However, the Assistant Secretary, Immigration and Customs Enforcement (ICE) wants to ensure you that ICE is fully committed to providing timely and informative responses to all congressional inquiries. The ICE office of Congressional Relations can be reached at (202) 514–5232 to assist in immigration casework relating to detention and removal, humanitarian parole and other matters under ICE's jurisdiction. For your information, USCIS Office of Congressional Relations can be reached at (202) 514–5231.

OFFICE FOR DOMESTIC PREPAREDNESS

METROPOLITAN MEDICAL RESPONSE SYSTEM

Question. Provide a detailed description of how fiscal year 2002, fiscal year 2003, and fiscal year 2004 funds appropriated for the Metropolitan Medical Response System have been spent. Has the Department fully met the requirements of cities, as laid out in the MMRS contracts? If not, how much work, and in which cities, remains to be done? How much of the fiscal year 2004 appropriation is obligated? What are the plans for remaining funds? If the Department does not plan to obligate all appropriated fiscal year 2004 funds for MMRS, please provide a rationale; the proposal for how remaining funds will be spent; and indicate whether you will submit a reprogramming or transfer proposal to the Committee.

Answer. In fiscal year 2002, the Metropolitan Medical Response System (MMRS) program was located in the Department of Health and Human Services' (HHS') Office of the Assistant Secretary for Public Health Emergency Preparedness (OAS PHEP). The funds were used to initially establish an MMRS in 25 new jurisdictions at a cost of $400,000 each, for a total of $10 million (this was less than the historical cost of $600,000 for an MMRS contract), and to fund special projects in MMRS jurisdictions.

In fiscal year 2003, $49.1 million of the $50.1 million appropriation was allocated to MMRS within the HHS OAS PHEP, and is broken out as follows:

—$200,000 was provided to each of the 25 fiscal year 2002 jurisdictions to "make them whole" for baseline capability development, for a total of $5 million

—Funds for fiscal year 2003 Program Support Contracts, providing $280,000 for capability sustainment and optional operational area expansion, were obligated for each of the 122 MMRS jurisdictions, for a total of $34.16 million

—A total of $2.4 million was used to establish 3 new MMRS jurisdictions and to upgrade Atlanta to MMRS status ($600,000 for each)

—$3 million was provided to the National Emergency Training Center (NETC) for MMRS training course development and for Noble Training Center facility upgrades

—$1.5M was spent on the final phase of a special project to obtain a mobile field hospital for the Charlotte-Mecklenburg, North Carolina, MMRS

—The remainder was used for technical support contract fees, official travel, printing, and other overhead expenses

In fiscal year 2004:

—$3 million was transferred to the NETC for 1 MMRS course development and 2 facility upgrades at the Noble Training Center

—$500,000 has been used for staff travel and administrative expenses

As of May 5, 2004, 65 of the 124 MMRS jurisdictions have completed their baseline capability development. Of these 65 jurisdictions, 24 have begun work under the fiscal year 2003 Program Support contracts. None of the jurisdictions has yet completed its fiscal year 2003 Program Support contract. Of the remaining 59 jurisdictions:

—25 jurisdictions have nearly completed their baseline capability development (only 1 or 2 deliverables remaining)

—13 jurisdictions are on track (have 3 or more deliverables remaining and are on schedule to complete them)
—21 jurisdictions are delayed

As an incentive for completing baseline capability development, activation of the fiscal year 2003 Program Support Contract (up to $280,000) is conditional upon completion and approval of all deliverables required in the initial MMRS contract, and its modifications. The table below provides the information by jurisdiction.

Baseline Deliverables Completed	2003 Sustainments Started	Submitted Technical and Cost Proposals for the Fiscal Year 2003 Program Support Contracts
Akron, OH	Anaheim, CA	Akron, OH
Albuquerque, NM	Aurora, CO	Albuquerque, NM
Anaheim, CA	Bakersfield, CA	Amarillo, TX
Anchorage, AK	Birmingham, AL	Anaheim, CA
Arlington, TX	Columbus, GA	Anchorage, AK
Aurora, CO	Columbus, OH	Arlington County, VA
Austin, TX	Denver, TX	Arlington, TX
Bakersfield, CA	Fremont, CA	Austin, TX
Baltimore, MD	Fresno, CA	Baton Rouge, LA
Baton Rouge, LA	Honolulu, HI	Shreveport, LA
Birmingham, AL	Indianapolis, IN	Chattanooga, TN
Boston, MA	Jacksonville, FL	Cincinnati, OH
Chesapeake, VA	Las Vegas, NV	Dallas, TX
Chicago, IL	Mesa, AZ	Dayton, OH
Cleveland, OH	Milwaukee, WI	El Paso, TX
Columbus, GA	Minneapolis/St. Paul, MN	Fort Wayne, IN
Columbus, OH	Nashville, TN	Fremont, CA
Dallas, TX	Omaha, NE	Fresno, CA
Denver, CO	Phoenix, AZ	Ft. Worth, TX
Detroit, IL	Riverside, CA	Garland, TX
El Paso, TX	Salt Lake City, UT	Glendale, CA
Ft. Wayne, IN	San Antonio, TX	Glendale, AZ
Fort Worth, TX	San Diego, CA	Greensboro, NC
Fremont, CA	St. Louis, MO	Hampton Roads District Planning Commission
Fresno, CA		Hialeah, FL
Glendale, AZ		Honolulu, HI
Honolulu, HI		Houston, TX
Houston, TX		Huntington Beach, CA
Huntington Beach, CA		Irving, TX
Huntsville, AL		Southeast Alaska Region
Indianapolis, IN		Los Angeles, CA
Jacksonville, FL		Las Vegas, NV
Kansas City, MO		Lexington, KY
Las Vegas, NV		Lincoln, NE
Long Beach, CA		Little Rock, AR
Los Angeles, CA		Lubbock, TX
Memphis, TN		McAllen, TX (Rio Grande)
Mesa, AZ		Mesa, AZ
Miami, FL		Mobile, AL
Milwaukee, WI		New Orleans, LA
Minneapolis, MN		NY City Mayor's Office
Mobile, AL		Oakland, CA
Nashville, TN		Oklahoma City, OK
Newport News, VA		Omaha, NE
New York, NY		Phoenix, AZ
Oklahoma City, OK		Portland, OR
Omaha, NE		Richmond, VA
Philadelphia, PA		Riverside, CA
Phoenix, AZ		San Antonio, TX
Portland, OR		San Bernardino, CA
Riverside, CA		San Diego, CA
Salt Lake City, UT		San Jose, CA
San Antonio, TX		Santa Ana, CA
San Diego, CA		Seattle, WA
San Francisco, CA		Spokane, WA
San Jose, CA		St. Louis, MO

Baseline Deliverables Completed	2003 Sustainments Started	Submitted Technical and Cost Proposals for the Fiscal Year 2003 Program Support Contracts
Seattle, WA		St. Petersburg, FL
Shreveport, LA		Stanislaus County, CA
St. Louis, MO		Stockton, CA
St. Paul, MN		Tacoma, WA
St. Petersburg, FL		Tampa, FL
Syracuse, NY		Toledo, OH
Tampa, FL		Tucson, AZ
Tulsa, OK		Tulsa, OK
Wichita, KS		Wake County, NC
		Wichita, KS

As of April 30, 2004, $3.5 million of the $50 million appropriation has been obligated. The funds that Congress has appropriated for MMRS over the last several years have been used to establish certain capabilities, to get the program up to its baseline, and to facilitate transfer of the program to the localities for continuation, once the baseline is established. We will reach the baseline this fiscal year (2004), and therefore no additional funding is being requested. As such, the Department has submitted to the House and Senate Appropriations Subcommittees a notification, dated April 27, 2004, of its intent to reprogram $40 million of the $50 million MMRS appropriation. Should this reprogramming be approved, the remaining funds, approximately $6 million, would be used to develop a plan to terminate the program as currently structured and to seek the continuance, in some form, of its key components in the eventual "one-stop shop" grants operation to be administered by the DHS Office of State and Local Government Coordination and Preparedness. Under this arrangement, FEMA would have no further role in the MMRS program for fiscal year 2004, and there will be no Federal program in fiscal year 2005.

There are other Federal programs that provide more narrowly focused, but related, support. These include the Centers for Disease Control and Prevention-Health Resources and Services Administration (HRSA) Bioterrorism Preparedness Grants and the HRSA Hospital Grants; the Office for Domestic Preparedness (ODP) Training and Exercise Programs and Equipment Grants; and ODP Urban Area Security Initiative funding to the designated States, which will then work with counties and cities to form regions that will work together through mutual aid agreements, interoperable communications, statewide intelligence centers, and community and citizen participation.

OBLIGATIONS

Question. How does ODP verify that States have obligated funds to cities, as required in the State formula and UASI grants? What are the mechanisms for States to notify ODP, and for ODP to verify that obligation was made? What does "obligate" mean in this program? What steps must a city take to be able to get funds from the State for a particular expenditure?

Answer. For the fiscal year 2003 State Homeland Security Grant Program (SHSGP), Part I and II and Urban Areas Security Initiative (UASI) Part I and II grants, ODP's grant guidance notes that states were expected to obligate 80 percent of equipment funding for SHSGP I, 80 percent of first responder preparedness funding in SHSGP II, 50 percent of CIP funding in SHSGP II, and 80 percent of all funding for the UASI II program to units of local government within 45 days. To that end, ODP set up a follow-up system whereby ODP would notify the State 10 days out from the 45th day (via a letter) that ODP expects states to certify that they had obligated these funds. The certification was done via a "fax back" form to their ODP preparedness officer. On the 46th day after the grant award, we sent out a letter reminding them of the obligation requirement, with an accompanying fax back form that required them to certify that they had met this obligation requirement, and to further explain (through a narrative) how the funds were being used.

We received a majority of the fax backs within the allotted time, and ODP is relying on the certification of those states that they have met the statutory requirement. For states that did not provide the information, or noted that they did not comply, we provided a number of options. ODP offered technical assistance to help them comply with certification. In other cases, states notified us of a date they would be in compliance (in some states, legislatures and other elected bodies need to meet so that can hold up Federal funding obligation). The last resort for states who did not comply was the notification that ODP intended to put a hold on the state portion of their funding until they came into compliance.

In fiscal year 2004, the Homeland Security Grant Program and the Urban Area Security Initiative grantees will certify their obligations through the Initial Strategy Implementation Plan (ISIP), which is due 60 days after grant award. The grantees will submit this form to ODP, and failure to submit the form will cause funding to be administratively held, as noted in the special condition in the grant.

Obligation for ODP purposes means: (1) a definite commitment which creates a legal liability for the payment of funds for goods and services ordered or received, or; (2) a commitment during the grant period to pay under a grant, subgrant, and/or contract determinable sums for services or goods ordered or received during the grant period; (please note that this does not include operational costs associated with raising the threat level in the State Homeland Security Grant Program-Part 2; please reference the ODP Grant guidelines for specific details) or (3) evidence that funds are encumbered, such as a purchase order or requisition, to cover the cost of purchasing an authorized item during the grant period.

In terms of eligible subgrantees (such as cities, counties, regions and other units of government) to receive funds from the state, ODP leaves the discretion to the State as to who will receive subgrants. This varies from State to State; as mentioned earlier, it can be cities, counties, regions, port authorities, tribes, and other local units of government. As well, most states make it clear to their locals that there may not be an expectation that everyone will receive a subgrant. This will be based upon risk, threat, population or other means. If a locality is chosen as a subgrantee, the State makes a subgrant award document available to them, with instructions for how to proceed with procurement or other items, such as training procurement or exercise planning. Depending on the requirements in the grant, in most cases subgrantees are required to submit detailed budget worksheets to the State in order to receive their funding. Since ODP operates on a reimbursement basis, the locality will have to order items from a vendor, and then receive the item before the monies can be reimbursed. States are the only unit of government authorized to make drawdowns against the U.S. Treasury for ODP funds.

TRAINING

Question. How does the Department plan to spend the $60 million for competitive training? Please provide a break down of continuing training costs.

Answer. The funding breakdown of the $60 million ($59,646,000 with the 0.59 percent rescission) for continuation of ODP's current training programs, as well as the competitive training grant program is as follows:

Competitive Training Grants	$33,646,000
Naval Postgraduate School	14,000,000
National Sheriff's Association	3,000,000
Dugway Proving Ground	3,000,000
IACLEA	1,500,000
Michigan State University	500,000
Virtual Medical Campus (WVU)	2,000,000
International Association of Chiefs of Police	2,000,000
International Association of Firefighters	1,000,000
Total	59,646,000

TASK FORCE

Question. The Secretary has established a task force responsible for identifying roadblocks in moving homeland security funding from States to cities, and for identifying solutions. Who makes up the task force? How many meetings have there been to date? What problems have been identified?

Answer. Secretary Ridge has established a Homeland Security Funding Task Force composed of state, county, city, and tribal representatives to examine the funding process and ensure that Department of Homeland Security funds move quickly to local first responders. The primary goal of the Task Force is identify State and local funding solutions that work effectively—"best practices"—and can be extended to situations where there are impediments to efficient and effective distribution of State and local homeland security funds.

The Department expects the Task Force to provide a report to the Secretary within the next several weeks that will identify several "best practices" for ensuring the expeditious award of funds to local first responders. The report will also identify barriers to the quick and efficient award of funds to local first responders and offer recommendations to address these barriers. The Task Force, led by Mitt Romney,

Governor of Massachusetts, is composed of 20 representatives who have first-hand experience in homeland security issues and whose expertise in this area should allow for a thorough examination of the issue.

As of May 2004, the Task Force has met twice, and has also convened two conference calls to discuss the issues surrounding the most efficient and effective means to ensure that homeland security funds are passed through to local first responders.

STATE GRANTS (INCLUDING LAW ENFORCEMENT TERRORISM PREVENTION GRANTS)

Question. How much of the fiscal year 2002 funds have been obligated, and expended, by state? At a national level, describe the uses of the funds and how much has been spent on those uses. Please provide the same information for fiscal year 2003 and fiscal year 2004 funds.

Answer. Please see charts below for information on the fiscal year 2002 and fiscal year 2003 State formula grant programs. At this point, ODP does not have information on the fiscal year 2004 program as many states have only recently received their awards. Overall, though, these awards could be used for a variety of purposes, including procurement of specialized equipment, exercise support, and training. In all instances, draw down information is provided to ODP by the States and reflect State and local draw down amounts. Often times, these draw down reports require ODP to validate the accuracy of the amounts reported. Given that ODP is relying on State- and local-generated information, this process can be time-consuming. Currently, ODP is still verifying correct draw down amounts from States and localities. The result of this is that State and local draw down amounts exceed obligated amounts due to State and local reporting inaccuracies. ODP's validation process will reconcile these numbers to reflect more accurate final draw down amounts.

HIGH THREAT, HIGH DENSITY URBAN AREA SECURITY GRANTS

Question. How much of the fiscal year 2002 funds have been obligated, and expended, by state? At a national level, describe the uses of the funds and how much has been spent on those uses. Please provide the same information for fiscal year 2003 and fiscal year 2004 funds.

Answer. Please see attached charts below. Overall, though, these awards could be used for a variety of purposes, including procurement of specialized equipment, exercise support, and training.

FISCAL YEAR 2002 OBLIGATION & DRAWDOWN

STATE	AWARD AMOUNT	OBLIGATION	DRAWDOWN
ALABAMA	$5,317,000.00	$5,317,000.00	$3,227,957.57
ALASKA	2,783,000.00	2,783,000.00	116,217.02
AMERICAN SAMOA	828,000.00	713,671.00	713,671.00
ARIZONA	5,770,000.00	5,770,000.00	3,275,843.00
ARKANSAS	4,141,000.00	4,141,000.00	1,812,350.69
CALIFORNIA	24,831,000.00	24,695,730.27	6,770,544.91
COLORADO	5,220,000.00	5,220,000.00	2,185,101.69
CONNECTICUT	4,626,000.00	3,132,870.26	3,132,870.26
DELAWARE	2,887,000.00	2,887,000.00	2,522,055.43
DISTRICT OF COLUMBIA	2,747,000.00	2,558,690.00	2,558,690.00
FLORIDA	12,967,000.00	12,967,000.00	10,092,752.25
GEORGIA	7,797,000.00	7,797,000.00	1,322,400.00
GUAM	892,000.00	892,000.00	782,785.64
HAWAII	3,172,000.00	3,172,000.00	388,734.56
IDAHO	3,226,000.00	837,369.26	837,369.26
ILLINOIS	10,604,000.00	10,135,950.00	6,421,617.60
INDIANA	6,400,000.00	4,710,688.00	4,341,379.22
IOWA	4,308,000.00	4,288,520.64	4,288,520.64
KANSAS	4,151,000.00	4,047,426.32	4,047,426.32
KENTUCKY	5,048,000.00	5,048,000.00	860,155.73
LOUISIANA	5,331,000.00	5,255,906.92	2,932,832.10
MAINE	3,213,000.00	2,759,787.38	2,759,787.38
MARYLAND	5,881,000.00	5,881,000.00	5,058,472.14
MASSACHUSETTS	6,579,000.00	6,283,971.94	6,067,184.38
MICHIGAN	8,958,000.00	8,958,000.00	6,797,636.52
MINNESOTA	5,631,000.00	5,631,000.00	4,232,332.00
MISSISSIPPI	4,255,000.00	4,255,000.00	134,618.95
MISSOURI	6,079,000.00	6,079,000.00	4,512,600.00

FISCAL YEAR 2002 OBLIGATION & DRAWDOWN—Continued

STATE	AWARD AMOUNT	OBLIGATION	DRAWDOWN
MONTANA	2,967,000.00	2,967,000.00	2,356,138.40
NEBRASKA	3,502,000.00	2,365,560.04	2,365,560.04
NEVADA	3,693,000.00	2,932,185.27	2,932,185.27
NEW HAMPSHIRE	3,187,000.00	3,187,000.00	566,551.14
NEW JERSEY	7,948,000.00	7,948,000.00	
NEW MEXICO	3,574,000.00	861,485.41	861,485.41
NEW YORK	14,953,000.00	10,860,400.00	8,000,000.00
NORTH CAROLINA	7,706,000.00	7,339,690.00	4,589,749.00
NORTH DAKOTA	2,794,000.00	2,788,952.00	1,935,923.60
NORTHERN MARIANAS (MP)	835,000.00	634,948.00	631,569.00
OHIO	9,897,000.00	9,897,000.00	6,894,513.59
OKLAHOMA	4,656,000.00	4,450,000.00	474,551.16
OREGON	4,637,000.00	4,637,000.00	1,322,762.23
PENNSYLVANIA	10,512,000.00	10,512,000.00	5,524,635.76
PUERTO RICO	4,894,000.00	4,602,000.00	415,718.67
RHODE ISLAND	3,063,000.00	2,448,593.17	1,170,550.04
SOUTH CAROLINA	5,028,000.00	5,028,000.00	3,805,485.55
SOUTH DAKOTA	2,868,000.00	2,799,987.64	2,744,690.06
TENNESSEE	6,140,000.00	5,854,806.53	2,847,838.44
TEXAS	16,196,000.00	16,196,000.00	3,954,498.71
UTAH	3,849,000.00	3,849,000.00	2,331,617.46
VERMONT	2,772,000.00	2,772,000.00	1,883,177.41
VIRGIN ISLANDS	861,000.00	861,000.00	133,381.16
VIRGINIA	7,062,000.00	7,062,000.00	5,853,231.82
WASHINGTON	6,276,000.00	5,733,465.11	4,979,929.00
WEST VIRGINIA	3,567,000.00	3,567,000.00	3,567,000.00
WISCONSIN	5,925,000.00	4,842,045.00	4,137,494.44
WYOMING	2,696,000.00	2,157,207.03	2,157,207.03
TOTAL	315,700,000.00	295,372,907.19	170,631,350.65

FISCAL YEAR 2003 SHSGP I

Grantee	Award Amount	Obligation	Amount Drawn Down
Alabama	$9,457,000.00	$9,457,000.00	$175,934.60
Alaska	4,995,000.00	4,995,000.00	184,464.63
American Samoa [1]	1,482,000.00	1,482,000.00	
Arizona	10,584,000.00	10,584,000.00	2,074,597.00
Arkansas	7,394,000.00	7,394,000.00	3,383,376.03
California	45,023,000.00	45,021,503.60	5,141,147.64
Colorado	9,480,000.00	9,480,000.00	771,927.24
Connecticut [1]	8,265,000.00	2,688,030.55	
Delaware	5,185,000.00	5,185,000.00	
District of Columbia	4,910,000.00	4,910,000.00	
Florida	23,654,000.00	23,654,000.00	3,194,791.29
Georgia	14,188,000.00	11,344,100.00	2,749,000.00
Guam	1,596,000.00	1,596,000.00	138,141.80
Hawaii	5,693,000.00	5,693,000.00	160,895.41
Idaho [1]	5,803,000.00	5,396,000.00	1,210,840.19
Illinois	18,879,000.00	17,353,243.00	6,532,800.91
Indiana	11,399,000.00	11,399,000.00	4,859,561.60
Iowa [1]	7,656,500.00	7,656,500.00	232,884.14
Kansas	7,401,000.00	6,353,209.03	264,327.00
Kentucky	9,001,000.00	8,527,000.00	2,789,560.10
Louisiana	9,451,000.00	9,451,000.00	182,686.24
Maine	5,751,000.00	5,751,000.00	1,589,384.57
Maryland	10,585,000.00	10,585,000.00	1,223,974.47
Massachusetts	11,711,000.00		68,752.97
Michigan	15,918,000.00	15,918,000.00	899,860.42
Minnesota	10,076,000.00	10,076,000.00	614,470.00
Mississippi	7,582,000.00	7,582,000.00	1,001,844.54
Missouri	10,834,000.00	10,834,000.00	3,358,900.00

FISCAL YEAR 2003 SHSGP I—Continued

Grantee	Award Amount	Obligation	Amount Drawn Down
Montana	5,303,000.00	5,303,000.00	367,734.49
N. Mariana Islands	1,496,000.00	1,234,698.00	749,082.00
Nebraska	6,254,500.00	6,254,500.00	1,618,344.69
Nevada	6,771,000.00	6,771,600.00	1,259,918.90
New Hampshire	5,727,000.00	5,727,000.00	858,982.35
New Jersey	14,222,000.00	14,222,000.00	.....
New Mexico	6,401,000.00	6,401,000.00	133,918.45
New York [1]	26,492,000.00	14,872,000.00	19,000,000.00
North Carolina	13,908,000.00	13,908,000.00	1,228,130.00
North Dakota	4,983,000.00	4,983,000.00	1,046,030.93
Ohio	17,510,000.00	17,510,000.00	3,551,943.24
Oklahoma	8,304,000.00	6,847,000.00	414,231.39
Oregon	8,336,000.00	8,336,000.00	2,118,757.40
Pennsylvania	18,570,000.00	18,570,000.00	3,286,780.86
Puerto Rico	8,727,000.00	8,727,000.00	.....
Rhode Island	5,489,000.00	5,489,000.00	1,899,312.04
South Carolina	9,017,000.00	9,017,000.00	485,499.18
South Dakota	5,131,000.00	5,131,000.00	217,204.19
Tennessee	10,978,000.00	10,978,000.00	490,436.93
Texas	29,538,000.00	29,538,000.00	3,520,908.18
U.S. Virgin Islands	1,542,000.00	1,542,000.00	134,353.56
Utah	6,937,000.00	6,937,000.00	1,190,912.95
Vermont	4,963,000.00	4,963,000.00	1,466,921.25
Virginia [1]	12,716,000.00	8,031,200.00	6,369,466.20
Washington	11,294,000.00	11,194,000.00	6,653,422.04
West Virginia	6,340,000.00	6,340,000.00	5,034,308.70
Wisconsin	10,565,000.00	10,565,000.00	5,577,914.15
Wyoming	4,827,000.00	4,827,000.00	1,101,205.77
Total	566,295,000.00	524,584,584.18	112,579,842.63

[1] Verification of Obligation Data in Progress

FISCAL YEAR 2003 SHSGP II

Grantee	Award Amount	Obligation	Amount Drawn Down
Alabama	$25,049,000.00	$22,448,099.99	$2,077,219.12
Alaska	13,230,000.00	11,466,000.00	82,013.14
American Samoa [1]	3,926,000.00	3,403,000.00	398,076.00
Arizona	28,033,000.00	28,033,000.00	3,124,190.00
Arkansas	19,585,000.00	16,974,000.00	4,718,796.73
California	119,256,000.00	119,186,813.00	22,821,978.15
Colorado	25,111,000.00	25,111,000.00	1,587,461.43
Connecticut [1]	21,893,000.00	3,326,834.23	.....
Delaware	13,733,000.00	13,733,000.00	.....
District of Columbia	13,006,000.00	1,734,000.00	1,753,163.37
Florida	62,655,000.00	62,655,000.00	6,932,847.97
Georgia	37,579,000.00	37,579,000.00	2,764,500.00
Guam	4,226,000.00	4,226,000.00	.....
Hawaii	15,079,000.00	15,079,000.00	1,183,054.77
Idaho	15,375,000.00	14,350,000.00	2,059,200.37
Illinois	50,005,000.00	44,656,232.00	258,979.73
Indiana	30,194,000.00	26,285,402.27	9,776,430.67
Iowa [1]	20,282,000.00	17,689,625.12	1,337,200.95
Kansas [1]	19,603,000.00	16,989,000.00	24,886.33
Kentucky	23,838,000.00	20,660,000.00	2,204,308.52
Louisiana	25,037,000.00	22,741,123.28	569,112.82
Maine	15,232,000.00	15,232,000.00	2,403,869.60
Maryland	28,037,000.00	28,037,000.00	519,347.05
Massachusetts	31,020,000.00	31,020,000.00	8,321,342.08
Michigan	42,162,000.00	36,227,500.00	469,974.88
Minnesota	26,690,000.00	23,845,370.12	693,032.00
Mississippi	20,083,000.00	20,083,000.00	654,920.00
Missouri	28,697,000.00	28,697,000.00	5,048,400.00

FISCAL YEAR 2003 SHSGP II—Continued

Grantee	Award Amount	Obligation	Amount Drawn Down
Montana	14,047,000.00	13,110,500.00	205,653.27
N. Mariana Islands	3,963,000.00	3,963,000.00	186,642.00
Nebraska	16,568,000.00	16,568,000.00	4,128,342.94
Nevada	17,935,000.00	17,935,000.00	845,533.87
New Hampshire	15,172,000.00	13,362,968.47	6,664,255.98
New Jersey	37,671,000.00	37,671,000.00	2,318,264.63
New Mexico	16,956,000.00	13,635,150.00	68,600.00
New York [1]	70,172,000.00	70,172,000.00	63,000,000.00
North Carolina	36,840,000.00	36,840,000.00	455,173.00
North Dakota	13,200,000.00	11,440,410.00	247,219.42
Ohio	46,378,000.00	46,378,000.00	3,047,735.70
Oklahoma	21,996,000.00	21,996,000.00	183,361.58
Oregon	22,081,000.00	19,403,038.00	1,344,549.74
Pennsylvania	49,189,000.00	49,189,000.00	2,255,466.08
Puerto Rico	23,118,000.00	23,118,000.00	
Rhode Island [1]	14,540,000.00	12,603,756.96	9,285,838.00
South Carolina	23,882,000.00	23,882,000.00	830,961.88
South Dakota	13,591,000.00	13,591,000.00	3,499,236.39
Tennessee	29,080,000.00	29,080,000.00	28,493.47
Texas	78,238,000.00	78,238,000.00	1,412,151.75
U.S. Virgin Islands	4,085,000.00	4,085,000.00	2,358,158.50
Utah	18,374,000.00	18,374,000.00	3,388,302.90
Vermont	13,147,000.00	13,147,000.00	559,083.58
Virginia	33,683,000.00	29,861,000.00	21,240,605.96
Washington	29,917,000.00	27,080,797.47	1,614,935.49
West Virginia	16,792,000.00	14,553,000.00	
Wisconsin	27,985,000.00	27,985,000.00	12,926,737.90
Wyoming	12,784,000.00	12,784,000.00	149,005.29
Total	1,500,000,000.00	1,411,514,620.91	224,028,615.00

[1] Verification of Obligation Data in Progress.

FISCAL YEAR 2003 UASI I

Grantee	Award Amount	Obligation	Amount Drawn Down
New York City	$24,768,000.00		
National Capital Region	18,081,000.00		
Los Angeles	12,422,000.00		
Seattle	11,201,000.00	$1,597,300.00	$65,825.45
Chicago	10,896,000.00	2,700,000.00	
San Francisco	10,349,000.00	42,000.00	
Houston	8,634,000.00		
Total	96,351,000.00	4,339,300.00	65,825.45

FISCAL YEAR 2003 UASI II

Grantee	Award Amount	Obligation	Amount Drawn Down
NEW YORK	$135,266,607.00	$33,816,652.00	$82,816,652.00
New York City, NY	125,000,000.00		
Buffalo, NY	10,266,607.00		
NATIONAL CAPITAL REGION	42,409,851.00		
ILLINOIS	29,975,733.00		
Chicago, IL	29,975,733.00		
TEXAS	34,165,283.00	963,124.96	7,987.72
Houston, TX	23,766,700.00		
Dallas, TX	10,398,583.00		
CALIFORNIA	62,202,490.00		134,049.00
Los Angeles, CA	18,874,838.00		
San Francisco, CA	18,587,312.00		

FISCAL YEAR 2003 UASI II—Continued

Grantee	Award Amount	Obligation	Amount Drawn Down
San Diego, CA	11,359,682.00		
Sacramento, CA	6,912,795.00		
Long Beach, CA	6,467,863.00		
WASHINGTON	18,186,668.00	600,000.00	13.09
Seattle, WA	18,186,668.00		
MASSACHUSETTS	16,727,125.00	1,718,408.00	
Boston, MA	16,727,125.00		
COLORADO	15,568,474.00		
Denver, CO	15,568,474.00		
PENNSYLVANIA	21,038,924.00		
Philadelphia, PA	14,215,223.00		
Pittsburgh, PA	6,823,701.00		
MISSOURI	19,548,603.00	2,466,979.96	365,000.00
St. Louis, MO	9,850,142.00		
Kansas City, MO	9,698,461.00		
FLORIDA	18,959,558.00	3,695,318.60	3,296,000.00
Miami, FL	13,184,569.00		
Tampa, FL	5,774,989.00		
OHIO	13,859,426.00	202,370.00	7,874.27
Cincinnati, OH	7,991,055.00		
Cleveland, OH	5,868,371.00		
MICHIGAN	12,272,550.00		
Detroit, MI	12,272,550.00		
NEW JERSEY	11,892,942.00		
Newark, NJ	11,892,942.00		
ARIZONA	11,033,467.00	200,000.00	14,469.00
Phoenix, AZ	11,033,467.00		
MARYLAND	10,900,944.00	2,725,236.00	1,464,126.51
Baltimore, MD	10,900,944.00		
HAWAII	6,870,891.00		1,717,723.00
Honolulu, HI	6,870,891.00		
OREGON	6,766,108.00	150,000.00	1,151.99
Portland, OR	6,766,108.00		
LOUISIANA	6,282,661.00	1,570,665.00	
New Orleans, LA	6,282,661.00		
TENNESSEE	6,071,695.00	30,000.00	
Memphis, TN	6,071,695.00		
Total	500,000,000.00	48,138,754.52	89,825,046.58

STATE PLANS

Question. States were to submit their plans to the Department by December 31, 2003. How many State plans were delivered by that date? How many State plans have now been submitted? How many, and which, State plans have not yet been approved? In reviewing the plans, what lessons have been learned about DHS plan requirements and what best practices have been identified?

Answer. Each State, the District of Columbia, the Commonwealth of Puerto Rico, and the territories were required to submit their assessments and strategies by January 31, 2004. Much of how the States and territories will distribute and utilize Homeland Security Grant Program funds will be influenced by the results of the State Homeland Security Assessments and Strategies.

These assessments and strategies are critically important to both the States and the Federal Government. They provide a wealth of information regarding each State's vulnerabilities, capabilities, and future requirements, as well as each State's preparedness goals and objectives. They provide each State with a roadmap as to how current and future funding, exercise, training, and other preparedness resources should be directed and targeted, and they provide the Federal Government with a better understanding of needs and capabilities.

All assessments and strategies have been received and reviewed or currently are under review by an intra-DHS review board comprised of representatives from major Department components. Of those 56 strategies, 53 have been approved by the Department. The remaining three—Idaho, Northern Marianna Islands, and the District of Columbia—should be approved soon. ODP officials are continuing to work

with officials from these states and territories to ensure that the requisite information and changes are made to their strategies.

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

SEAPORT SECURITY IMPLEMENTATION COSTS

Question. The Coast Guard has estimated that the cost of meeting security mandates from the Maritime Transportation Security Act will be $1.1 billion initially and then $7.1 billion over the next 10 years.

The deadline for submitting port security plans to the Coast Guard passed at the end of 2003 and many ports and facilities either turned in nothing, or submitted reports that the analysis was still pending. It has been reported that the Coast Guard also does not have the personnel resources to review and evaluate the assessments when they are turned in.

Most shipping activity is controlled by State, local and private sector operations, and the Federal presence is minimum. The ports are not deep pocketed, and tend to focus all activity on efficiency. Relying on them as the total source of funding will ensure that we get weak port security. By way of comparison, this would be like saying at the Southwest Border, where a rancher's ranch borders the Rio Grande and the Mexican border; "we have concerns about illegal immigration over your land, and we want you to put up gates and fences and conduct surveillance of your property, and if you don't we will take your ranch away from you". While the protection of our border is a shared burden, the Administration budget proposal does not adequately address it's obligation.

The cost of securing our seaports is high, yet not impossible to cover. The Coast Guard has published estimates that the cost will be over $7 billion over the next 10 years. Why has the administration only provided $46 million in the budget to meet this need?

Answer. The President's Budget provides $1.9 billion for port security in the Department of Homeland Security, a 13 percent increase over the 2004 level.

Within the 2005 total is $1,675 million for Coast Guard port, waterway, and coastal security activities, including over $100 million to implement the Maritime Transportation Security Act (MTSA).

The DHS port security total also includes $164 million in U.S. Customs and Border Protection for the Container Security Initiative and the Customs Trade Partnership Against Terrorism as well as the $46 million in the Office for Domestic Preparedness for port security grants.

The Administration's budget request supports the President's National Strategy for Homeland Security. This strategy provides the basic framework to mobilize and organize the Nation—Federal, State and local governments, the private sector, and the American people—in the complex mission of protecting our homeland.

To date, the Coast Guard has received approximately 97 percent of the Facility Security Plans that it anticipates receiving in response to the Federal Maritime Security Regulations that were promulgated under the Maritime Transportation Security Act (MTSA). The Coast Guard is currently reviewing these Facility Security Plans with the assistance of one of the Nation's premier engineering companies, Black and Veatch. The review process includes three stages that concludes with an on-site examination to ensure that the security measures outlined in the plan are appropriate and are being fully implemented. The Coast Guard has allocated the resources necessary to conduct a full review of each Facility Security Plan before July 1, 2004 when all facilities are required to be operating under their approved plans.

The estimated costs of meeting the security mandates from the Maritime Transportation Security Act do not account for the security measures that companies have already taken to enhance security. For the sake of good business practice, or to comply with regulations promulgated by other Federal and State agencies, many companies have already made substantial investments to upgrade and improve security of their operation. We also realize that not every company engaged in maritime commerce would implement the requirements for increased security in exactly the same manner. Depending on each company's choices, some companies could spend much less than what was anticipated in the regulatory analysis for the MTSA regulations.

The Department fully understands there will be short-term costs, particularly for many smaller ports or companies with less security experience. The Coast Guard is fully engaged with the maritime industry to help alleviate the burden. The Department has also awarded or made available a total of nearly $500 million in port security grants over the past 2 years and anticipates convening the fourth round of grants in spring 2004.

The security requirements of the Maritime Transportation Security Act were developed with the full cooperation of the private sector. The implementation of these requirements will complement the Department's already strong response.

OVERALL COAST GUARD BUDGET REQUEST ONLY 6 PERCENT INCREASE

Question. The Commandant of the Coast Guard testified that the Coast Guard was on track to restore resources and performance of non-security missions, such as search and rescue of stranded mariners, to pre-9/11 levels. However, a draft GAO report (non-public until mid-March) finds that the resource hours dedicated to the search and rescue mission search & rescue is down 22 percent from pre-9/11 levels. The resource hours dedicated to many other non-security missions, such as fisheries enforcement, living marine resources, and drug interdiction, are all down as well.

Does this budget really fund the Coast Guard at sufficient levels? The request is really only a 6 percent increase over what we enacted last year, if you include the supplementals. Why is Coast Guard getting so little of the increase when it has so many responsibilities related to security and non-security missions?

Answer. Yes, the fiscal year 2005 budget request is sufficient to fund Coast Guard operations. A 6 percent increase is not a fair comparison since the fiscal year 2004 Coast Guard budget includes supplemental funding provided for Iraqi Freedom and Hurricane Isabel. Supplemental appropriations are for specific purposes and are non-recurring. Therefore, the fiscal year 2005 Coast Guard budget would not reflect this funding.

While the draft GAO report referenced in this question noted that that the resource hours for non-homeland security programs decreased, the report also had the following conclusion: "The Coast Guard's performance results—measures used to track each program's annual progress—generally did not mirror the trends in resource use. Instead, results for programs GAO reviewed were generally stable or improved regardless of the resources applied, and nearly all of the programs that GAO reviewed met their performance targets." (Draft GAO–04–043, March 2004).

Search and Rescue (SAR) is a demand driven mission. While resource hours for SAR are down, it is due to less distress calls than from lack of resource hours. Also from the GAO report: ". . . the search and rescue program's target for fiscal year 2003 was to save 85 percent of mariners in distress and the program achieved this goal by saving over 87 percent of them."

While resource hours are an important measure, the Coast Guard relies on the judgment of the operation commander to apply available resources based on the risks in the relevant area of operations. This flexibility is critical to apply Coast Guard resources to the numerous missions mandated in Section 888 of the Homeland Security Act of 2002.

Question. I am hearing reports that the Coast Guard's resource hours for most non-security missions are still down below pre-9/11 levels. For example, I've heard that the search and rescue mission is down 22 percent from pre-9/11 levels. What can you tell me about that?

Answer. In fiscal year 2003, search and rescue operational activity, as reported by cutters, aircraft and boats (ashore) in the Abstract of Operations (AOPS), was 22 percent lower than pre-9/11 levels. The pre-9/11 level is defined as the annual average of the eight-quarter period beginning with the 4th quarter of fiscal year 1999 and ending with the 3rd quarter of fiscal year 2001.

The observed decrease in operational activity does not necessarily reflect reduced readiness or responsiveness. Search and rescue is a demand-driven mission. As such, a decrease in search and rescue resource hours is a result of a reduction in the number of distress calls received. Further, search and rescue operational activity may also be affected by any number of the following factors:

—The economy—boating activity mirrors the economy's fluctuations.
—Weather patterns and number of severe storms.
—Improved safety equipment onboard vessels.
—Better built craft; modern vessels are more reliable.
—Better communications that prevent false overdue cases.
—Increased use of private towing companies providing non-emergency assistance.

The Coast Guard continues to respond to all urgent search and rescue calls.

INTELLIGENCE DISSEMINATION

Question. Section 70113, of the MTSA mandated a single system of collection and analysis on vessels, cargo, crew, and passengers entering into the U.S. Maritime intelligence had traditionally been developed in response to the needs of the U.S. Navy, and the Office of Naval Investigations ("ONI") was crucial during World War II as they were responsible for de-encrypting German and Japanese naval codes.

Later during the Cold War, this agency was charged with the tracking of Soviet naval assets and submarines. The first efforts in tracking and monitoring commercial maritime shipping occurred in the 1980's, when the Coast Guard was brought into the naval intelligence world, primarily to help track vessels that might be involved in drug running.

The current headquarters for the Maritime Intelligence Center ("MIC") located in Suitland, Md, houses Navy and Coast Guard officials. There were 1,500 Navy officers and about 40 Coast Guard officers working the unit. Since then, some strides have been taken to improve the unit, including the formal recognition of the Coast Guard into the intelligence community, appointment by the Coast Guard of the first head of Coast Guard intelligence, and a slight increase of resources. However, much remains to be done in this area, and the agencies have not cooperated at all to forge a common program. In response to your concerns about coordination of intelligence, you earmarked $25 million to TSA, in hope that bringing new money to the pot might stimulate a more coordinated effort. Given that we only inspect 2 or 3 percent of our cargo entering into U.S. ports, and good, coordinated intelligence will be vital.

Mr. Secretary, you mentioned in your testimony that DHS is working to improve the sharing of intelligence. You have a major issue facing you in developing a coherent policy that will allow for the dissemination of intelligence reports to many of the different personnel involved in Homeland Security. First off, you have to collect certain information from officials at places like the CIA, or FBI, and get it presented to your department. Then you have to analyze it and verify it, and then pass the information out to the people who we can provide the highest degree of oversight and security. In many cases, this may be an official who works at a power plant, or is in charge of a rail terminal, or chemical facility, and who are currently not able to receive government security information that is classified. In the case of homeland security many officials that will provide security will either be from the private sector, or local or State officials.

Even within the Federal Government, and within your Agency, we are experiencing coordination problems. The Maritime Transportation Security Act mandated the creation of a single system of information collection and analysis in order to bring together information on ship movements, and connect it to information on cargo and shippers, and information on crew members and passengers to make sure that we have the best information possible to evaluate risk.

Yet, since the passage of our legislation, there have been no efforts at all to coordinate this information. In fact, since we passed the bill, Customs who used to have a presence at the Coast Guard Maritime Intelligence Center has eliminated its presence, and started construction of a new cargo intelligence facility. This is ludicrous. What are you going to do to make sure that the public can receive and act upon our intelligence, and increase homeland security, and can you take steps to start to harmonize the own agencies within your Department?

Answer. The Office of Information Analysis (IA) works in close connection with the State and Local and Private Sector Directorates within the Department of Homeland Security (DHS) in order to provide timely and valuable threat-related information to the State and local officials and private sector workforce that protect and provide for our Nation's people and infrastructure. This involves receiving and acting on feedback from such individuals, updating and specifying recommended protective measures, and communicating directly with first responders and State officials when necessary. Additionally, in an effort to unite and coordinate Department wide efforts, the Assistant Secretary for Information Analysis hosts a twice monthly meeting of the intelligence and operations directors and/or their representatives from each DHS entity. This meeting is used to coordinate policies and efforts, to ensure close and consistent communication, and to discuss recommendations for improvements in information sharing. The Department has taken preliminary steps to harmonize the intelligence efforts of its 20 plus separate entities by identifying legacy and new analytic resources as well as the missions and capabilities of the respective offices.

The Department of Homeland Security is coordinating information sharing. The Coast Guard has taken a leadership role within DHS to ensure that maritime intelligence products are accurate and available to the DHS Information Analysis and Infrastructure Protection (IAIP) Directorate and throughout the entire Federal Government. The Coast Guard Command Center is co-located with the National Response Center (NRC) sharing threat information and reports of suspicious activities from the maritime industry and other maritime stakeholders. In addition, the Coast Guard has provided access to its intelligence databases, advice to other agencies developing intelligence-shared architectures, and exchanged intelligence analysts and liaison officers with other agencies active in the maritime arena. These liaison officers work with the following organizations: Terrorist Threat Integration Center, De-

fense Intelligence Agency, Federal Bureau of Investigation, Border and Transportation Security, U.S. Navy, IAIP, National Security Agency, Central Intelligence Agency, National Drug Intelligence Center, El Paso Intelligence Center, and Joint Intelligence Task Force for Combating Terrorism. The Coast Guard and Navy also continue to build an effective joint intelligence partnership to enhance maritime domain awareness. The Coast Guard's Intelligence Coordination Center is co-located with the Office of Naval Intelligence, which comprises the National Maritime Intelligence Center (NMIC).

Further, the Coast Guard and Border and Transportation Security (BTS) have exchanged personnel to enhance data sharing between the CG Intelligence Coordination Center's COASTWATCH (which analyzes information from notice of arrival reports on vessels, people, and certain dangerous cargoes approaching U.S. ports) and BTS' National Targeting Center (cargo tracking process). Additionally, the Coast Guard's two Maritime Intelligence Fusion Centers are collocated with the U.S. Navy Shipping coordination Center to exchange Maritime Homeland Security (HLS) and Homeland Defense (HLD) information.

PASSENGER SCREENING & CHECKPOINT ISSUES

Question. A provision in the fiscal year 2004 Homeland Security Appropriations bill that was signed into law by President Bush on October 1, 2003, maintains a cap on TSA's full-time staffing at 45,000 positions. TSA has been trying to meet this employment cap since it was first imposed, and over the last 6 months has cut more than 6,000 screener positions from its workforce.

Does the employment cap of 45,000 positions in the fiscal year 2004 Homeland Security Appropriations bill provide TSA the flexibility it needs to devise appropriate staffing levels for individual facilities?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is better coordinating airline schedules and passenger load with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

Question. How will TSA deal with the employment cap as air traffic returns to more normal traffic growth levels?

Answer. We share Congress' desire to ensure that our screeners are deployed effectively and efficiently to maximize the safety and security of the traveling public. TSA will continue to review its workforce requirements at each airport, considering the number, location, and balance of full-time and part-time screeners. We will engage airport operators and air carriers to ensure that growth rates, changes in flight schedules, and other concerns, such as new technology that improves screener performance and efficiency, are incorporated into our planning. As we move forward into the busy summer travel season, we will gain a better understanding of whether or not screener staffing levels are adequate for the long term.

Question. Do you believe that this is a situation where budgetary issues may end up driving operational issues rather than the actual threat levels?

Answer. Budgetary considerations are not driving decisions on the level of aviation security provided by our screening operation. Ensuring adequate operating efficiency on the part of airlines and airports given the need to maintain high security is a continuing challenge that TSA will work through as we refine and improve screening operations.

Question. Would it be more effective for TSA to develop staffing standards for screeners that are based on ensuring that the average aviation security-related delay experience by passengers does not exceed 10 minutes per boarding?

Answer. TSA is in the process of completing work on the development of staffing standards for each airport based on modeling which include criteria such as passenger wait times.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

ALL-STATE MINIMUM

Question. I was disappointed that President Bush's proposed budget for fiscal year 2005 drops the all-state minimum formula, which I authored, from the State Home-

land Security Grant Program. This formula assures that each State receives a minimum of 0.75 percent of those grants to help support their first responders' basic preparedness needs.

Not only would this change result in the loss of millions in homeland security funding for the fire, police and rescue departments in small- and many medium-sized states, but also deal a crippling blow to their efforts to build and sustain their terrorism preparedness.

Mr. Secretary, you and I have often spoken on how to fairly allocate domestic terrorism preparedness funds to our states and local communities. I thought we both agreed that fire, police and emergency medical rescue teams in each State deserve support in achieving the new homeland security responsibilities the Federal Government demands. Imagine my surprise, then, when I read in the fiscal year 2005 budget proposal that the State Homeland Security Grant Program would be allocated among the states based on population concentrations, critical infrastructures, and other significant terrorism risk factors, as determined by you.

Mr. Secretary, does the Bush Administration want to shortchange rural states, rolling back the hard-won progress we have begun to make in homeland security by slashing the protections provided to us by the all-state minimum?

Answer. The provision of homeland security funds to all states and territories is essential to the Federal, State, and local effort to enhance national security. I have said consistently that I believe there should be a minimum level of preparedness across the country. The language in the President's fiscal year 2005 request for the Department of Homeland Security recognizes that factors other than a minimum formula and population should be considered in making overall funding allocations. The language further states that the Secretary should have the latitude and discretion to make this determination based on a number of factors, including population concentrations, critical infrastructure, and other significant terrorism risk factors.

Terrorism and the threat of terrorist acts are not static, as is the current formula included in the USA PATRIOT Act. Instead, threats, risks, and vulnerabilities are fluid and can change based on a number of factors. The Department of Homeland Security should not be constrained by a formula and distribution method that does not change to meet current and future security needs. As you know, each State has submitted an updated homeland security strategy as a requirement of receiving and distributing fiscal year 2004 Office for Domestic Preparedness grant funds. It is the Department's expectation that these strategies, and periodically updated strategies, will provide invaluable information to determine appropriate funding levels for all states—large and small, urban and rural.

The Administration and Congress share the goal of enhancing the Nation's ability to deter, prevent, respond to, and recover from acts of terrorism. The Administration firmly supports the notion that security needs to be improved across the Nation. The Administration, however, has consistently supported a change in the USA PATRIOT Act formula so that we can apply more factors than just population to distributing and expending limited homeland security resources.

Question. Mr. Secretary, would you agree that homeland security is a national responsibility shared by all states, regardless of size?

Answer. I strongly support the idea that homeland security is a national responsibility shared by all states, regardless of size. That is why I firmly believe that there should be a minimum level of preparedness across the country. Since its creation last year, the Department has provided more than $8 billion to support and enhance the security of states and localities. The President's fiscal year 2005 budget request continues this strong support and commitment to the Nation's emergency prevention and response community. The President's budget clearly demonstrates the continuing priority placed on homeland security through requesting $40.2 billion in total new resources for fiscal year 2005, which is an increase of 10 percent above the comparable fiscal year 2004 level.

Question. Mr. Secretary, do you agree that each State has basic terrorism preparedness needs and, therefore, a minimum amount of domestic terrorism preparedness funds is appropriate for each state?

Answer. I strongly support the idea that homeland security is a national responsibility shared by all states, regardless of size. That is why I firmly believe that there should be a minimum level of preparedness across the country.

Question. Mr. Secretary, would you support a budget supplement amendment to restore the 0.75 percent minimum to the State Formula Grants Program, which include the State Homeland Security Grant Program, the Citizens Corps and the Law Enforcement Terrorism Prevention Grants Program?

Answer. I strongly support the President's fiscal year 2005 budget request that provides for additional factors to be considered when making determinations on how to distribute homeland security funds to states and localities. While I support the

concept behind the PATRIOT Act—that every State should receive minimum levels of support—I firmly believe that funding allocations decisions should be based on a number of other factors not included in the PATRIOT Act formula, including the presence of critical infrastructure and other significant risk factors. With the input that the Department is receiving from the states through their updated homeland security strategies, and with the more robust intelligence analysis and data collection capabilities within the Department, the Department will be better able to prioritize support for your efforts to prevent, prepare for, and respond to terrorist incidents. The President's fiscal year 2005 request recognizes this enhanced ability, and provides the Secretary of Homeland Security the latitude and discretion to determine appropriate funding levels to the states.

FIRST RESPONDERS

Question. President Bush often says that he wants to ensure that our State and local first responders receive the resources necessary to do the job the American public expects them to do.

I find that hard to believe, though, when I read that he proposes an $805 million, or 18.4 percent, overall cut in funds for Office for Domestic Preparedness funding programs that directly benefit police, fire and medical rescue units. The Administration argues this is justified because it does not believe those funds are "targeted" to homeland security capabilities.

I believe, however, that the current Administration has failed to make first responders a high enough priority by consistently underfunding homeland security efforts of every state.

The Hart-Rudman Terrorism Task Force Report argued that our Nation will fall approximately $98.4 billion short of meeting critical emergency responder needs through this decade's end if current funding levels are maintained.

Clearly, the domestic preparedness funds available are still not enough to protect from, prepare for and respond to future domestic terrorist attacks anywhere on American soil.

Would you agree, Mr. Secretary, that to be truly protected from, prepared for and able to respond to future terrorist attacks we should be looking to increase the funds to our Nation's State and local first responders, rather than decrease them, as proposed by the President?

Answer. The President's fiscal year 2005 request includes more than $3.5 billion to support ODP programs and activities. This represents a $3.3 million increase over the Fiscal year 2004 request. The fiscal year 2005 request includes funds to continue the Homeland Security Grant Program which includes the State Homeland Security Program at $1.4 billion; the Law Enforcement Terrorism Prevention Program at $500 million; and the Citizen Corps Program at $50 million. Funds are also provided for the continuation of the Urban Areas Security Initiative at $1.4 billion; the Fire Act Program at $500 million; the Emergency Management Performance Grants at $170 million; as well as for ODP's training, exercise, and technical assistance efforts.

The continuation of these efforts, and the $3.3 million increase in ODP's overall request, coupled with the President's request for a 10 percent increase in funding for DHS as a whole, provides ODP, and the entire Department, with the resources we require to help secure the Nation from acts of terrorism. The Administration and Department remain committed to providing our Nation's emergency prevention and response community the resources they need to continue to secure our Nation from future acts of terrorism.

FIRE SERVICES

Question. After paying repeated lip service to the great sacrifices made by our Nation's first responders, last week President Bush unveiled a budget that cuts total Federal assistance to first responders by $800 million.

This fiscal year Congress appropriated $4.2 billion to address first responder and homeland security needs. Despite heightened terror alerts and multiple studies documenting the pressing needs of the fire service, the administration has proposed a $3.5 billion package for fiscal year 2005 that cuts the FIRE ACT and grant programs to State and local jurisdictions.

Consistent with the President's opposition to using Federal dollars to hire fire fighters, the budget does not include any funding for the newly authorized SAFER (Staffing for Adequate Fire and Emergency Response) program, which fire departments nationwide argue is critical to maintaining their commitment to public safety.

The budget also proposes cutting a total of $435 million from first responder grants to states and other important fire service programs, including eliminating

the $60 million grant program for Urban Search and Rescue and the $60 million competitive training grant programs. An additional $20 million has been slashed from the fund for technical training and national exercises.

Each year since the terrorist attacks of 9/11, Congress has increased President Bush's proposed appropriations to the fire service. And it is now incumbent upon us to do that again.

Mr. Secretary, this is a time when our Nation needs to support our communities' firefighters. On September 11th, the Nation saw that the first on the scene at the World Trade Center were the heroic firefighters of New York City. Those real-life heroes, 343 of whom gave the ultimate sacrifice, should remind us of how essential that support is.

We hear a lot of rhetoric from this Administration about the need to secure our homeland and keep our Nation safe. It is very unfortunate that the President has decided not to put his money where his mouth is. These cuts are unconscionable and lack clear understanding of the many problems facing our Nation's first responders—especially those serving in our fire departments.

Aside from rearranging the deck chairs at DHS, how will your budget plan at least as much money out to our brave firefighters as it did last year?

Answer. The Department is strongly committed to addressing the needs of the Nation's first responders. In fiscal year 2005, the DHS budget request includes $3.6 billion for terrorism and emergency preparedness grants and assistance. Since March 1, 2003, the Department has allocated and awarded more than $8 billion in overall grant funding for States and Territories to enhance the abilities of their first responders. President Bush is the first president to request funding for the fire service and the emergency medical services, and the first to call specifically for funding of the Assistance to Firefighter Grant Program in his budget. When the 2004 grant process is completed, DHS will have distributed almost $2 billion to more than 20,000 local fire departments, and the President's fiscal year 2005 Budget has proposed another $500 million. From fiscal year 2002 through fiscal year 2004, the Administration as a whole has approved or requested more than $17 billion for State and local fire departments, law enforcement, public health biodefense, and emergency response. In addition, the Bush Administration has trained more than 700,000 first responders since September 11, 2001.

IMMIGRATION

Question. The President's budget proposes a 40 percent cut in the amount of directly appropriated funds for the Bureau of Citizenship and Immigration Services (CIS), from the nearly $235 million appropriated for the current year to $140 million for fiscal year 2005.

You mention in your written testimony the President's guest worker proposal. If Congress approves such a guest worker plan, it would drastically increase the workload of CIS. Why is the President proposing a 40 percent cut in an agency whose workload he wants to increase dramatically?

Answer. The President's fiscal year 2005 Budget is not proposing a cut in the USCIS budget. In fact, the President's budget includes a $300 million increase over last years levels, including an additional $60 million in discretionary funding towards backlog reduction efforts aimed at achieving a 6-month processing time for all immigration benefit applications by fiscal year 2006.

The President's fiscal year 2005 budget reflects the current proposal recently adopted by USCIS to adjust its fee schedule through the rulemaking process. This fee adjustment includes amounts for administrative support services ($155 million) previously funded through appropriated funds (tax dollars). Thus, this proposal has no impact on the USCIS budget except for the fact that the funding source for these services will be by way of fees versus tax dollars. With the exception of the $140 million in appropriated backlog reduction funds, USCIS will be a wholly fee-funded agency in fiscal year 2005.

Beginning in fiscal year 2002, USCIS has been receiving a total of $100 million in funds for backlog reduction to achieve the 6-month processing time. The $100 million is made up of $80 million in appropriated funds and $20 million in premium processing fees. The President is proposing a 60 percent increase for backlog reduction efforts in fiscal year 2005, bringing the total backlog reduction funds from $100 million to $160 million ($140 million in appropriated funds and $20 million from the premium processing fees).

Question. Speaking of the guest worker program, I wrote to the President last month and asked him to submit a legislative proposal to Congress that would implement his plan. As you know, we have a short legislative year ahead of us. Why has the President not already submitted proposed legislation? Will he do so?

Answer. On January 7, 2004, the President announced principles in creating a new temporary worker program that would match willing foreign workers with willing U.S. employers when no Americans can be found to fill the jobs. We look forward to working with Congress to develop legislation that incorporates the best ideas for the American worker and our foreign visitors. Through the principles outlined by the President, the best course to the end goal of opportunity, security, safety, compassion, jobs and growth can be achieved.

Question. President Bush has promised to reduce the average wait time for applicants for immigration benefits to 6 months by 2006. In light of that goal, and the increased burden the President would place on the CIS through the guest worker program, why does the President's budget not seek any directly appropriated funds for backlog reduction?

Answer. As answered above, the President is seeking in the fiscal year 2005 budget a 60 percent increase in the total funds towards backlog reduction efforts, from $100 to $160 million, including $140 million in appropriated funds. CIS will meet the President's goals no later than 2006. CIS does not believe that the President's Temporary Worker Proposal will impact the backlog.

CRITICAL INFRASTRUCTURE

Question. DHS published a proposed rule on critical infrastructure information, or CII, on April 15, 2003. What is the current status of the CII rule?

Answer. The Interim Final Rule establishing the regulations (6 CFR 29) to implement the CII Act of 2002 were published in the Federal Register for immediate implementation on February 20, 2004. Has DHS received CII submissions from corporations? If so, how many? How is DHS handling such information?

Answer. We have not received any submissions under the Interim Final Rule as of March 1, 2004.

Question. Despite the lack of a final rule on the handling of CII, are submissions effectively restricted from public disclosure and from transmittal to other Federal agencies?

Answer. The Interim Final Rule has been published and submissions meeting all the requirements of the Act and the implementing regulations (known as Protected Critical Infrastructure Information (PCII)) are exempt from release under the Freedom of Information Act. PCII may be shared with other Federal agencies engaged in critical infrastructure activities authorized under the CII Act and with State and local governments performing those activities that have signed agreements with DHS.

Question. Secondly, as I understand it, DHS received numerous substantive comments on the proposed rule, including many submissions that raised concerns with the draft rule. If substantive changes are made, based either upon these comments or other reasons, will DHS issue a new proposed rule before finalizing this controversial provision?

Answer. The Notice of Proposed Rulemaking was published for comment on April 20, 2003. A total of 117 comments were received. Based on these comments the draft regulation was revised and an Interim Final Rule was published for immediate implementation on February 20, 2004. DHS issued an Interim Final Rule to provide a framework necessary to receive voluntarily provided Critical Infrastructure Information and protect it from public disclosure, while allowing the Department to adapt as program operations evolve. The Department has asked for additional comments on the Interim Final Rule by May 20, 2004. These comments will help DHS determine whether possible supplemental regulations are needed as experience is gained in implementing the CII Act of 2002.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

Question. I have heard from the Iowa State Secretary of Agriculture that the Department of Homeland Security is no longer funding certain veterinary positions assigned to monitoring for animal diseases that USDA used to fund before the funding stream was switched to the Department of Homeland Security. As the recent case of a BSE-positive cow in Washington showed, our State Departments of Agriculture are our front lines of defense against animal diseases, whether intentionally or naturally caused, and our veterinarians are our calvary. These positions, which were funded through a USDA grant program, provide States with essential animal disease preparedness and response capability. Many of the postions funded through the program are essential to states bioterrorism planning and response efforts as well.

Why did your department cease funding for these positions when the authority for the program was switched as part of the Homeland Security Act? How are States

supposed to make up for the loss in animal disease monitoring capabilities? Are you considering reinstating the program?

Answer. The U.S. Department of Agriculture (USDA) is responsible for the monitoring for animal diseases. The Department of Homeland Security (DHS) is responsible for conducting document verifications of certain restricted meats and for ensuring compliance with entry requirements for animals and animal by-products set by USDA. USDA retained authority for the animal disease-monitoring program and veterinary positions referred to in the question. DHS has no involvement in the funding of these positions. This question would be best directed to USDA.

Question. The Emergency Management Grant Program (EMPG) was transferred with FEMA to the Department of Homeland Security. It is the grant program that funds the basic emergency management functions of State and government. This is the money Ellen Gordon and her team use to prepare for hurricanes, floods, hazardous materials spills, accidents, or any other kind of disaster.

When EMPG was moved to DHS, the Bush Administration tried to merge it into the new terrorism First Responder grant program. States argued to keep it separate because they did not want their broad emergency response functions shifting to a terrorism-only focus. Congress agreed and the program has been kept separate—and has been fully funded.

In his fiscal year 2005 budget request, Bush proposes to cut it by 5 percent—but, more importantly, to cap personnel costs at 25 percent of the grant award.

If that were to be endorsed by the Congress, Iowa would lose one-third of our entire emergency management function and our local governments would lost between 20–30 percent of their staff.

Exercises planned would have to be canceled. The critical coordination between our traditional emergency management planning and our post-9/11 planning would be severely impacted. This is not the time to be cutting staff in this area.

I am very concerned with the requirement in the budget request that only a certain percentage of the Emergency Management Performance Grant program can be used to pay for personnel. As you know, this is the program which undergirds our very critical need to be prepared for any kind of disaster, whether terrorism, floods, hurricanes, earthquakes, etc. While it is never popular to pay for the services of staff, these staff do the work of coordinating our response plans and their work is very, very critical to us (particularly as the terrorism grants are threatening to shift to urban areas). Can you tell me the rationale behind this change and how you believe it will impact preparedness in our communities?

Answer. The Administration's fiscal year 2005 request for the Emergency Management Planning Grants is $170 million, which is higher than any previous request for this program. The funds will be used to assist the development, maintenance, and improvement of State and local emergency management capabilities, specifically to build local capacity for homeland security needs.

As you note, though, the request does cap the amount that states can use for salaries, thereby significantly increasing the amount of funds available for planning, training and exercises. The request shifts the emphasis to Federal support for planning while properly aligning responsibility for staffing and salaries with the states and local governments. The Administration and Department have consistently supported the idea that homeland security is a shared responsibility between Federal and State and local governments. Additionally, it is important to remember that we are operating in a fiscal and security environment where we must ensure maximum security benefits are derived from every security dollar. To do that, we must be able to take a new look at the way in which we allocate resources, including sharing financial responsibility with our State and local partners.

QUESTIONS SUBMITTED BY SENATOR HERB KOHL

DISASTER MEDICAL ASSISTANCE TEAMS

Question. Disaster Medical Assistance Teams, or DMATs, can provide states with valuable extra capacity in the case of a disaster or terrorist attack. These volunteer teams act as important reserves without costing the taxpayers a great deal of money. However, neither Wisconsin nor our neighbor Illinois has a DMAT. This is especially troubling considering how many people live between Milwaukee and Chicago. The State of Wisconsin is behind the effort to create a new team, but I hear the Department of Homeland Security has put a stop to creating new teams because of some problems with current teams. If teams are not meeting requirements then eliminate those teams, but in areas without a team, Homeland Security needs to move forward. While the National Guard used to be an option when states faced

a crisis, Guard Units may not be available now with the war in Iraq and Afghanistan.

Don't these teams provide additional capability at a reasonable cost? Will the Department reconsider its moratorium on new Disaster Medical Assistance Teams?

Answer. The Department of Homeland Security's (DHS') National Disaster Medical System (NDMS) has received a number of inquiries over the past year from communities wanting to start new Disaster Medical Assistance Teams (DMATs). DHS is pleased at the level of interest and enthusiasm supporting the Nation's capacity for health and medical response during times of disasters. Rather than adding teams at this time, DHS is focused on strengthening existing teams to enhance depth of membership and rapidness of response under the new national response plan and incident management system, as required in HSPD–5.

The Department will consider the creation of new NDMS teams once it has reviewed the strategic capability and locations of the existing teams, and it has brought the teams to full operational capability.

NDMS teams provide significant enhancement to a region's medical capacity. The costs of developing, supplying, training, and maintaining these teams are significant. The Department feels these costs are reasonable for the benefit provided by these emergency reserve medical assets.

In the event of a public health emergency, the Milwaukee and Chicago region could be served by any of the 110 teams currently within the NDMS. This geographic area is within a 12-hour ground response radius for five existing Operational DMATs including MI–1, MO–1, OH–1, and OH–5. In addition, two Developmental DMAT teams (MN–1, KY–1) bordering this area could be used to support a response in the Milwaukee and Chicago area.

During this moratorium, NDMS' recommendation to communities interested in developing DMATs has been to support NDMS teams already within their states or regions. While this is not always possible, many of these requests come from communities within states that already have DMATs. When the NDMS office makes such a recommendation, it also ensures that the existing DMAT leadership in the area is notified.

There are other strategies for motivated communities besides the creation of DMATs. The Medical Reserve Corps through HHS' Office of the Surgeon General may be a model to help focus the community's motivation into developing a coordinated medical response asset. In addition, there are other volunteer organizations, such as the American Red Cross and National Voluntary Organizations Active in Disaster, that welcome the support of health care professionals.

SECURITY IN THE AGRICULTURE SECTOR

Question. Secretary Ridge, the President has unveiled a new food and agriculture defense initiative. This new effort puts you in charge of organizing security with USDA and the FDA.

I would like to hear your thoughts on how to coordinate these activities and how protection of food and agriculture rank in your overall perspective of homeland security threats. I ask this because you now have responsibility for the Plum Island animal disease laboratory in New York. Prior to last year, Plum Island was funded through the Agriculture Appropriations Subcommittee, where I am Ranking Member. As part of the President's fiscal year 2004 request, more than $6 million of USDA funding for research and diagnostic activities were transferred to your Department from USDA and agreements were supposed to be reached to reimburse USDA employees for that work. I understand those agreements have not yet been completed.

Last year I expressed some concerns about transferring agricultural programs out of USDA. In fact, last May, when Secretary Veneman appeared before the Agriculture Subcommittee, I asked her about these transfers and she agreed that there was a concern among livestock producers that their priorities would not be reflected in programs conducted by your Department. She did say that USDA and DHS would work together to develop a research and diagnostics program to meet the needs of both Departments. In report language to accompany the fiscal year 2004 appropriations bill for your Department, you were instructed to report to the Congress by January 15th on a comprehensive strategy to combat agroterrorism.

What is the status of that report, and how can you assure farmers and ranchers across America that your Department is better suited to combat agroterrorism than USDA? How do you intend to engage USDA in this strategy?

Answer. DHS is committed to enhancing the Nation's agricultural security by complementing the mission of USDA as the sector-specific agency for agriculture [and USDA and the Food and Drug Administration (FDA) for food security] and

bringing a new sense for urgency and investments to enhance the Nation's capability to anticipate, prevent, detect, respond to, and recover from the intentional introduction of foreign animal disease.

The report requested by Congress, 'A National Strategy for Agricultural Biosecurity' builds on the strengths of each agency to develop comprehensive preparedness and response capabilities. USDA's Agricultural Research Service (ARS) will continue its basic research and early discovery work, USDA's Animal and Plant Health Inspection Service (APHIS) its diagnostics (including the Foreign Animal Disease Diagnostic Laboratory), while DHS will invest in advanced development research to expedite the transition of capabilities to operational end-users in USDA and DHS. DHS will also provide capability for certified forensics analysis in support of law enforcement.

The report was drafted by a working group of senior officials and scientists from the respective agencies (DHS, USDA APHIS and ARS), with representation of key industry groups. The draft report is complete and is currently undergoing final interdepartmental reviews prior to transmittal to the House and Senate Appropriations Committees.

This report and the DHS/USDA strategic partnership are executed in accordance with the Homeland Security Act of 2002; fiscal year 2004 appropriations for DHS and USDA; as well as Homeland Security Presidential Directive/HSPD–9 "Defense of United States Agriculture and Food" and HSPD–7 "Critical Infrastructure Identification, Prioritization, and Protection," both of which delineate the roles of sector-specific agencies.

As part of DHS's extensive commitment to agricultural security, it is also establishing two University Homeland Security Centers (HS-Centers); one in foreign animal and zoonotic diseases, and one in post-harvest food security. These new HS-Centers were awarded in April 2004. Additionally, DHS is coordinating with USDA on a review team for high-consequence reference scenarios for strategic planning for DHS's programs and activities on biological and chemical countermeasures.

Finally, the Homeland Security Act of 2002 transferred the facilities and liabilities' of the Plum Island Animal Disease Center to DHS from USDA. A working group of program staff and scientists from the two departments have worked closely on a variety of aspects of this new collaboration including enhancing the operations, facilities and security on the island, developing a joint R&D plan for foreign animal diseases which emphasizes foot-and-mouth disease and roadmaps for assays and diagnostics, and vaccines and anti-virals.

Question. What is the status of completing an agreement with USDA for reimbursement for research and diagnostic work at Plum Island?

Answer. The statement of work for reimbursement of research and diagnostic work at Plum Island Animal Disease Center for fiscal year 2004 has been agreed to by DHS and USDA. The reimbursable agreement is currently being implemented at Plum Island Animal Disease Center.

Question. The President's request for the Food and Agriculture Defense Initiative includes a $5 million item for research at DHS. What will be the focus of this research and where will it be conducted?

Answer. As summarized above, one of the reference scenarios is focused on bulk food contamination and is based on one of a series of food vulnerability studies conducted by the Homeland Security Council (HSC) Interagency Food Working Group during fiscal year 2003-fiscal year 2004. These studies form the basis for the design and implementation of food shields' to protect critical central food processing nodes in the production system.

DHS is currently funding an end-to-end systems study for the reference scenario on bulk food contamination, and this study will be followed in fiscal year 2005 by a design for a food sensor,' a requisite next step in the implementation of a food shield' based on requirements identified in the systems study. The food sensor funding is included in the President's fiscal year 2005 budget request.

INTELLIGENCE ANALYSIS

Question. The Homeland Security Act established a Directorate of Information Analysis within the Department of Homeland Security. In July 2003 there were only 53 analysts and liaison officials within that Directorate, with plans to triple that number. President Bush has since created the Terrorist Threat Integration Center (TTIC—pronounced "T-Tick"), which includes the CIA's Counterterrorist Center (CTC) and the FBI's Counterterrorism Division. This did not relieve DHS of its intelligence analysis responsibilities, but TTIC's assigned responsibilities are very similar to those of DHS.

In your opinion, does the creation of multiple organizations to analyze terrorist-related intelligence thwart the initial goal of the Department of Homeland Security, that is to centralize this function and facilitate cooperation and information sharing among the various intelligence related agencies? If not, what is being done to preserve this goal that is not immediately apparent from the fractured structure of these functions? Would it be better to consolidate these functions in one place, either within DHS or within the CIA in the form of TTIC?

Answer. The Department of Homeland Security, as stated in the Homeland Security Act, is singularly focused on the protection of the American homeland. DHS/IAIP independently analyzes threat-related information it receives from the entire Intelligence Community, other DHS entities, and the Terrorist Threat Integration Center and issues warning products to State and local officials and the private sector after matching terrorist threats and capabilities with our Nation's vulnerabilities.

In contrast, the TTIC is responsible for the analysis of all international terrorism threat information, whether collected domestically or abroad. TTIC uses this information to create an overall threat picture and to issue reports to the appropriate IC members. Accordingly, the TTIC is vital to serve the entire Intelligence Community. While TTIC is an essential resource upon which DHS relies to complete its mission, they are also integral to completing the mission of other entities within the Intelligence Community.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Question. I am also concerned about the Administrations cuts and policy changes to the Emergency Management Performance Grants. Not only is there $9 million less than last year, but the $170 million that is included in the President's budget will no longer fund all hazard planning. This is a real disappointment for county emergency managers in my state. They used these funds to help them prepare for terrorist attacks as well as natural disasters like floods and tornados. A reduction in funding, especially when adjusted for inflation, could force some counties to reduce staff as well as leave them unprepared for non-terrorism catastrophes.

Why did the Administration reduce these funds, and why did they prohibit these funds from being used for all hazard planning?

Answer. The Administration's fiscal year 2005 request for the Emergency Management Planning Grants is $170 million, which is higher than any previous request for this program. The funds will be used to assist the development, maintenance, and improvement of State and local emergency management capabilities, with the specific goal of building capabilities for homeland security needs.

As you note, though, the request does cap the amount that states can use for salaries, thereby significantly increasing the amount of funds available for planning, training and exercises. The request shifts the emphasis to Federal support for planning while properly aligning responsibility for staffing and salaries with the states and local governments. The Administration and Department have consistently supported the idea that homeland security is a shared responsibility between Federal and State and local governments. Additionally, it is important to remember that we are operating in a fiscal and security environment where we must ensure maximum security benefits are derived from every security dollar. To do that, we must be able to take a new look at the way in which we allocate resources, including sharing financial responsibility with our State and local partners.

FLIGHT CANCELLATIONS

Question. Most of the flights stopped were from British Airways and Air France, but every day airlines based in more volatile regions land in this country. We never hear about planes from Morocco or Pakistan not being allowed to land. Are airlines that fly from the Middle East and Africa somehow safer than those that fly from Paris and London?

Answer. Flight cancellations during the holiday period were based upon specific intelligence that warranted such action. Appropriate information was shared with our foreign counterparts and foreign air carriers, which sometimes led to their decisions to cancel flights and/or implement enhanced security measures. These actions were not necessarily tied to the Nations from which the flights originated. In principle and practice, DHS does not recommend or take security actions based solely upon the origin or destination of a flight independent of specific information that may pertain to that location.

Question. Are the cancellations a result of limited intelligence cooperation between the United States, Britain and France making it harder to determine who is on these planes? Or is the problem exactly the opposite, we are getting good informa-

tion about European flights, but it is difficult to figure out if a threat is flying on a plane from Islamabad?

Answer. As I indicated above, flight cancellations over the holiday period were based on specific intelligence that warranted such action, and were examples of good intelligence cooperation. The cancellation of these particular flights is unrelated to the question of how robust our capacity is to assess the security of flights originating in other parts of the world.

Question. Are flights out of these major airports more attractive to terrorists than flying from Karachi or Rabat? Is there something our European allies are NOT doing that makes these good targets, or do we just not have a good way of monitoring what might be going on in other countries?

Answer. These cancellations were not based on an assessment of security practices at European airports, which are generally fully compliant with ICAO standards and deemed to be of high quality. Again, during the holiday period, DHS received specific information and shared it appropriately with French and British allies, resulting in decisions being made to cancel these flights. DHS and our European allies continue to work in close collaboration to share best practices and enhance aviation security.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. Mr. Secretary, I agree that CSI and C–TPAT are important pieces of our cargo security system but they aren't going to do the job alone. In fact, they have significant issues that would benefit from Operation Safe Commerce moving forward.

You may be aware of a recent GAO study entitled, "Preliminary Observations on Efforts to Target Security Inspections of Cargo Containers."

This report is clearly critical of the lack of methodology incorporated in these Customs and Border Protection initiatives.

The report states that—quote—"while CBP's strategy incorporates some elements of risk management, it does not include other key elements, such as a comprehensive set of assessments that experts told GAO are necessary to determine risk and the types of responses necessary to mitigate that risk."

The report says "CBP's targeting system does not include a number of recognized modeling practices, such as subjecting the system to peer review, testing and validation."

The report goes on further to say that—quote—"CBP does not have a national system for reporting and analyzing inspection statistics and the data provided to us by ports were generally not available by risk level, were not uniformly reported, were difficult to interpret, and were incomplete."

Mr. Secretary, for the sake of our Nation's security it is imperative that we are able to learn from all of our port security programs.

We must tie them together and rapidly institute a large-scale, operational cargo security program in the United States. And, for the sake of our economy, we must get this right.

What are your reactions to this report?

Answer. In general, GAO's report "Challenges Remain in the Targeting of Oceangoing Cargo Containers for Inspection," is constructive, and CBP will be initiating several corrective actions in fiscal year 2005 to address issues identified by GAO. However, GAO's assertion that CBP does not "incorporate all key elements of a risk management framework and recognized modeling practices" is not accurate. Although CBP characterizes its approach to risk management for terrorism as a "layered approach," the fundamental components of this approach can also be characterized within GAO's risk management framework. The following provides a brief discussion of the relationships between the Automated Targeting System (ATS) and several CBP initiatives within GAO's risk management framework to demonstrate the fulfillment of the framework's key elements.

The key elements of GAO's Risk Management Framework are:

—Threat Assessment
—Criticality Assessment
—Vulnerability Assessment
—Risk Assessment
—Risk Characterization
—Risk Mitigation
—Monitoring and Evaluation
—Repetition of the Risk Management Process

CBP and GAO's Risk Management Framework

—*Threat (event) Assessment.*—CBP utilizes incoming intelligence from various sources that include the U.S. Intelligence community to identify threats. These threats include general assessments as discussed in GAO's report (e.g. vulnerability of supply chains and containerized cargo) as well as classified, specific threats regarding individuals. Collection of these threat assessments is an ongoing activity. Also, targeting is integrated into CBP's Treasury Enforcement Communication System (TECS) enforcement database to ensure that specific intelligence is integrated with targeting activity. Also, incoming intelligence is evaluated by the National Targeting Center to develop targeting strategies appropriate to the risk. Responses to certain threats may be expanded to include additional targeting rules for ATS, lookouts, and/or cargo targeting criteria.

—*Criticality Assessment.*—As GAO indicates, criticality assessments "help provide a basis for prioritizing protection relative to limited resources" for a critical asset. With respect to "national security, economic activity, and public safety" this critical asset is the flow of trade in both a free and secure manner. This goal is fundamental to CBP's operations. CBP cannot inspect all cargo coming into the United States; however, the organization can and does prioritize shipments by risk and does inspect all high-risk cargo (mandatory inspections through threshold targeting) coming into the United States. While ATS provides a system for prioritizing and targeting high-risk cargo through transactional targeting rules, C–TPAT provides a programmatic mechanism for identifying relatively low risk supply chains and allows CBP to direct resources to other higher-risk entities.

—*Vulnerability Assessment.*—As indicated in GAO's report, there has been extensive work regarding vulnerability assessments concerning maritime assets (specifically containerized cargo), and other agencies that contributed to this work include the FBI, CIA, academic, think tank and business organizations. As discussed extensively with GAO, CBP's layered approach to this vulnerability includes initiatives such as C–TPAT, Non-Intrusive Inspection Technology (NII), Container Security Initiative (CSI), and ATS targeting.

—*Risk Assessment.*—GAO defines risk assessments to "include scenarios under which two or more risks interact creating greater or lesser impacts; they also include the filtering and ranking or prioritization of risky events." Where an "event" can be a shipment, ATS utilizes a battery of rules to vet and prioritize the shipment transactions by scoring the different variables of each transaction and ranking/prioritizing the transactions by total scores for each transaction. To the extent that risk assessments might also be in the form of intelligence reports, this information is also integrated into targeting through the development of specific rules, lookouts, cargo criteria, TECS records, and the performance of targeting "sweeps" by the National Targeting Center when warranted.

—*Risk Characterization.*—GAO defines risk characterization as "designating risk on a scale, for example low, medium, or high." As defined, risk characterization is inherent to the ATS targeting program as a decision support tool that generates risk scores to prioritize cargo for inspection.

—*Risk Mitigation.*—GAO indicates that risk mitigation may involve risk acceptance, risk avoidance, risk reduction, and risk sharing. In terms of risk acceptance (taking no action) and risk sharing, CBP minimizes inspections through the C–TPAT Program. A certain level of risk acceptance is also inherent to targeting higher risk cargo for inspection and not inspecting lower risk cargo. In terms of risk avoidance (taking action to avoid activities that involve risk), CBP increases inspections through the use of NII (e.g. x-rays and radiation pagers) instead of increasing time consuming physical exams that would limit the number of shipments that can be inspected and increase vulnerabilities.

CBP is also actively engaged in activities identified by GAO's systems approach to risk mitigation: personnel (e.g. training), processes, technology, infrastructure, and governance. ATS training classes are being implemented on an ongoing basis (Sea Cargo) and with the deployment of new ATS threshold targeting rule sets (e.g. Northern Border Truck, Southern Border Truck, and Rail). The Manifest Review Unit (MRU) Handbook will be updated in fiscal year 2005 to address process and governance issues. For technology, the additional development of software and acquisition of hardware upgrades is ongoing. For infrastructure, certain ports analyze their local flow of traffic for improved efficiency and some are receiving upgrades to physical examination resources.

—*Monitoring and Evaluation.*—A key element to CBP's ability to monitor and evaluate the performance of targeting will be the ability to accurately capture findings. As GAO pointed out, CBP is hampered by non-integrated sub-systems for recording findings. The full implementation of the ATS findings module will

provide CBP with a single place for recording the findings, increase the accuracy of the findings, and facilitate reporting, monitoring and evaluation.

With respect to peer review, CBP is actively working with other Government agencies such as FDA and USDA as well as foreign government agencies such as the Canadian Customs and Revenue Administration (CCRA) to further develop targeting concepts. CBP hopes to expand on these collaborative efforts in fiscal year 2005. With respect to testing and validation, CBP will also be conducting internal security exercises that test our layered enforcement in fiscal year 2005.

—*Repetition of the Risk Management Process.*—The activities previously described are ongoing and fulfill the "loop" of assessments, mitigation, and monitoring and evaluation.

In conclusion, while CBP can always do a better job of fulfilling and expanding upon all of the key elements of the risk management framework described by GAO, CBP does actively engage in activities that fulfill these key elements.

CBP and GAO's Modeling Practices

The following provides a brief discussion of CBP's initiatives in terms of the issues identified with respect to ATS development and "recognized modeling practices."

—*Conducting external peer review.*—As indicated earlier in this document, CBP is actively working with other Government agencies such as FDA and USDA as well as foreign government agencies such as the Canadian Customs and Revenue Administration (CCRA) to further develop targeting concepts. CBP hopes to expand these collaborative efforts in fiscal year 2005.

—*Incorporating additional types of information.*—CBP agrees with the premise that "linkages" to other sources of information can enhance targeting. Linkages between manifest and entry information to TECS records represents such an effort. Recently, FDA information was integrated into CBP's ATS system, and CBP is actively working with USDA to integrate some of their data into ATS. Other large, commercial sources of information such as Dun and Bradstreet (D&B) are also being explored but will require a lengthy cost-benefit analysis, proof of concept, and significant budget procurement. Another effort involves the procurement of container tracking information.

—*Testing and validating through simulated terrorist events.*—As discussed with GAO, ABC News did conduct their own "test" of importing a shipment of radioactive material, and ATS did successfully target this shipment for mandatory inspection. CBP will be conducting its own "red team" simulations in fiscal year 2005.

—*Using random inspections to supplement targeting.*—As discussed earlier, the stratified random sample of CBP's Compliance Measurement Program will be utilized to further evaluate the performance of the ATS targeting.

DATA INTEGRITY ISSUES

Question. The GAO Report also made the following conclusion: "CBP does not have a national system for reporting and analyzing inspection statistics and the data provided to us by ports were generally not available by risk level, were not uniformly reported, were difficult to interpret, and were incomplete".

Currently, CBP has a number of non-integrated subsystems through which it reports its examination findings. CBP's effort to ensure data consistency for reporting purposes and analysis is hampered by these multiple subsystems and CBP is addressing this issue through the implementation of a "Findings Module" within its Automated Targeting System. This module, which will be completed in fiscal year 2004, will provide CBP with a single place for recording and retrieving its examination findings, which will increase the accuracy of those findings and facilitate CBP's reporting, monitoring and evaluation activities.

Please explain why the Administration would abandon Operation Safe Commerce—a program specifically designed to test various cargo-security techniques, and the analysis associated with them, to create a true container security program for our country?

Answer. The President's fiscal year 2005 budget request for DHS includes $1.9 billion for port security activities, including $126 million for the Container Security Initiative (CSI). The funding for this initiative, which is $25 million more than the fiscal year 2004 level of funding, focuses on pre-screening cargo before it enters the United States. The first phase of CSI focused on implementing the program at the top 20 foreign ports, which ship approximately two-thirds of the containers to the United States. Phase II expands the program to additional ports based on volume, location, and strategic concerns. Phase III further increases security at the highest risk ports.

The President's fiscal year 2005 budget request also includes $50 million for the development of the next generation of screening devices, which can be used at the Nation's port facilities. Additionally, the budget request includes $64.2 million to enhance land-based detection and monitoring activities between ports. Further, the budget request includes $46 million for port security grants to be administered by the Office for Domestic Preparedness and more than $1.4 billion for the Urban Areas Security Initiative (UASI). The UASI program, among other things, can be used to support security enhancements at our Nation's port facilities.

The Department firmly believes that these resources will allow us to properly and effectively enhance security at our Nation's port facilities.

—*Operation Safe Commerce.*—A program specifically designed to test various cargo-security techniques, and the analysis associated with them, to create a true container security program for our country.

DHS is not abandoning Operation Safe Commerce. As you know, OSC is a collaborative pilot effort between the Federal Government, the three largest U.S. container load centers (Los Angeles/Long Beach, Seattle/Tacoma, and New York/New Jersey), private industry, and the maritime community, to develop and share best practices for the secure and expeditious movement of containerized cargo. OSC's goal is to serve as a test bed to examine methods to increase supply chain security, protect the global supply chain, and facilitate the flow of commerce. The Administration continues to administer OSC in fiscal year 2004 as a multi-agency program with participants from the Departments of Homeland Security, Transportation, State, Commerce, and Justice. An Executive Steering Committee (ESC) was formed to provide guidance for OSC. The ESC is co-chaired by the Transportation Security Administration, Bureau of Customs and Border Protection, and the Department of Transportation.

Congress has provided $75 million for this program over a 2-year period to conduct three very robust and comprehensive pilots at the selected locations. The expected test period is 1 year. At this point in time, Seattle/Tacoma has progressed furthest. There, the first container shipment tracked by the program is expected to arrive by the end of March 2004. First arrivals are expected in April 2004, for the Port of New York/New Jersey and in June 2004, for the Port of Los Angeles/Long Beach. As we complete each of the pilots, we will ascertain the lessons learned and whether program elements are applicable to ports across the country. We are hopeful that any positive results of OSC will eventually be adopted by ports, cargo companies and, where appropriate, incorporated into both existing and future cargo security efforts by DHS and international governments.

SUBCOMMITTEE RECESS

Senator COCHRAN. Our next hearing on the budget request for the Department of Homeland Security will be held on Thursday, February 26, in room 124 of the Dirksen Senate Office Building. At that time, the Under Secretary for Emergency Preparedness and Response, Mr. Michael Brown, will be here to discuss the budget for the programs under his jurisdiction.

Until then, the subcommittee stands in recess.

[Whereupon, at 12:40 p.m., Tuesday, February 10, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, February 26.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

THURSDAY, FEBRUARY 26, 2004

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

The subcommittee met at 10:20 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran, (chairman) presiding.

Present: Senators Cochran, Specter, Byrd, and Murray.

DEPARTMENT OF HOMELAND SECURITY

OFFICE OF THE UNDER SECRETARY FOR EMERGENCY PREPAREDNESS AND RESPONSE

STATEMENT OF MICHAEL D. BROWN, UNDER SECRETARY, EMERGENCY PREPAREDNESS AND RESPONSE DIRECTORATE

OPENING STATEMENT OF SENATOR ARLEN SPECTER

Senator SPECTER [presiding]. Good morning, ladies and gentlemen.

I was attending a Judiciary Committee executive session upstairs where we are trying to move forward on the confirmation of many judges, when I heard that this hearing lacked a Republican. It should not be too hard to find a Republican in the Senate complex on a Thursday morning. And then I received a summons from Senator Byrd. Now, a summons from Senator Byrd is not quite like a subpoena.

But it is close. And you know what happens when you do not respond to a subpoena. There is a bench warrant, and that could be very serious. So, I left the Judiciary Committee exec room to convene this hearing. I am going to have to return shortly.

Today this subcommittee will continue the review of the fiscal year 2005 budget request for the Department of Homeland Security. We are pleased to welcome the Under Secretary of the Emergency Preparedness and Response Directorate, Mr. Mike Brown. We will review this year's budget request and work with you, Mr. Brown.

PREPARED STATEMENT

Homeland security is obviously a top priority for this country, reflected in the President's budget request for an increase of 9.7 percent, whereas the discretionary funding got only a half of 1 percent, defense some 7 percent.

Without objection, the full statement, which had been prepared for Senator Cochran will be included in the record, and we now turn to your testimony.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

The hearing will come to order.

Today we continue our review of the fiscal year 2005 budget request for the Department of Homeland Security.

I am pleased to welcome to this hearing the Under Secretary of the Emergency Preparedness and Response Directorate, Mike Brown.

Our Committee will work hard to provide the funds this Directorate needs to carry out its responsibilities and perform its mission successfully.

We thank you for submitting a copy of your statement in advance of this hearing. It will be made a part of the record, and we invite you to make any comments you think would be helpful to the committee's understanding of the budget request.

Now, I will yield to Senator Byrd and other Sentors who may wish to make opening statements.

Senator SPECTER. Excuse me. The custom is to call on the ranking member, the ranking member of the full committee, former President Pro Tempore, chairman of the full committee, and so many titles. If I went through them, you would not have any time left, Mr. Brown.

Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you. America has done some great things. It put a man on the moon, brought him back to earth safely again, but it has never been able to produce a truly good loudspeaker system.

I appreciate your kind remarks about me. Plato thanked the gods for having been born a man, for having been born a Greek, and for having lived in the age of Socrates. I thank the gods for permitting me to live in the same age and serve at the same time in the United States Senate with a chairman and also a Pennsylvania Senator on this committee who presided over this committee with such dignity and skill. I thank Senator Specter for his remarks.

Mr. Chairman, the Senator from Pennsylvania had turned to me for a statement. May I proceed?

Senator COCHRAN [presiding]. Please.

Senator BYRD. Welcome, Mr. Brown. No relation to Jimmy Brown, the newsboy of this town, but a good man nevertheless.

In April of last year, when you testified before this subcommittee, I asked you how Congress could be sure that the agencies merged into the new Department of Homeland Security with specific missions unrelated to homeland security, such as preventing and responding to natural disasters, would have the resources to accomplish their missions. In your response, you assured the committee that FEMA would continue—and I quote—"to protect our Nation's institutions from all types of hazards through a comprehensive, risk-based, all-hazards approach."

ALL-HAZARDS EMERGENCY PLANNING

In your written testimony today, you stress a continued commitment to all-hazards emergency planning, but frankly, as I see it,

the President's policies ignore that commitment. I will repeat that again. As I see it, the President's policies ignore that commitment.

States and local communities look to FEMA to provide the resources and expertise that they need to meet a wide range of challenges. Today, possibly more than ever before, our States and local communities have to be ready to cope with disasters such as floods, earthquakes, chemical incidents, disease in our food supply, and other public health emergencies. Given the events of 9/11, States and communities must also prepare for preventing or responding to terrorist attack. And this is why a focus on all-hazards preparedness is so important.

However, rather than embrace the all-hazards approach to emergency planning, the President's budget undermines it. Rather than develop the capacity to respond to a terrorist attack within the framework of all-hazards planning, the President's budget, in essence, mandates that State and local governments give priority to anti-terrorism programs at the expense of other potential disasters.

TRANSFER OF SEVERAL ALL-HAZARDS PROGRAMS FROM FEMA INTO A NEW OFFICE OF STATE AND LOCAL GOVERNMENT COORDINATION AND PREPAREDNESS

The Administration proposes to transfer several all-hazards programs out of FEMA and into a new Office of State and Local Government Coordination and Preparedness. That office's mandate, as laid out in the Homeland Security Act, is to help State and local governments effectively combat terrorism.

Under the consolidation proposal announced by the Secretary on January 26, 2004, and under the President's budget proposal for fiscal year 2005, emergency management performance grants, community emergency response team grants, and the metropolitan medical response system will all be shifted into this newly expanded office. And yet, this new office does not have the expertise or the regional staff experienced in all-hazards planning. FEMA has that expertise.

Yesterday I joined with Representative Martin Sabo, the ranking member of the House Appropriations Homeland Security Subcommittee, in sending a letter to Secretary Ridge urging him not to proceed with the reorganization of the emergency management performance grants and community emergency response team programs, along with several Transportation Security Administration programs.

PROPOSED CUTS TO FIRE GRANTS FUNDING

Furthermore, the administration proposes to cut funding for fire grants by $246 million and emergency management performance grants by $9 million and, at the same time, mandate that States give priority to terrorism preparedness. This is a squeeze play that States cannot afford.

I will give you a rhetorical question at this point. Where do these policies leave a small town fire department in West Virginia or Mississippi, or other rural States, that needs to purchase breathing apparatus or equipment to deal with a chemical spill? We have one of the largest chemical complexes in this country, in the Western

Hemisphere as a matter of fact, in the Kanawha Valley. So this comes home to us in West Virginia.

PROPOSAL TO LIMIT THE AMOUNT OF EMERGENCY MANAGEMENT FUNDS THAT CAN BE SPENT ON SALARIES

The President also proposes to limit the amount of emergency management funds that can be spent on salaries. This provision would drive a stake through the heart of State and local all-hazards planning efforts.

TERRORIST ATTACK CONCERNS

I am as concerned as anyone about the possibility of future terrorist attacks, but I am also greatly concerned that preparing for such an attack will come at the expense of preparing for other types of disasters if this administration's budget proposal is enacted.

There are elements in the budget request that are praiseworthy. The Administration is again requesting $200 million for the flood map modernization initiative. This initiative is so important to flood-prone States such as West Virginia. I am also pleased to see an adequate and timely budget request for the disaster relief fund. Last year we came very close to running out of money in the disaster relief fund and nobody—not even OMB it seems—wants to go through that again this year.

Also, the Administration's budget recognizes the importance of pre-disaster and post-disaster mitigation funds. Post-disaster mitigation funds help communities pay for mitigation activities right after a disaster occurs, when communities have the will and the momentum to complete such projects. I hope we can do even more post-disaster mitigation in the future.

West Virginia endured four Federally declared disasters last year. No State is more grateful for, and no State is more in need of, FEMA's programs and expertise than West Virginia. And I want to compliment you on the excellent work that you and your staff have done. You have not failed us in West Virginia where we are very keenly aware of and live often with disasters that are not manmade.

So, I look forward to hearing your testimony, Mr. Under Secretary, and to working with you to preserve FEMA's all-hazards planning programs.

And I thank you, Mr. Chairman, for your patience and kindness.

Mr. BROWN. Thank you, Senator.

Senator COCHRAN. Thank you, Senator Byrd.

Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman.

Thank you so much. I join my colleagues in welcoming you here today. You have a tremendous task before you and I thank you for your service.

FIRST RESPONDER FUNDING

My colleague, Senator Byrd, discussed the more visible issues regarding first responder funding. I too am very concerned about the proposal to shift the homeland security grants into the Office of Domestic Preparedness. Streamlining these programs is a key element to ensure our local communities get the needed resources in a timely manner, but the programs that are traditionally supported by TSA and FEMA I do not believe should be forced to compete with our first responders for funding.

I am also really concerned that the President's budget request cuts State grants for first responders by $990 million. It cuts training for first responders by $103 million and eliminates the COPS program. That is almost $2 billion in cuts for first responders nationwide at a time when our State and local budgets just do not have the capacity to absorb those additional costs. So, I am very concerned about that. I am confident that Congress will prevent this administration from decimating those essential first responder programs and I want my colleagues to know that I will work with them to restore that.

I do have a number of questions for you and I will wait for my time. But thank you very much, Mr. Chairman, for this hearing.

Senator COCHRAN. Thank you, Senator.

Mr. Brown, we have a copy of your statement which we appreciate very much your submitting to the committee in advance of the hearing. It will be made a part of the record in full. We encourage you to make whatever comments you would like to make in support of the budget request that will be helpful to our understanding of the request. You may proceed.

STATEMENT OF MICHAEL D. BROWN

Mr. BROWN. Well, thank you very much, Mr. Chairman, and Senator Byrd, thank you for your kind comments, and Senator Murray, you also.

My name is Michael Brown. I am the Under Secretary for Emergency Preparedness and Response of the Department of Homeland Security. I am, indeed, honored to appear before you today to talk about FEMA's accomplishments over the past year since we became a part of the Department of Homeland Security. But more importantly, I want to highlight some of our priorities for fiscal year 2004 and discuss why support of the President's budget request for 2005 is critical to ensure that FEMA can continue to fulfill its traditional mission.

FEMA has undergone changes since becoming a part of Homeland Security, both externally and internally, but we have not changed our focus. As part of the Homeland Security Department, FEMA has continued the tradition of responding to help disaster victims and those in need wherever disaster or emergencies strike.

On March 1, FEMA will celebrate its first full year as a part of the Department of Homeland Security. We are proud to be part of this historic effort and are more committed than ever to do our duty as defenders of the homeland. We believe that the Federal-wide consolidation of all-hazards preparedness, mitigation, re-

sponse, and recovery programs brings real benefit to the American public.

FISCAL YEAR 2003 ACCOMPLISHMENTS

In fiscal year 2003, FEMA responded to 62 major disasters and 19 emergencies, covering 35 States, 4 U.S. territories, and the District of Columbia. These disasters included the record number of tornadoes in the Midwest, the unfortunate loss of the Space Shuttle Columbia, Hurricane Isabel, and the absolutely devastating wildfires in California. In fiscal year 2003, FEMA obligated nearly $2.9 billion in fiscal year 2003 disaster funds to aid people, victims and communities that were overwhelmed by these disasters.

FISCAL YEAR 2004 PLANS

In fiscal year 2004, FEMA is focusing on our five major program areas: mitigation, preparedness, response, recovery, and national security.

Our mitigation efforts center on modernizing our Nation's flood maps, providing pre-disaster mitigation grants and enhancing the national flood insurance program.

In the Preparedness Division, we will support the Department's efforts to put into place a national incident management system that will help improve coordination of disaster response at all levels, and we will also publish mutual aid system development, credentialing, and equipment interoperability standards.

In 2004, our response capabilities continue to grow as we field enhanced response teams and resources, improve our response times, put into place plans for catastrophic events, and improve our training. For those impacted by disasters, FEMA continues to provide appropriate and effective disaster recovery assistance.

Finally, we are ensuring that the FEMA national security program has adequately staffed, trained, equipped, and exercised the continuity of operations and the continuity of Government programs.

FISCAL YEAR 2005 BUDGET REQUEST

Looking ahead to fiscal year 2005, the President's budget request is critical to ensuring that FEMA can continue to fulfill its traditional mission. The President's budget again requests $150 million for the pre-disaster mitigation program to help minimize the devastation caused by natural disasters.

The budget also requests $200 million to continue the replacement and modernization of the Nation's flood insurance rate maps, and includes $7 million in new budget authority for the development and implementation of the national incident management system as part of the national response plan. These two initiatives will ensure that all levels of government across the Nation are prepared to work together efficiently and effectively employing a single national approach to domestic incident management.

The President's budget request includes $8 million in new budget authority for four incident management teams to act as the core field level response management teams for major disasters, emergencies, and acts of terrorism.

The President's budget also provides $2.9 billion for disaster relief, a level consistent with the average non-terrorist disaster costs over the past 5 years.

I can assure you, Senators, that President Bush appreciates the importance of recovery. I had the distinct honor of joining the President in touring Missouri last spring after the devastating tornadoes struck Pierce City, Missouri. It was absolutely a downpour. The President gets out of the car, and goes over to visit with a couple who were standing in front of their damaged storefront. This couple also had damages to their home, but using FEMA's temporary housing, our immediate needs assistance, their insurance, and SBA home and business loans, this couple is now recovering. The President recognizes the importance of this type of all-hazards planning, as evidenced by his $2.1 billion request for the disaster relief fund.

OFFICE OF NATIONAL SECURITY COORDINATION

In fiscal year 2005, FEMA's Office of National Security Coordination will also continue to carry out its mandated mission to provide executive agent leadership, to ensure continuity of national operations in response to all-hazards emergencies in order to guarantee the survival of an enduring constitutional government.

In summary, during the last year, FEMA has continued to carry out its traditional mission. Successful implementation of the new initiatives and the ongoing activities I have discussed today will improve our national system of mitigating against, preparing for, responding to, and recovering from disasters and emergencies caused by all hazards.

PREPARED STATEMENT

In closing, on a personal note, I want to thank you, Mr. Chairman, Senator Byrd, Senator Murray, for the absolute wonderful support that you have given FEMA over the past years. I would be happy to answer any questions that you might have at this time.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL D. BROWN

Introduction

Good morning Mr. Chairman and Members of the Subcommittee. I am Michael Brown, Under Secretary for the Emergency Preparedness and Response Directorate (EP&R) of the Department of Homeland Security (DHS), which includes the Federal Emergency Management Agency (FEMA).

I am honored to appear before you today to talk about FEMA's accomplishments of this past year since it has become part of the Department of Homeland Security. More importantly I want to highlight our priorities for fiscal year 2004 and why support of the President's Budget request for fiscal year 2005 is critical to insure that FEMA can continue to fulfill its traditional role of preparing for, mitigating against, responding to, and recovering from disasters and emergencies caused by all hazards.

FEMA has undergone significant changes since becoming part of DHS—both external and internal—but it has not changed its focus. As part of DHS, FEMA continues its tradition of responding to help disaster victims and those in need whenever disasters or emergencies strike.

Transition into the Department of Homeland Security

On March 1st, FEMA will celebrate its first full year as part of the Department of Homeland Security. We are proud to be part of this historic effort and are more committed than ever to our duty as defenders of the Homeland. We made significant

strides in our first year as a component of the Department, and we continue to see the advantage of and realize benefits from being part of a larger organization. We believe that the Federal-wide consolidation of all-hazards preparedness, mitigation, response, and recovery programs brings real benefit to the American public.

Since March 1st of last year, FEMA has worked to merge disaster-related public health programs from the Department of Health and Human Services (DHHS) into a comprehensive and unified national response capability. These programs include the National Disaster Medical System (NDMS), which is designed to provide a single, integrated, national medical response capability to augment the Nation's emergency medical response capability when needed for major disasters and Federally declared emergencies. Another important public health-related program, the Strategic National Stockpile (SNS), maintains large quantities of essential medical items that can be provided for the emergency health security of the United States in the event of a bioterrorist attack or other public health emergency and to support State and local communities during emergencies.

FEMA also successfully merged a multiplicity of other disaster response teams and assets from different departments and agencies to create a unified national response capability within the Department of Homeland Security. Among these teams and assets, now merged within FEMA's Response Division, are the:

—National Disaster Medical System,
—Domestic Emergency Support Team, and
—Strategic National Stockpile

FEMA has also been given operational control of the Nuclear Incident Response Team in certain circumstances, including the event of an actual or threatened terrorist attack.

As we settle into DHS, we continue to leverage the extensive experience and capabilities of the Department's other components. For example, in responding to Hurricane Isabel, we received aerial imaging and aviation support from our friends at Immigration and Customs Enforcement (ICE) and the U.S. Coast Guard. We are partnering with the Information Analysis and Infrastructure Protection Directorate to improve our damage prediction and resource placement decisions and to take advantage of their critical infrastructure resources and expertise. We look forward to continuing and increasing such cooperation in the future.

Fiscal Year 2003 Accomplishments

In fiscal year 2003, the Federal Emergency Management Agency (FEMA) obligated nearly $2.9 billion in disaster funds to aid people and communities overwhelmed by disasters, including floods, ice and winter storms, wildfires, tornadoes, hurricanes, typhoons, and tropical storms. In addition, FEMA obligated $6.8 billion to fund projects associated with the September 11 response. Overall, FEMA responded to 62 major disasters and 19 emergencies in 35 States, 4 U.S. Territories and the District of Columbia. These events included the record Midwest tornadoes, Super Typhoon Pongsona and Hurricanes Claudette and Isabel. The 19 emergencies declared in 2003 included the loss of the Space Shuttle Columbia, the President's Day snowstorm, and the Northeast power outages.

While the California fires in October left an indelible mark in our memories, the Nation's fire season in 2003 was not as busy, with exceptions, in Montana and Arizona. But in the areas impacted, the fires were devastating and severe. In fiscal year 2003, FEMA approved assistance for 34 fires in 11 States, compared with 83 fires in 19 States in fiscal year 2002.

In fiscal year 2003, Congress supported the President's efforts to promote disaster mitigation, through the creation and funding of two important initiatives: the Pre-Disaster Mitigation Grant Program and the Flood Map Modernization Program. Great strides have been made in both of these areas in the last year. These two programs will ultimately result in the reduced loss of life and property throughout our Nation.

FEMA's Preparedness Division awarded more than $160 million in Emergency Management Performance Grants to the States to maintain and improve the national emergency management system. To date, the United States Fire Administration has awarded over $650 million in grants to fire departments across the Nation as part of the Assistance to Firefighters Grant Program. Both of these programs are now requested in the Office for Domestic Preparedness (ODP) portion of the Department's budget for fiscal year 2005 and we are working very closely with ODP on transferring these programs. FEMA also provided a total of 17 interoperable communications equipment grants for $79.57 million, and the Emergency Management Institute, the National Fire Academy (NFA) and the Noble Training Center together trained more than 290,000 fire and emergency management and response personnel nationwide.

In our response to Hurricane Isabel, last September, we demonstrated a more forward-leaning and proactive response posture and made every effort to improve communication, coordination and timely delivery of critical disaster supplies. FEMA increased the frequency of daily video teleconferences with the impacted States and meteorological and river forecasting centers, jointly planned response actions with the States, pre-positioned materials, and opened multiple staging areas and mobilization centers in anticipation of response needs. These and other changes we have made allow us to continue to improve Federal disaster response efforts. We will continue to take advantage of the lessons learned and best practices from Isabel and other disasters, and apply them in our programs to change the impact of future events.

Also during fiscal year 2003, FEMA launched the Continuity of Operations Readiness Reporting System, a single automated system that allows Federal Executive Branch departments and agencies to report the state of their Continuity of Operations capabilities and readiness. The System has been tested and will be fielded this year. In addition to technology upgrades and improvements, FEMA's Office of National Security Coordination maintained a 24/7 operational readiness capability in support of National Security programs, including the initial planning and coordination for an interagency Continuity of Operations exercise, Exercise Forward Challenge 2004, to take place later this year.

Fiscal Year 2004 Priorities

In fiscal year 2004, FEMA is focusing on its five major program areas: Mitigation, Preparedness, Response, Recovery, and National Security.

Our Mitigation efforts center on modernizing our Nation's flood maps, providing Pre-Disaster Mitigation (PDM) grants, and enhancing the National Flood Insurance Program (NFIP). For Map Modernization over 300 mapping projects, valued at approximately $85 million, were launched nationwide in fiscal year 2003 and we are working with State and local representatives to identify projects for fiscal year 2004. The PDM grants will again provide stable funding to assist State and local governments to reduce risks. The number of NFIP policies will be increased by 5 percent.

Our Preparedness Division will support the Department's efforts to put into place a National Incident Management System (NIMS) that will help improve coordination of disaster response at all levels. In addition, we will publish Mutual Aid System Development, Credentialing and Equipment Interoperability Standards. Our support for training and exercises continues to enhance the Nation's emergency management capabilities and increasing fire preparedness remains a central mission.

In 2004, our Response capabilities continue to grow. We will field enhanced response teams and resources, improve our response times, put plans into place for catastrophic events, and improve our training. We will continue to consolidate and integrate all of our different disaster response programs, teams, and assets; design new approaches; and implement new efficiencies that will result in a more unified, integrated, and comprehensive approach to all-hazards disaster response. We want to elevate our operational response capabilities to a whole new level of proficiency, one that will further the principles of the National Response Plan (NRP) and the National Incident Management System (NIMS) to better serve the American people.

For those impacted by disasters, FEMA continues to provide appropriate and effective disaster recovery assistance. Simultaneously, we continue to focus on re-designing our Public Assistance Program and developing a catastrophic incident housing recovery strategy. These efforts will enhance our current capabilities and better position us to recover from a catastrophic event.

Finally, we are ensuring that the FEMA National Security Program has adequately staffed, trained, equipped, and exercised Continuity of Operations (COOP) and Continuity of Government (COG) programs to guarantee the survival of Enduring Constitutional Government.

Fiscal Year 2005 Budget Highlights

The President's fiscal year 2005 Budget for FEMA:

—Assumes a $2.9 billion spending level for disaster relief—a level consistent with the average non-terrorist disaster costs over the past 5 years. This includes more than $2.1 billion in new disaster funds, as well as funds expected to remain available from prior years. This is over $300 million more than the fiscal year 2004 appropriation.

—Continues implementation of Project BioShield, which encourages the development and purchase of necessary medical countermeasures against weapons of mass destruction. Through an advance appropriation, $2.5 billion is made avail-

able beginning in fiscal year 2005. These funds will be obligated through fiscal year 2008.

—Includes $20 million in new budget authority for planning and exercises associated with improving medical surge capabilities.

—Includes $8 million in new budget authority for four Incident Management Teams (IMTs) to act as the core, field-level response teams for major disasters, emergencies, and acts of terrorism.

—Includes $7 million in new budget authority for development and implementation of the National Incident Management System (NIMS), specially designed to provide a basic framework of organization, terminology, resource identification and typing; training and credentialing; and communications protocols to deal effectively with incidents of all sizes and complexities involving Federal, State, and local governments, Tribal Nations, and citizens.

—Continues the President's Pre-Disaster Mitigation program, which helps to minimize the devastation caused by natural disasters through a competitive grant process that supports well-designed mitigation projects. In fiscal year 2005, we will initiate post-disaster evaluations to begin documenting losses avoided and assessing program impact.

—Continues the replacement and modernization of the Nation's Flood Insurance Rate Maps.

—Transfers the Strategic National Stockpile to DHHS. As a result of the transfer, $400 million is moved to DHHS to maintain the stockpile and strengthen its future capacity with new and needed medical products as soon as they become available.

—Transfers the Emergency Food and Shelter Program to the Department of Housing and Urban Development.

Mitigation

FEMA's mitigation programs are an essential part of the Department of Homeland Security's charge to protect the lives and property of Americans from the effects of disasters. Mitigation programs provide us the opportunity not only to develop plans to reduce risks, but more importantly, to implement those plans before disaster strikes.

In previous years, Congress supported the President's efforts to promote disaster mitigation by creating and funding two initiatives:

—Pre-Disaster Mitigation Grants, and

—Flood Map Modernization.

The intent of the Pre-Disaster Mitigation Grants is to provide a consistent source of funding to State, local, and Tribal governments for pre-disaster mitigation planning and projects that primarily address natural hazards. The plans and projects funded by this program reduce overall risks to the populations and structures, while reducing reliance on funds from Federal disaster declarations. The competitive nature of the Pre-Disaster Mitigation Program encourages communities to assess their risks, to evaluate their vulnerabilities, and to implement mitigation activities before a disaster strikes. This budget proposes support for both pre-disaster and post-disaster mitigation assistance.

The Flood Map Modernization Program provides the capability to broaden the scope of risk management. This enables more expansive use of the geospatial base data needed to develop the flood maps. Communities, lenders, insurance agents, and others use the maps and the flood data approximately 20 million times a year to make critical decisions on land development, community redevelopment, insurance coverage, and insurance premiums. As flood hazard data is updated, the current flood map inventory is being changed from a paper map system to a digital one. New technology will enhance the usefulness and availability of flood data to all customers. The new system also supports the development and distribution of geospatial data of all hazards, both natural and man-made.

The fiscal year 2005 budget will continue to update flood maps nationwide and increase State and local capability to manage flood hazard data. By the end of fiscal year 2005, digital GIS flood hazard data covering 50 percent of our Nation's population will be available online.

The National Flood Insurance Program (NFIP) has a significant impact on reducing and indemnifying this Nation's flood losses. Prior to the creation of the NFIP, floodplain management as a practice was not well established, and only a few states and several hundred communities actually regulated floodplain development. Flood insurance was not generally available. We are working diligently to refine and expand our all-hazards risk communication strategy to meet the goal of a 5 percent increase in NFIP policy ownership. This increase in insurance policy ownership will

reduce reliance on the Disaster Relief Fund and will foster individual economic stability.

Preparedness

FEMA's Preparedness Division helps ensure our Nation is prepared to respond to emergencies and disasters of all kinds. The Preparedness Division is responsible for Federal, State, local, and community emergency preparedness programs; assessments and exercises; grants administration; the Radiological Emergency Preparedness Program and the Chemical Stockpile Emergency Preparedness Program. The U.S. Fire Administration works to prevent fire deaths and damage to property, and carries out its mission through leadership, advocacy, coordination, and support. The training programs offered at the National Fire Academy and the Emergency Management Institute promote the professional development of command level firefighters, emergency managers, and emergency responders, and are an important aspect of the U.S. Fire Administration's duties.

The Noble Training Center, located at Ft. McClellan, Alabama, is a new addition to FEMA. Transferred from DHHS in fiscal year 2003, the Noble Training Center is the only hospital facility in the United States devoted entirely to medical training for Weapons of Mass Destruction (WMD). In fiscal year 2005, Noble will continue to train medical personnel for State and local hospitals, emergency medical services, and the National Disaster Medical System.

In fiscal year 2005, FEMA's Preparedness Division will work with other components of the Department to develop the National Incident Management System (NIMS) and the National Response Plan (NRP). These initiatives will ensure that all levels of government, across the Nation, work together efficiently and effectively, employing a single national approach to domestic incident management.

FEMA's Preparedness Division will continue to provide the States with technical assistance in their all-hazards planning. To avoid duplicative planning, our efforts will be closely coordinated with those of the Office for Domestic Preparedness to update State terrorism preparedness plans.

As part of our effort to prepare our citizens for all disasters, the Division will oversee the Community Emergency Response Teams, or CERT. This program, begun as a civilian training program by the Los Angeles Fire Department, has become a nationwide effort to train citizens in first aid and basic firefighting and emergency response techniques. CERT-trained citizens are able to provide those basic emergency services that would otherwise occupy the first responders. FEMA provides train-the-trainer programs to allow as many citizens as possible to receive this training across the country. The CERT program has grown from 170 teams in 28 States and Territories in March of 2002 to over 900 teams in 51 States and Territories.

Response

FEMA's Response Division is responsible for integrating national emergency response teams, systems and assets into a comprehensive and fully coordinated, national capability that supports States and communities in responding to all types of disasters, including acts of terrorism. This is accomplished by arranging the necessary and appropriate national assets, establishing a consolidated national incident response system, and effectively coordinating strategic resources in full partnership with Federal, State, local, and tribal governments, the private sector, volunteers, and citizen partners.

The fiscal year 2005 Response Division budget proposes to:

—Create four Incident Management Teams (IMTs) and formulate plans for full implementation in fiscal year 2006; the IMT is a highly responsive and flexible response team that will be able to quickly establish a strong Federal leadership capability in any disaster environment or high threat situation, including acts of terrorism involving the use of WMD;

—Continue all-hazards catastrophic disaster response planning for one additional U.S. city, based on the pilot disaster planning template developed for New Orleans, Louisiana. The template will be used in the future as a basis for all-hazards catastrophic planning for other high risk areas of the country; and

—Continue efforts to develop the capability to provide intermediate emergency housing aimed at meeting the needs of large numbers of disaster victims displaced from their homes as a result of large scale and catastrophic disasters

FEMA's Response Division will also continue to implement measures to reduce response times for its teams and delivery of disaster supplies.

Additional funding requested in fiscal year 2005 implements the National Incident Management System—NIMS. FEMA's goal for 2005 is to focus on the readiness of Federal response teams and the integration of Federal capabilities with that

of State and local jurisdictions. We will conduct outreach to our Federal response partners and State and local counterparts to ensure connectivity and synchronization of response capabilities under NIMS, and will conduct NIMS and Incident Command System (ICS) training for Federal response teams. These activities will ensure we have the baseline skills for all teams to operate under NIMS and be fully integrated into the NIMS/ICS doctrine.

As highlighted previously, the President's fiscal year 2005 budget proposes an initiative to develop FEMA's medical surge capability. Under this initiative, FEMA will evaluate supplemental capabilities for both a fixed and mobile facility to demonstrate the utility of using alternate facilities to support medical surge activities, as well as the utility of having a surge capacity that can be mobilized, transported, and made operational within set timelines. The second part of this initiative is to implement the concept through two pilot projects.

Recovery

FEMA's Recovery Division leads and coordinates the timely delivery of Federal disaster assistance to individuals and communities.

In fiscal year 2005, the Recovery Division will continue to provide assistance to individuals for temporary housing, damaged personal property, crisis counseling, disaster unemployment, and disaster legal services. FEMA responded to over 2.5 million calls last year, from people seeking to register for disaster assistance and to have their questions answered. The Recovery Division processed more than half a million individual disaster applications.

The Individual Assistance Programs that meet victims' most basic needs provide assistance for housing, personal property losses, and medical and funeral expenses. In each disaster we ask our customers, the disaster victims, what they think of the service we provided to them. I am pleased to tell you that we consistently earn very high marks from our customers when they are surveyed. In fiscal year 2005 we will continue to invest in technology that ensures we continue to meet our customers' expectations.

FEMA's Public Assistance Program, which accounts for the bulk of recovery expenditures out of the Disaster Relief Fund, is the primary means for community recovery. State and local governments and certain non-profit organizations can be reimbursed to repair facilities to their pre-disaster condition, as well as for costs associated with debris removal and emergency protective measures. FEMA is focusing on redesigning the Public Assistance Program to be more efficient and better prepared to meet the needs of a catastrophic or terrorist event by moving toward a web-based, user friendly, estimated based program, communities will be able to recover faster. In order to better prepare for the transition to a redesigned program, FEMA is establishing a methodology for estimating the total cost of large projects versus determining final costs after work is complete. Implementing the Public Assistance Program using cost estimates will allow State and local governments to better budget for recovery, improve our estimates of disaster expenditures, and reduce administrative costs and closeout timelines. In addition, we are working on proposed revisions to the Public Assistance Insurance Rule, which was last revised in 1991. The Stafford Act requires applicants for Public Assistance grants to "obtain and maintain" insurance on a damaged facility as a condition of receiving assistance. In the past, there have been concerns about this rule imposing a pre-disaster insurance requirement for all hazards. The proposed rule will not require insurance before disaster strikes, except for flood insurance in identified flood hazard areas, as required by the Stafford Act. The purpose of the rule is to simply clarify issues not adequately addressed in the current rule, such as eligible deductibles.

The Fire Management Assistance Grant Program is another key resource for States and local governments to mitigate, manage, and control forest or grassland fires to prevent damages that may otherwise result in a major disaster declaration.

I assure you that President Bush appreciates the importance of Recovery. I had the honor of joining the President in touring Missouri last spring after the devastating tornadoes struck Pierce City. Even though it was pouring rain during our visit, the President got out of his car to go over and talk to a couple who were standing in front of their damaged store front. They also had damages to their home. Using FEMA's temporary housing, immediate needs assistance, their insurance, and SBA home and business loans, this couple is recovering.

The massive California Wildfires of 2003 scorched over 750,000 acres and claimed 24 lives. During the response to the wildfires, the President and Secretary Ridge wanted me to be intimately involved in the coordination efforts between the Federal agencies doing work there. Through the formation of a pair of interagency bodies, the Washington-based California Fires Coordination Group and the field-level Multi-Agency Support Group, FEMA's Recovery Division was instrumental in assuring

that each of our Federal partners was coming to the table with comprehensive plans that were complementary to each other, that minimized the sort of bureaucratic "stove piping" that results in duplication of efforts, and that continued to focus on the needs identified by the State and local communities as priorities. Our shared success is the natural result of FEMA's commitment to "all-hazards" emergency management, and a focus on a scaled approach to meet the challenges of any kind of incident, from the floods, fires, and storms that happen all too often, to the catastrophic scenarios that we prepare for, but hope will never come to pass.

We take our mission to help communities and citizens recover very seriously. My goal is to continue to do the work we do now better and faster, and to build on our current recovery capabilities to be better prepared to face a catastrophic natural or terrorist event.

National Security

In fiscal year 2005, FEMA's Office of National Security Coordination will continue to carry out its mandated mission to provide Executive Agent leadership to ensure continuity of national operations in response to all-hazard emergencies in order to guarantee the survival of an enduring constitutional government. Funding in fiscal year 2005 will be used to ensure that all Federal Executive Branch departments and agencies attain and maintain a fully operational Continuity of Operations (COOP) capability. FEMA will provide assistance to Federal departments and agencies to help them attain and maintain fully operational contingency capabilities. FEMA will develop and implement a test, training, and exercise program that culminates in a complete exercise of the Continuity of Government (COG) program. In addition, we will provide technical support and guidance to our interagency, regional, State and local stakeholders across the Nation.

Conclusion

During the last year, FEMA has been busy but we continue to carry out our mission to prepare for, mitigate against, respond to, and recover from disasters and emergencies caused by all-hazards. The key to our continued improvement will be to take the lessons learned from previous disasters and incorporate them into our preparedness, planning, and procedures, so that we do an even better job of responding next time. We evaluate the lessons learned from each disaster and make plans to incorporate the new approaches and remedy problems. Hurricane Isabel provided such an opportunity, and it validated our priority to reduce disaster response times and improve our capability to gather information and effectively and efficiently manage the Federal Government's response to Presidentially-declared disasters.

Successful implementation of the new initiatives and the on-going activities I have discussed today will improve our national system of mitigating against, preparing for, responding to, recovering from disasters and emergencies caused by all hazards.

In closing, I want to thank the Members of the Subcommittee for their past support of FEMA and I appreciate the opportunity to testify before you today. I would now be pleased to answer any questions you may have.

STRATEGIC NATIONAL STOCKPILE

Senator COCHRAN. Thank you, Mr. Secretary.

Some of the questions that we have relate to the proposals to make transfers of authority and responsibility within the executive branch, some from the new Department of Homeland Security to the Department of Health and Human Services. I observed in Senator Byrd's statement concerns about that, and I was going to ask about that as well.

One of the transfers that I notice includes a transfer of the Strategic National Stockpile to the Department of Health and Human Services. Why is this a priority of the administration? Do you think that would be an appropriate thing to do and would enable us to do a better job of defending against attacks or terrorist attacks in this area?

Mr. BROWN. Senator, the beauty of transferring the stockpile back to HHS is that it truly aligns the budget requirements and the operations requirements in one Department. The important

thing to note is that FEMA does not lose its ability to deploy the stockpile in times of emergency. Under the national response plan, we will still be able to deploy the stockpile and utilize it as necessary to aid victims. So, what we have done is actually realign operations and budget within one Department.

DISASTER RELIEF FUND

Senator COCHRAN. There is also a question about whether some of the funding requests are sufficient to enable you to carry out your mission and to fulfill your responsibilities under the law. In particular, we notice that in the President's budget for disaster relief there is a request for $2.1 billion, but also included is a transfer of $7 million to preparedness, mitigation, response, and recovery for the urban search and rescue teams.

Is this an indication that you really need more money for disaster relief than is reflected in the budget request?

Mr. BROWN. No, Senator, it is not. In fact, I would say in response to Senator Byrd's comments earlier about last years episode with the disaster relief fund, that President Bush absolutely recognizes the importance of the DRF being fully funded, and in this case by requesting $2.15 billion, we are going to be able to do that.

I will tell you that we learned some lessons in FEMA last year because of that experience with the DRF. I am very pleased to say that our cash management systems have gotten much better. Our recoveries have gotten much better, and so this $2.15 billion, combined with the carryover we are going to have from good cash management, and from the recoveries that we are going to make in the current DRF funding, will be fully funded in the DRF this year. I think that is a reflection of the President's understanding that this pool of money needs to be available so that FEMA can do its job without worrying if there is enough money or putting some programs on hold. It is a recognition of the importance of that fund.

Senator COCHRAN. Well, I am impressed with the job that the Department has done in such a short period of time, reorganizing itself under the new Department's management structure, but including some agencies like FEMA, which is I suppose one of the principal responsibilities of this directorate which you chair, and to do so in a way that did not diminish in any respect the capacity of the Government to respond to natural disasters and the traditional role that FEMA has played. So, I congratulate you on the management function that you are providing and the responsibilities that you are carrying out in that regard.

We are going to work hard to be sure that we appropriate the money that you need and that our communities need when they are confronted with natural disasters. In my part of the country, we have been besieged with hurricanes, floods, tornadoes, and many other natural disasters, and FEMA has been right there and has helped lead the way, working with local officials and volunteers who come to respond to those situations. We know how important your work is and we appreciate the fact that you are dedicating yourself to help run this agency so people who do need help in these situations get it.

Mr. BROWN. Senator, I very much appreciate those comments.

FIRE GRANT PROGRAM

Senator COCHRAN. Senator Byrd.

Senator BYRD. Mr. Under Secretary, in my opening statement, I had a question which I said was rhetorical for that purpose. Where do these policies leave a small town fire department, let's say in Sophia, West Virginia, that needs to purchase breathing apparatus or needs equipment to deal with a chemical spill? Let us say we are talking about a town in Kanawha County on the river near the great complex of chemical industries that have been located there and have served the country so well through the years. Where does the policy leave a small town fire department that needs to purchase breathing apparatus or equipment to deal with a chemical spill?

Mr. BROWN. Senator, I would tell you that I think the fire grant program is one of the best programs in the Federal Government. It is incredibly efficient, organized, and directly affects and helps needs like those you are identifying. In addition to that, it has a peer review process that will take fire departments from West Virginia, Mississippi, Washington, or wherever they are from, and the peers themselves, the fire departments, look at where the need is the greatest and give us advice about where those dollars should go.

I will tell you that the President's request this year for $500 million in fire grants is the same amount that the President requested last year. He recognizes the importance of first responders. He also recognizes the importance of this program.

We are doing absolutely everything to ensure that the fire grant program is not deteriorated in any way by its movement to ODP. We are providing detailees. We are providing programmatic support. We are doing everything to make sure that program stays intact. Congress recognized that last year and said, as this transfer takes place, the U.S. Fire Administration should remain a vital part of the grant program, and indeed they are. FEMA is doing everything to support ODP to keep this program operating the exact same way it always has so that it does help fire departments like you describe.

Senator BYRD. Mr. Brown, if it is one of the best programs, a statement with which I agree, why is the President proposing to cut it by 33 percent?

Mr. BROWN. Well, the President's request is the exact same as he made last year, and Congress added an extra $249 million to it last year. The President is reiterating his same request from last year.

Senator BYRD. But he is cutting the program by 33 percent. Why is he doing that?

Mr. BROWN. His request is the same request he made last year.

Senator BYRD. I understand that. You said that already. But on what basis? Why is he doing that?

Mr. BROWN. The President's overall request for first responders is actually an increase. There was $8 billion last year for first responders, and that is increasing by about $900 million this year. So, overall for first responders, there is actually an increase.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Senator BYRD. Do I have time for one more question on this round?

Senator COCHRAN. Yes.

Senator BYRD. Mr. Secretary, first, you are proposing to cut emergency management performance grants by $9 million. Second, you are proposing to target those reduced emergency management dollars to terrorism activities, in essence, mandating that States put terrorism projects at the top of their priority list or risk losing funding. Finally, you are proposing to hinder the States' flexibility by capping at 25 percent the amount of each grant that can be spent on salaries.

West Virginia spends more than half of its EMPG funds on salaries. I understand that nationwide State and local governments use over 50 percent of their grant funds for the salaries that pay for emergency planning professionals. In West Virginia, EMPG is an essential source of funds to help State emergency managers reduce the threat of floods, assist flood victims, and to prepare for potential chemical spills. The all-hazards approach to emergency management is a critical tool for State officials.

Earlier this week, I received a letter from Stephen Kappa, K-a-p-p-a, the Director of the Office of Emergency Services in West Virginia. Perhaps you know him, do you?

Mr. BROWN. Yes sir, I do.

Senator BYRD. In his letter, Director Kappa concluded that the President's proposals for emergency management would have—and I quote here—"a devastating impact on emergency preparedness at the State and local levels." He, Mr. Kappa, concluded that—quote, again—"West Virginia and other States must balance our preparedness efforts to appropriately integrate terrorism, not to the detriment or exclusion of the existing national emergency response system that supports day-to-day public safety needs." That is the end of that excerpt from Mr. Kappa's letter to me.

Today if FEMA focuses too myopically on terrorist threats, it could jeopardize the all-hazards approach to emergency management that has been built up over the past 25 years, and we will be in danger of repeating past mistakes.

I am very disappointed with the President's emergency management proposal. Please explain, if you will, to a couple of Senators, who have been here quite some time from flood-prone States, such as West Virginia and Mississippi, why these proposals make sense.

Mr. BROWN. Senator, let me first state that I understand the concern that has been expressed by you and others about this change on the cap. I recognize that concern. In addition to that, the reason that FEMA has always been successful under James Lee Witt's leadership, under Joe Albaugh's leadership, has been that we have always understood that it is the ability of our State and local partners to do their job that helps make us successful. We must continue our relationships with the State and local agencies to understand what their capacities are, what their abilities are, what they have, and what they can and cannot do. One way that we will do that is through the EMPG. By changing the cap, it increases necessarily the amount of money that is now available for training and

exercises at the State and local government. The administration believes that personnel costs are truly a shared cost and the State and locals should share some of the costs of that personnel, with this change, we are increasing the amount of money that we can now use to exercise and train those personnel to make them even more robust in the future.

Senator BYRD. Is that the answer to my question?

Mr. BROWN. Yes, sir.

Senator BYRD. That is all on this round, Mr. Chairman. Thank you.

Senator COCHRAN. Senator Murray.

CUTS TO EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Senator MURRAY. Mr. Chairman, thank you very much.

I want to follow up on the question that Senator Byrd asked because I am also hearing from everyone in my State they are deeply concerned about this cap and obviously the cuts to the EMPG program. It is really the backbone for many of our communities in responding to all types of hazards. Senator Byrd mentioned floods. Certainly earthquakes and all the other disasters that people have to prepare for are also included. They have added to this now, obviously, terrorism. I am very concerned because EMPG really is the lifeblood for many of the emergency programs in my State and across the country.

A good example is Kitsap County. It has several military bases, a population of about 240,000, and about one-fifth of the emergency management budget comes from EMPG funding. That county uses its funding to support their office operations and to provide public education to help prepare the cities and residents in that county for all types of hazards. But not every community in my State is like that, and for those communities, EMPG funding is not some kind of enhancement. It is actually not unusual to see almost 80 percent of the Federal EMPG allocation used to hire dedicated emergency management professionals, which is really important.

So, when we see these recommended limitations, many of the communities in my State and probably across the country tell us they are going to have to terminate their emergency management program. That would place our entire emergency management response system in jeopardy. So, I share Senator Byrd's concern and I think we need to understand that the cap in particular will dramatically impact many of our counties to where they are not doing this, and that is, I do not think, the direction your agency wants to go.

So, if you want to respond, I am happy to listen.

Mr. BROWN. In response, Senator, I would just say again that I understand those concerns greatly. I want to emphasize that we believe that a robust State and local system is necessary for FEMA to be able to succeed because, remember, FEMA only steps in when it is beyond the capabilities of State and local governments to respond to a disaster, whether it is natural or manmade. With the change in this cap, we will now use those additional resources to train the people at the State and local level to exercise them more at the State and local level than we have in the past.

Senator MURRAY. But if there is nobody there to train, we are going to be——

Mr. BROWN. We would ask the States to see if they cannot find money to keep those people in place, because I do not want to lose those people either. I want to keep them there and train them and exercise them.

Senator MURRAY. Well, remember, our States and our local communities are suffering from a very difficult budget crisis right now.

Mr. BROWN. I understand.

Senator MURRAY. And if we just count on them coming up with the money, they are going to turn to us and talk about Federal mandates and complain to us, and it will be back on our shoulders when there is a response that cannot be taken care of.

Mr. BROWN. I understand that, Senator.

Senator MURRAY. So, Senator Byrd, I want to work with you on that concern because I share it.

Senator BYRD. Thank you. You have heard the company line.

PUTTING THE STRATEGIC NATIONAL STOCKPILE BACK UNDER THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

Senator MURRAY. The chairman mentioned the issue of the Strategic National Stockpile being put back under the Department of Health and Human Services. I think it is a positive change. I think it will help streamline the Federal decision-making in time of a crisis, but I am concerned that with this change, the Department of Homeland Security will no longer be connected to the public health community and our Nation's doctors and nurses are our first responders, particularly in time of a biological attack. They are the ones we need to sound the alarm, and we need to make sure that the immunologists and the virologists and the State public health officials are part of that coordinated effort to manage and respond to a crisis if it involves bioterrorism. So, I am concerned about that and want to know from you how we are going to engage our public health professionals and keep them part of this loop.

Mr. BROWN. Oh, absolutely. In fact, I hope I can alleviate those concerns because, while the stockpile does transfer back to HHS, it is only the budget and operations. We would still deploy the stockpile. We would still handle the logistics of the stockpile.

NATIONAL DISASTER MEDICAL SYSTEM

In addition to that, we still have the National Disaster Medical System within FEMA, which we are looking at and assessing. I think we have a very good relationship with NDMS. I think they are very proud to be a part of FEMA now. We are really trying to invigorate that system to make it part of the first responder community. So I think those concerns that you have, while they are certainly legitimate concerns, we are addressing those. I think we are on the right track to incorporate NDMS fully into our response system.

Senator MURRAY. Well, thank you.

Mr. Chairman, I do have a few other questions, but I know we have a vote in a few minutes. I would like to submit them, if I can, in particular involving Hammer Training Facility and our ability to

train some of our local responders that I would like to get a response back from you.

Mr. BROWN. Certainly.

Senator COCHRAN. Thank you.

BIOSHIELD

Mr. Secretary, let me ask you about the budget request as it relates to the BioShield initiative. The request asks for a substantial increase in funding from $885 million for this fiscal year to the level of $2.5 billion for fiscal year 2005. What is the justification for that substantial increase?

Mr. BROWN. Mr. Chairman, that will fully fund the BioShield program, as the President announced in the State of the Union a couple of years ago. That will enable us to create, as I said last year, this venture capital fund, if you want to call it that, so that we are ready to create a market for any kind of antibiotics or other medicines that we need to respond to a bioterror threat. There currently is no way to encourage the pharmaceutical companies or the drug companies to venture into these areas and create things for which there is no market other than the fact that we have intelligence that may tell us that there is a specific threat, a specific pathogen that terrorists are trying to use. This will enable us to create that market and produce those antibodies for that particular kind of attack.

Senator COCHRAN. There is a failure by the Congress to pass legislation that authorizes the BioShield program. Does this lack of legal authority impair in any way the administration's efforts to help protect our national security from a threat that this program seeks to address?

Mr. BROWN. Mr. Chairman, we are going to use the excellent language that you put in the appropriations, and use that as authorization to move forward, because we think our mandate from you and from the Congress is to use this money, and to use it for these kinds of threats. So that is what we will do.

Senator COCHRAN. To what extent are your funds going to be expended in this year and for what specific purposes?

Mr. BROWN. We currently are looking at some additional anthrax vaccines and some additional kinds of antibiotics that we need to develop.

Senator COCHRAN. The President's budget proposes in this area to make some transfers, transfer the Strategic National Stockpile from Homeland Security to the Department of Health and Human Services. But it does not suggest that BioShield should be transferred. Why is it more appropriate for the stockpile to be managed by HHS and BioShield to be managed by the Department of Homeland Security?

Mr. BROWN. Primarily because in BioShield, the resources that will be used in it are going to be based upon the threats that the Department of Homeland Security, the Central Intelligence Agency, and others develop through their intel gathering processes. So, as we understand and determine what those threats are, that BioShield money will be there for us to use to respond to those specific threats. Now, we will still work with the CDC, with HHS, and others in the development of those drugs and pharmaceuticals, but be-

cause we have the threat information, we believe that program should remain within DHS.

Senator COCHRAN. To your knowledge, is there an assessment being done by the administration on our vulnerabilities to biological attacks, and if so, who is doing the assessments?

Mr. BROWN. There is an assessment that is being carried forth, primarily by the Department of Homeland Security. Since September 11th, everything has changed in the Federal Government. And when I say that DHS is leading it, you can rest assured that we do not do anything without incorporating all of our Federal partners. We talk to HHS. We talk to CDC. We talk to anyone who may be involved to make sure that we get the right kind of information and that we get the right kind of response.

Senator COCHRAN. I assume that your directorate has had some involvement in the recent events that have been in the news and with those that we are also familiar with here in Congress, the ricin incident here in this building, and the anthrax events of the recent past. To what extent is the Department actively involved in these episodes? What do you do? What did you do in connection with those events?

Mr. BROWN. Everything from information-sharing among the Departments to the Capitol Police. We were in constant contact with them, for example, during the State of the Union or any other national security special event such as that. We deploy the National Disaster Medical System. You probably did not have a chance to see it during the State of the Union, but we had incredible teams all around these buildings, all within the Capitol, ready to respond to any type of event. So with FEMA and the Department of Homeland Security still being seen as the first responder on behalf of the Federal Government, we have an intimate involvement in all of those activities.

Senator COCHRAN. Thank you very much for your efforts to protect our security.

Mr. BROWN. Thank you, Senator.

Senator COCHRAN. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman, one of the best with whom I have ever served. I am talking about you.

Senator COCHRAN. I understand. You are embarrassing me.

PRE-DISASTER MITIGATION

Senator BYRD. Mr. Secretary, in fiscal years 2003 and 2004, Congress appropriated $150 million for a new pre-disaster mitigation fund. $150 million was a compromise with the Administration which proposed to spend $300 million on pre-disaster mitigation and to eliminate any funds for post-disaster mitigation.

This year, the administration requests $150 million for pre-disaster mitigation, and requests that 7.5 percent of the amount a State receives for a disaster from FEMA be provided for post-disaster mitigation.

I am pleased that the Administration recognizes the importance of post-disaster mitigation. In West Virginia, the $5.6 million received from this program will be used to acquire and demolish repetitive lost properties in the flood plain and relocate residents. To date, none of the non-planning pre-disaster funds from either 2003

or 2004 have been made available to States. West Virginia wants to spend the money on moving people out of the flood plain before another disaster strikes. It is unacceptable that this money is stuck at FEMA.

When can States expect to have pre-disaster mitigation funds in hand?

Mr. BROWN. Senator, we have received well over 400 applications for that money. 140 grants have been awarded for planning and for specific mitigation projects. To date, $49 million has been obligated. $15 million of that was for planning and $34 million for actual projects. $70 million will go out on a rolling basis before the end of the calendar year. So, we have received those 400 applications, and we have already obligated 49. We have also awarded 140 grants. That money will start going out the door. I want to get those people out of those repetitive places just as badly as you do, sir.

Senator BYRD. I am not so sure about that. Be careful what you say.

Mr. BROWN. Sir, we will get those funds out. It is a process of requesting 400 applications, getting the planning for those applications done, and the grant money out for those planning grants. And we will continue to get those monies out on a rolling basis.

Senator BYRD. The 2003 money was appropriated 12 months ago. I simply do not understand why it has taken so long to get the money out the door.

Until fiscal year 2003, States received an additional 15 percent in disaster relief funds for post-disaster mitigation projects. Earlier this week, I received a letter from a host of emergency management groups, including the International Association of Emergency Managers, the American Public Works Association, and the Association of State Flood Plain Managers, urging Congress to restore the hazard mitigation grant program formula to 15 percent from its current level of 7.5 percent.

What is your opinion of this proposal?

Mr. BROWN. Senator, I am for anything that we can do to mitigate disasters, pre-disaster or post-disaster. To the extent that we can get money out the door to help folks, we are going to do that.

Senator BYRD. What is your opinion of this proposal?

Mr. BROWN. We will certainly take it under consideration and look at it, Senator.

Senator BYRD. You are going to take it into consideration and look at it?

Mr. BROWN. We certainly will.

Senator BYRD. Well, I am going to call you in a few days and see how long you have been looking at it. Okay?

Mr. BROWN. Excellent.

PROPOSED CUTS TO FIRE GRANTS FUNDING

Senator BYRD. I have just one more question, Mr. Chairman, and I may have others for the record.

In December 2002, FEMA issued a report entitled, "A Needs Assessment of the U.S. Fire Service". That report found that half of all fire engines being used by our fire departments were over 15 years old. It found that 57,000 fire fighters lacked personal protec-

tive equipment, and that 41 percent of fire department personnel involved in wildland fire fighting lacked formal training in those duties.

Last year you could not approve over $1.7 billion of applications because of a lack of funds.

Given the serious deficiencies in basic fire fighting equipment and skills that you found, do you think that the administration's proposal to cut fire grant funding by 33 percent and to focus fire grants on terrorism-related activities will undermine the ability of our local fire fighters to respond to emergencies in their communities?

Mr. BROWN. No, sir, it will not because we will continue to make certain that under the fire grant program whatever monies we have available go to the highest critical needs, so that we start solving the worst needs that we have in the country first. We will keep the program in place that way and make certain that the money goes where it should go.

Senator BYRD. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

NATIONAL INCIDENT MANAGEMENT SYSTEM

Senator COCHRAN. Thank you, Senator Byrd, very much for your assistance with the work of this committee. I appreciate it.

Mr. Secretary, the budget request includes an increase of $7 million for a national incident management system to support the President's national strategy for homeland security. This incident management system is proposed to be a single coordinating system to bring together the Federal, State, and local governments, tribal Nations, and citizens during emergencies, disasters, or other catastrophic incidents.

How will the national incident management system differ from other systems that are designed to deal with all-hazard events within the Federal Emergency Management Agency and the Emergency Preparedness and Response Directorate?

Mr. BROWN. Senator, one of the problems we have now is that while we have a fairly good, unified command system around the country—first responders generally understand unified command and command and control systems—what we lack is a unified national incident management system with a common language by which we can all exercise and train to that common language. This $7 million will enable us to do that. So, when we bring in teams from anywhere in the country or mutual aid teams are helping other teams, they will walk into that situation with a common language, a common training. They will have exercised under a common system so that everyone will be on the same page, so to speak, when they are responding to any kind of disaster.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Mr. Secretary, we appreciate very much your cooperation with our committee, your making available your statement to us, and the opportunity to visit with you to talk about the budget request in advance of the hearing.

Senators may submit written questions, as you know. We hope that you will be able to respond to them within a reasonable time.

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

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

BIOSHIELD

Question. Without Congressional approval of BioShield, who has the authority to sign contracts related to the obligation of BioShield funds?

Answer. The fiscal year 2004 Homeland Security Appropriations Act provided $890 million to be spent for development of biodefense countermeasures for the current fiscal year. The Department of Homeland Security (DHS), the Department of Health and Human Services (HHS), the Homeland Security Council, and the Office of Management and Budget (OMB) recognize the importance of expeditious progress in developing much-needed countermeasures while following Congressional intent. In that vein, DHS and HHS have sought to ensure that the development of the interagency agreement for next-generation anthrax vaccine is in line with the proposed BioShield legislation. Until such time as the BioShield Act is passed, a FEMA contracting officer has the authority to sign interagency agreements with HHS, which, in turn, will execute contracts with manufacturers.

ANTHRAX VACCINE

Question. Is the procurement of an anthrax vaccine conducted through the Strategic National Stockpile or BioShield? Is this the responsibility of the Department of Homeland Security or the Department of Health and Human Services?

Answer. Anthrax vaccine (recombinant Protective Antigen, or rPA) procurement will be funded by the Biodefense Countermeasures appropriation included in the fiscal year 2004 DHS appropriation, but will be acquired for exclusive placement in the Strategic National Stockpile (SNS). The SNS discretionary appropriation is used to purchase items for which there is a significant commercial market. The BioShield program was specifically constructed to spur development of countermeasures for which no commercial market existed, as is the case with rPA, for inclusion in the Stockpile.

DHS is responsible for assessing current and emerging threats against the United States. The Weapons of Mass Destruction (WMD) Medical Countermeasures subcommittee, an interagency group co-chaired by DHS, HHS, and the Department of Defense, has developed countermeasures information of interest to officials who will make the BioShield procurement decisions. The WMD subcommittee commissioned an end-to-end analysis of medical countermeasures to Category "A" biological agents (anthrax, smallpox, plague, botulinum toxin, tularemia, Ebola and other hemorrhagic fever viruses). Working groups developed initial requirements for four high-priority bioweapon (BW) countermeasures for which there is high need and a reasonable expectation that products will be available in the near term, with rPA development topping the list.

The DHS Secretary enters into an interagency agreement with the HHS Secretary, whose department is responsible for providing medical, scientific, acquisition, technical, and procurement expertise, and is to establish technical requirements, identify suppliers, negotiate and evaluate proposals, enter into contracts, assess contractor performance, and perform administrative services. HHS also must ensure all the necessary steps have been taken for the licensing of the finished product.

Additionally, DHS is in the process of finalizing an interagency agreement with the Army for the acquisition of Anthrax Vaccine Adsorbed (AVA). This agreement will be funded from the Public Health Programs (SNS) appropriations account.

Question. When will the Department of Homeland Security or the Department of Health and Human Services procure the doses for which it has identified a requirement? What is that requirement? How many doses over what period of time will be necessary to meet it?

Answer. DHS and HHS are now finalizing an interagency agreement to purchase recombinant Protective Antigen (rPA) vaccine to protect 25 million persons. The government will consider later purchase of additional anthrax vaccine contingent on new vaccination delivery system technology and other cost-saving factors such as reduced dose requirements. A three-dose schedule is currently being evaluated, which would require a total purchase of 75 million doses. This initial agreement for fiscal year 2004 is for $134 million. Projections for obtaining the entire 75 million-dose requirement cover 5 years. Additionally, DHS is now finalizing an interagency agreement with the Department of the Army for up to 5 million doses of AVA.

Question. Are we filling at least part of that requirement with an FDA-approved product currently available?

Answer. The Stockpile currently maintains a small amount of the only FDA-licensed pre-exposure vaccine against anthrax (Anthrax Vaccine Adsorbed, or AVA). Currently, it has limited production capacity, and rectifying that problem would be very expensive and take several years to accomplish. AVA is not currently licensed for children or for the elderly. However, in order to ensure that some type of anthrax vaccine is available until the development and procurement of rPA, DHS and HHS have signed an interagency agreement for the purchase of AVA through the Department of the Army. This agreement will provide approximately 2 million doses in fiscal year 2004, 1.5 million doses in fiscal year 2005, and 1.5 million doses in fiscal year 2006.

STRATEGIC NATIONAL STOCKPILE

Question. The proposal to transfer the Strategic National Stockpile from the Department of Homeland Security (DHS) back to the Department of Health and Human Services (HHS) in fiscal year 2005 requires legislative action by the authorizing committee. Has such legislation been submitted by DHS, and if so, what action has been taken by the authorizing committee?

Answer. Language to effectuate the transfer of SNS from DHS to HHS has been added to S. 15, the Project Bioshield Act of 2003.

Question. How has the fiscal year 2004 transfer from HHS to DHS, and the proposed fiscal year 2005 transfer from DHS to HHS, affected the daily operations, personnel, and activities of the program? Have we crippled the program in any way by continuing to shuffle it between departments? How are decisions being made at this time in regard to the Stockpile?

Answer. The daily operations of the Stockpile have not been affected in any significant manner. Personnel and normal operations are nearly unchanged since the transfer from HHS to DHS and decisions are being made much as they always have been made at the Stockpile. The motivation to return the program to HHS is due to the desire to create a single command structure for the program, and to streamline operations once again. HHS will, however, have the obligation to deploy the stockpile when so requested by the Secretary of DHS. As such, the potential response needs of the DHS mission will not be compromised in any manner.

METROPOLITAN MEDICAL RESPONSE SYSTEM

Question. What is the direct impact of the elimination of funding within Emergency Preparedness and Response in fiscal year 2005 for the Metropolitan Medical Response System?

Answer. The funds that Congress has appropriated for the Metropolitan Medical Response System (MMRS) over the last several years have been used to establish certain capabilities, to get the program up to its baseline, and to facilitate transfer of the program to the localities for continuation, once the baseline is established. We will reach the baseline this fiscal year (2004), and therefore no additional funding is being requested.

Secretary Ridge has proposed a reorganization (a letter was sent to Members of Congress on January 26, 2004), wherein the MMRS program for fiscal year 2004 will be transferred to a newly established Office of State and Local Government Coordination and Preparedness. Under this arrangement, FEMA would have no further role in the MMRS program for fiscal year 2004, and there will be no Federal program in fiscal year 2005.

We cannot precisely estimate the number of local jurisdictions that would continue the MMRS program without Federal resources support. We are fairly certain that a large number of them, as an element of prudent preparedness and operational necessity, will attempt to maintain MMRS-type mass casualty integrated response preparedness and seek to use Federal funds from other programs to support eligible portions of MMRS-type capabilities.

Question. Are the program activities of the Metropolitan Medical Response System being met within any other areas of the President's budget?

Answer. There are other Federal programs, which provide more narrowly focused, but related, support. These include the Centers for Disease Control and Prevention-Health Resources and Services Administration (HRSA) Bioterrorism Preparedness Grants and the HRSA Hospital Grants; the Office for Domestic Preparedness (ODP) Training and Exercise Programs and Equipment Grants; and ODP Urban Area Security Initiative funding to the designated States, which will then work with counties and cities to form regions that will work together through mutual aid agree-

ments, interoperable communications, statewide intelligence centers, and community and citizen participation.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Question. What will happen to the all-hazards preparedness, mitigation, response, and recovery activities of the Emergency Management Performance Grants if the primary focus for all grant programs within the Office for Domestic Preparedness is required to be homeland security activities?

Answer. Effective State and local all-hazards planning capabilities are critical to the success of FEMA in responding to disasters, but at this time, the Administration feels strongly that resources be focused toward building local governments' homeland security capabilities.

Question. If a 25 percent cap is placed on the amount of grant funding allowed for personnel costs, many county and local emergency management offices may have to close due to the funding shortfall. The emergency management offices are critical to the preparation of the local community prior to disasters, which is the key to ensuring survival of its citizens during a disaster. The 25 percent cap on personnel costs could result in as much as a 60 percent decrease in emergency management staff nation-wide. If this happens, how will it affect FEMA's ability to operate in the field during a disaster? Would the direct costs to FEMA increase if more FEMA personnel were required to travel to the disaster site for assistance due to lack of local emergency management personnel?

Answer. Currently, Emergency Management Performance Grants funds are disproportionately used to pay salaries, which is predominately a State/local responsibility. The cap on personnel costs is intended to ensure that the State and local governments assume more responsibility for their personnel costs. This would allow a greater percentage of grant funds to be utilized by State and local governments for training and exercises, further enhancing readiness capabilities.

PREPAREDNESS, MITIGATION, RESPONSE, AND RECOVERY

Questions. For fiscal year 2004, the Emergency Preparedness and Response Directorate proposed to establish one pilot Incident Management Team to develop the base structures and procedures for the four Incident Management Teams requested in the fiscal year 2005 budget.

Where will the one pilot Incident Management Team be located?

What criteria were used to determine this location?

Where are you in the process of establishing this pilot team?

What is the time-frame for having the pilot team fully operational?

Answer. The Pilot Incident Management Team (IMT) will be collocated with the Coast Guard facility in Elizabeth City, North Carolina. This location was chosen for the Pilot IMT primarily due to the efficiencies that can be achieved through use of existing Coast Guard facilities, air transportation, and available space. Our goal in fiscal year 2005 is for IMTs to be fully activated within 15 hours of initial disaster notification and to have an average IMT response time for arrival at a disaster site within 22 hours. Our current average response time for all existing response teams is 72 hours for arrival on scene; the response time for the IMTs will help to reduce this overall average to 60 hours by fiscal year 2005. Geographic proximity and transportation support will be crucial to achievement of this goal.

Also, this geographic location is ideal for its close proximity to high-risk areas in the eastern United States. The Pilot IMT is our development phase of this initiative and the timing for its inclusion into our response system coincides perfectly with the onset of the 2004 hurricane season. This location will also afford us the possibility of real-time disaster scenarios in which the IMT can be utilized, exercised, and evaluated for future development of other teams in fiscal year 2005.

We are currently engaged in the acquisition of support equipment and recruitment of personnel, and we plan to have the Pilot IMT at an operational status by September 2004. The development and validation of procedures and operational doctrine will be complete by that time as well. Operational status will be constantly augmented and improved as we continue to exercise the teams and to enhance our procedures and doctrine through remedial actions.

In the future, the IMTs will be referred to as Federal Initial Response Support Teams (FIRST), a name which differentiates them from existing response teams and which follows incident management protocols more closely. This name change is proposed in the draft National Response Plan (NRP) and will be made official when the NRP is finalized.

Questions. The fiscal year 2005 budget requests an increase of $6.2 million for four Incident Management Teams to act as the core, field-level response teams for

major disasters, emergencies, and acts of terrorism. It is my understanding that this funding will be used to secure half of the personnel needed, secure two locations for housing and deployment of teams, complete studies regarding transportation needs, and develop plans for full implementation of four teams in fiscal year 2006.

Will the $6.2 million support two Incident Management Teams or four? If $6.2 million only supports two fully functional teams, will another $6.2 million be needed in fiscal year 2006 for the other two teams? If not, then what is the anticipated need to complete this initiative?

How will the locations for the Incident Management Teams be chosen?

Do you anticipate expanding beyond four teams after fiscal year 2006?

What is the projected annual funding needed to maintain these teams once they are in place and fully operational?

Answer. At the time the budget was developed, the plan was for two full teams staffed by 10 full-time equivalent (FTE) positions. Current plans are to use the funding requested in the fiscal year 2005 budget to establish four teams with 5 FTEs to provide better coverage across the country. The Pilot Team will be established in fiscal year 2004 and three additional teams will be established in fiscal year 2005. We have chosen locations for the teams that take advantage of existing DHS transportation and support assets without requiring a large team structure. Much of the work for site selection is being done in fiscal year 2004 to be ready for establishment of the teams. Establishment of the teams, however, is not an end stage for readiness.

Locations for the IMTs are being identified based on geographic location as well as collocation with exiting Coast Guard assets that will be utilized to support the IMTs in their operations. Elizabeth City, North Carolina, and Sacramento, California, have been chosen as potential sites on the East and West coasts of the United States. This will allow the IMTs to have a quick response across the country, including Alaska and Hawaii, through ground and/or air transportation provided through support from the Coast Guard.

Our goal in fiscal year 2005 is for IMTs to be fully activated within 15 hours of initial disaster notification and to have an average IMT response time for arrival at a disaster site within 22 hours. Our current average response time for all existing response teams is 72 hours for arrival on scene; the response time for the IMTs will help to reduce this overall average to 60 hours by fiscal year 2005. Geographic proximity and transportation support will be crucial to achievement of this goal.

At this point, we are concentrating on the establishment of the four teams planned for fiscal year 2005. It would not be fiscally responsible for us to plan for additional teams until we have thoroughly tested our capability with the four teams. We plan to conduct a thorough review of each team through exercises, credentialing, and after-action remediation before we make a determination on needs for future development. In order to provide support to the IMTs, we are also developing augmentation plans that will seamlessly link our regions and existing team structure to the IMTs.

We anticipate that the $6.2 million budget will be programmed in outyears to provide maintenance of caches and equipment, exercise support, training, further development, and planning support for the IMTs.

In the future, the IMTs will be referred to as Federal Initial Response Support Teams (FIRST), a name which differentiates them from existing response teams and which follows incident management protocols more closely. This name change is proposed in the draft National Response Plan (NRP) and will be made official when the NRP is finalized.

Questions. The President's budget request includes a $1.8 million increase for the Mobile Emergency Response System to develop a temporary workforce to assist in the daily operations, deployments and necessary training and exercise programs to ensure that all response teams can provide a 24-hour response time to communities impacted by disasters, emergencies, terrorist events, or weapons of mass destruction incidents.

How is this workforce trained, maintained, and called into action when needed? In general, how will the temporary workforce operate?

How many workers make up the temporary workforce?

What is the projected annual funding requirement to maintain the Mobile Emergency Response System?

Answer. Every effort will be made to hire experienced personnel who are already trained, qualified, and experienced in the desired general skill areas. Once hired, they will be paired with permanent full-time employees for on-the-job-training on specific systems. Their skills will be maintained and kept current in the same manner by which the permanent full-time employees' skills are kept current. As new systems are introduced and current systems are upgraded, they will be provided a

combination of contractor and in-house instruction. They will also be provided training literature and manuals as well as opportunities for continuing on-the-job-training. They will be called into action by using FEMA's Automatic Deployment Database. FEMA developed this system several years ago to rapidly activate and deploy its temporary workforce known as Disaster Assistance Employees, who provide most of the staffing at Disaster Field Offices.

The Mobile Emergency Response System (MERS) temporary workforce will be called into action as training, daily operations, and deployment needs develop. In general, the temporary workforce will be used to reinforce and extend the capabilities of the MERS. When training opportunities occur, they will be activated for the period of the training. When deployments occur, they will be utilized in several important ways. They will report to the home bases to replace deployed permanent full-time employees to sustain ongoing daily operations. They will also deploy with full-time employees to increase and extend the scope of field operations and will deploy in the place of unavailable full-time employees.

The initial goal is to have 50 MERS temporary employees. Although all the temporary employees will be available to assist any of the 5 (MERS) Detachments, the initial goal will provide 10 temporary employees per unit. The final goal is to have 100 MERS temporary employees. This would equate to 20 temporary employees per unit.

Once all hiring activities are completed, the projected annual funding to maintain a 100-person MERS temporary workforce is approximately $3.2 million.

Questions. An increase of $5 million is requested to develop one fixed and one mobile module to demonstrate medical surge capacity. An additional $15 million is requested to develop two pilot projects to evaluate one fixed and one mobile medical surge facility.

How will the locations for the pilot projects be determined?

What follow-on appropriations will be required to support this project?

What is the anticipated timeframe for expanding this project nation-wide?

Answer. Department staff will develop standardized evaluation criteria that will be used to assess potential locations for the pilot projects. It is currently anticipated that a significant number of factors will be incorporated in the evaluation criteria, including: overall population of the jurisdiction; population density in and around the location; hazards and risks prevalent in the location (including natural, technological, and terrorist incidents); existing hospital capacity; strength and organization of existing medical response and public health systems; existing State or local plans for surge capacity; availability of existing Federal and non-Federal facilities with adequate storage space, site access, and proximity to commercial ground and air transportation; proximity to sources of medical equipment and pharmaceutical suppliers; and proximity to FEMA regional offices.

FEMA continues to work with the Administration on the program details and budgetary requirements for future years.

It is anticipated that if the program is funded beginning in fiscal year 2005 without delay, procurement will begin for the two pilot units in fiscal year 2005.

URBAN SEARCH AND RESCUE

Question. Why has the administration requested only $7 million to support the FEMA urban search and rescue program when the annual preparedness grants of $150,000 that were previously generated under a $7 million budget were insufficient to properly maintain and operate these task forces?

Answer. A funding level of $7 million is requested for Urban Search and Rescue (US&R) for fiscal year 2005. The program will be funded in the Preparedness, Mitigation, Response and Recovery account, rather than from Disaster Relief, where it has historically been funded. Since 2001, FEMA has received more than $100 million in both regular and supplemental appropriations to upgrade equipment for and to train the US&R teams to perform under a variety of scenarios, including those involving WMD.

Question. Since all 28 teams have been made Weapons of Mass Destruction (WMD) capable, what is the projected funding level for maintaining that WMD capability in fiscal year 2005?

Answer. The fiscal year 2005 President's Budget requests $7 million for the US&R program.

Question. Although funding was provided in fiscal years 2003 and 2004 for the purchase of a second equipment cache, is it true that FEMA has not moved forward on this acquisition of equipment and materials for the 28 task forces? If so, why not? What happened to those funds?

Answer. The US&R program is committing funds for the 2nd Equipment Cache initiative. This includes $22.4 million in fiscal year 2003 funds and $27.3 million in fiscal year 2004 funds through an interagency agreement with the Defense Logistics Agency, and a subordinate acquisition contractor to assist the US&R program office staff and to allow for the bulk purchase of the myriad tools, supplies, and equipment that will be procured (a full cache has some 6,500 items). An ad hoc Tiger Team made up of US&R logistics specialists from selected US&R task forces has been convened to address the purchase, organization, cache packaging, and other necessary issues for developing the prototype standardized cache that will be duplicated and distributed to the 28 US&R task forces in the system. Initial meetings have already been conducted and subsequent meetings are scheduled.

Furthermore, we are finalizing the lease of necessary warehouse space to allow for the receipt of the ordered items; developing the organization, cache packaging scheme, and mobilization load plan of a standardized cache; and resolving other related issues. Due to the large size and complexity of a full US&R cache, the procurement and development is being addressed in a phased approach by cache function, such as rescue, communications, medical, logistics, etc. To expedite the process, each segment will be forwarded to all task forces as the segment is addressed. We anticipate the warehouse lease being finalized in mid-March. The overall initiative is in progress and on target with identified timelines. We anticipate the task forces will begin receiving initial cache shipments in the latter half of calendar year 2004. Fiscal year 2003 and fiscal year 2004 funding provides for the first- and second-year phases of the overall 3-year acquisition. Funding for the third phase from fiscal year 2005 is indeterminate.

Question. There seem to have been some delays in the progress of enhancement intended by Congress for the urban search and rescue program: a lack of progress in acquiring the second equipment cache for all 28 task forces; delay in the acquisition of ground transportation; development of additional training programs and task force evaluations have not been accomplished. What steps are being taken to rectify the delays and lack of progress?

Answer. The identified aspects of the US&R program are in process and on target. The US&R program is committing funds for the 2nd Equipment Cache initiative. This includes $22.4 million in fiscal year 2003 funds and $27.3 million in fiscal year 2004 funds. An ad hoc Tiger Team made up of US&R logistics specialists from selected US&R task forces has been convened to address the purchase, organization, cache packaging, and other necessary issues for developing the prototype standardized cache that will be duplicated and distributed to the 28 US&R task forces in the system. Initial meetings have already been conducted and subsequent meetings are scheduled.

Furthermore, we are finalizing the lease of necessary warehouse space to allow for the receipt of the ordered items; developing the organization, cache packaging scheme, and mobilization load plan of a standardized cache; and resolving other related issues. We anticipate the warehouse lease being finalized in mid-March.

The acquisition of ground transport vehicles, which will allow for movement of the US&R equipment cache, is also on target. In fiscal year 2003 funding, $11.2 million ($400,000 per task force for trucks and trailers) and $3.9 million ($138,000 per task force for command and support vehicles) is being provided to the 28 task forces for this procurement at the sponsoring agency level.

The US&R program office has received and approved the task forces' acquisition plans for the fiscal year 2003 acquisition. We anticipate that all task forces will have the truck/trailer assets in place by the middle of 2004. Acquisition of command vehicles will follow in the same vein with the awarding of the fiscal year 2004 Preparedness Cooperative Agreements, which are also in process.

US&R training requirements are also in process and on target. Another $2 million in fiscal year 2003 funds has been committed and eight national US&R specialist-training classes are scheduled and being conducted in calendar year 2004 (including the development of three new classes). For fiscal year 2004, $1.9 million is being obligated for nine national training classes scheduled during 2005. A comprehensive US&R Task Force Administrative Training Course has been developed and was recently delivered for the sponsoring agency task force program managers and grants managers of the 28 task forces. The US&R Task Force Readiness Evaluation Program is currently under development by US&R program staff and selected task force members. Prototypes for US&R Preparedness Cooperative Agreement reporting, monthly operational readiness reporting (using web-based online access), and onsite peer evaluation/readiness checks are in progress or have been developed. We anticipate the pilot onsite inspections to begin in the mid-to-latter half of calendar year 2004.

EMERGENCY FOOD AND SHELTER PROGRAM

Question. The transfer of the Emergency Food and Shelter Program from the Department of Homeland Security (DHS) to the Department of Housing and Urban Development (HUD) requires legislative action by the authorizing committee. Has the Department sent a request to the authorizing committee for legislative language to be considered? If not, why? If so, what is the current status of the legislative proposal?

Answer. FEMA is currently working with the appropriate authorizing and appropriations committees on the legislative language to transfer the Emergency Food and Shelter program to the Department of Housing and Urban Development in accordance with the President's fiscal year 2005 budget request.

FLOOD MAP MODERNIZATION

Question. The fiscal year 2005 budget request includes $200 million for the Flood Map Modernization project. How will this funding be used?

Answer. Fiscal year 2005 funding will be used to continue to implement the Multi-Hazard Flood Map Modernization Program. FEMA's vision for the program entails providing credible flood maps and data for communities nationwide that are more accurate, up-to-date, easier to use, and readily available. FEMA intends to accomplish the following:

—Network the Nation using the latest Internet portal technology to provide access to general flood hazard, risk, and mitigation information, and convert the maps from paper to a digital format. The information will be tailored to the needs of specific partners, stakeholders, and users.

—Leverage the use of Federal, State, and local resources, and transfer ownership and use of flood maps and data to the State and local levels by building and maintaining effective partnerships with State, regional, and community entities in the development of the maps and data

—Use clear data standards to ensure that the modernized flood hazard maps reflect the best available data that suits the risk level for the given area

—Reduce processing time and costs for flood map updates and increase accountability for spending by implementing results-oriented systems and standards that will facilitate the rapid exchange of data between our partners, staff, and contractors

—Communicate widely, effectively, consistently, and continuously to maximize our partners', stakeholders', and users' understanding of flood hazards and the risks the hazards pose to life and property

Primarily, the fiscal year 2005 funding will be used to initiate and complete flood map updates nationwide based on our 5-year Multi-Hazard Implementation Plan (MHIP) for completing the work in fiscal years 2004 through 2008. FEMA will use the MHIP to establish goals and baseline with existing priorities; to document and understand flood map update needs identified by State, regional, and local partners and stakeholders; and to develop prioritization criteria and a sequence for scoping counties and watersheds in the priority areas based on floodplain management, hydrologic, hydraulics, and terrain needs. The MHIP will be reevaluated annually to account for changing needs, natural disasters, and new partnerships; to prioritize changes; and to update mapping priorities, as appropriate.

FEMA will provide a precise accounting of the engineering studies to be performed and the flood maps to be produced once development of the MHIP is completed; will scope the map update projects identified in coordination with State, regional, and local partners and stakeholders; and will contract the required map updates with our contractors and with State, regional, and local participants in our Cooperating Technical Partners (CTP) program.

Question. The final contract for the national flood map modernization project has been continuously delayed over the last several months. Why? When exactly will the contract be finalized?

Answer. The National Service Provider (NSP) contract was awarded on March 11, 2004. FEMA experienced some delays in finalizing the contract with the NSP due to the need to ensure the completeness and accuracy of this performance-based contract. More discussions and negotiations were needed than for a conventional compliance-based contract. The NSP is now on the ground in each of the ten regions as well as in headquarters, performing in accordance with the results-based contract, and on schedule to deliver initial functionality.

Question. Since this is a performance-based contract, have the guidelines been developed for how performance will be measured? What level of funding is available or will be provided for the contract for "independent contractor" monitoring?

Answer. FEMA has developed guidelines for how performance on the NSP contract will be measured and performance metrics have been closely linked to the strategic goals of DHS and FEMA.

A detailed program management plan that outlines how performance will be measured has been developed. FEMA has negotiated a performance requirement summary with the NSP that describes each specific measurement and its acceptable quality levels. We have established a specific team that will be responsible for monitoring performance measurements and reporting results on a frequent basis.

FEMA has assigned specific responsibilities for monitoring and measuring not only the contract performance, but program performance as well. We are providing the NSP with incentives to effectively manage all mapping activities and build partnerships and capabilities while producing high-quality flood maps using accurate, credible data.

In addition, FEMA is procuring the services of an independent contractor to help monitor the NSP's performance and to verify that program outcomes are truly achieved. The projected funding level for this independent contractor is approximately $1.2 million for fiscal year 2004.

Question. There is concern about conflict of interest with the company who has won the national contract and how much work they may be doing on the sub-contractor level. Are there guidelines in place to ensure there is no conflict of interest? How will identified conflicts of interest be avoided or mitigated?

Answer. During the source selection process, one of the key issues was identifying mechanisms to avoid conflicts of interest or the appearance of conflict. Each offeror included presentations on means of avoiding such conflicts. The contract has established that the NSP will have an aggressive Organizational Conflict of Interest (OCI) management program consistent with Federal Acquisition Regulation 9.5.

The NSP, which is a team of experienced contractors led by one primary contractor, has proposed a conflict of interest management approach that will be put into place upon contract award. Under the proposed approach, the prime contractor will not pursue any contracts for engineering studies with our regional offices or with States under our CTP program. The proposed approach also includes a reporting requirement for all other members of the NSP team to disclose all ongoing contracts and pursuit of contracts to the prime contractor for screening to identify potential OCI issues, perceived or actual. The prime contractor will inform our Contracting Officer in writing of any work that could pose a potential OCI so that appropriate measures may be taken to eliminate the OCI.

Question. Without valid data the people at the State and local level won't have confidence in the maps, making them virtually useless. What guidelines are in place for an independent review of the process itself and the new digitized maps to ensure the revised maps have valid data? How will FEMA ensure that the flood hazard "data" has been updated or is current before converting it into new digital maps?

Answer. A fundamental tenet of the Multi-Hazard Flood Map Modernization Program is that State and local involvement in the modernization of the flood maps is essential for program success. State, regional, and local partner involvement is particularly vital for the identification and use of best available, accurate data that are appropriate for the flood risk in the area being mapped. We are maximizing our partners' involvement and contributions in this critical area by establishing clear quality standards; by making appropriate use of Internet technology, automated data collection and processing tools; and through use of independent quality reviews.

FEMA has developed criteria for assuring the quality of flood hazard maps and supporting data. FEMA implemented Digital Flood Insurance Rate Map base map standards in 1998 and Light Detection and Ranging system standards in 2000. Both standards were updated when the consolidated Guidelines and Specifications for Flood Hazard Mapping Partners was published in February 2002.

State, regional, and local review and acceptance of new and existing data will be achieved at key milestones throughout the flood map update process—from the initial identification of flood map update needs as part of the MHIP, to the scoping of the flood map update, to the preparation and adoption of the final maps.

Through our web-based flood hazard data collection and delivery system, we will make component data, such as topographic data, available for use by our mapping partners as it is developed. This will allow for data quality verification at the State, regional, and local levels at numerous points in the flood map update process. These reviews will help to assure that the data reflect a level of analysis and effort commensurate with the flood risk faced by the mapped communities.

In addition to providing access to the data as it is developed, we are assuring quality by providing data collection and processing tools for our partners and contractors to use in performing map update projects. These tools have been designed

with quality checks built in to minimize errors and to assure internal consistency in the collection and processing of the data. To ensure the tools are used properly, we will provide appropriate training and support to the partners and contractors who are using the tools for map update projects.

FEMA is using the latest Internet portal technology to allow State, regional, and local partners to obtain current status information on the progress of a map update. This access will give our partners a more significant role in the management of the program.

Furthermore, FEMA has incorporated a quality standard into the performance measurement system for the program, and plans to establish an independent contract to perform independent verification and validation and to measure the quality of the products produced. The independent contractor also will help monitor the NSP's performance and verify that program outcomes are achieved.

Finally, FEMA is continuing the very effective practice of requiring independent quality reviews as part of the flood map update process. This practice was institutionalized when we published our consolidated Guidelines and Specifications for Flood Hazard Mapping Partners in February 2002. We include the independent quality review requirement in all mapping project-related contract documents developed with our contractors and with participants in the CTP program. These independent reviews help to assure map updates are completed efficiently and are consistent with FEMA standards.

By requiring independent quality reviews throughout the map update process, we are assuring that products resulting from each activity meet FEMA standards before the next activity is started. We also are assuring that the maps and related products and data are internally consistent. These reviews also provide an opportunity for providing task-specific training to partners who may not be completely familiar with FEMA quality standards. The frequent independent quality reviews also eliminate the costly rework that can result when an error is made early in the processing and is not identified before processing continues.

Question. Is the schedule of trying to have completely revised, digitized flood maps for the entire country in 5 years realistic?

Answer. Based on our current schedule, we believe our plan for preparing and distributing updated, digitized flood maps is realistic. However, we will be better prepared to provide a precise accounting of the type of engineering study to be performed in each county when we complete the development of our 5-year implementation plan (MHIP); scope the map update projects identified in coordination with State, regional, and local partners and stakeholders; and contract the required map updates with our contractors and participants in our CTP program.

Question. Is $200 million a year still an accurate estimate of the cost for this project, not just to convert the old paper maps into digitized maps but to truly revise them with the most accurate flood plain data? Are we sacrificing quality at any level for quantity of maps completed?

Answer. Based on the information we have to date, we believe the funding requested will be adequate to meet our initial program goals. We will validate our original program baseline and provide a precise accounting of when and how the funding will be expended later this year, after we have completed the development of our 5-year implementation plan (MHIP), scoped the map update projects identified; determined the contributions that may be made by State, regional, and local partners through the CTP program; and contracted the required map updates.

One of the primary objectives that our NSP was asked to meet was the creation of credible flood maps for use by partners, stakeholders, and other users. The maps will reflect the best data available and will be appropriate for the level of risk associated with the mapped area.

In addition, we have incorporated a quality standard into our program performance standards to ensure quality of maps produced.

Question. Beyond the 5 years anticipated to complete the project, how much follow-on funding is anticipated in the out-years to maintain the digitized map?

Answer. At the present time, we cannot formulate a precise cost for maintaining the digitized maps. The cost of maintaining the digitized maps will depend on several factors, including the total cost savings realized by eliminating routine production of paper maps (e.g., manual updates, warehousing), and the level of State and local participation in maintaining the new maps that will be realized by expanding our CTP program. We will be able to estimate the maintenance budget for the program after we complete our 5-year implementation plan (MHIP); coordinate with States, regional agencies, and local communities; and assess each State's desired level of program participation as identified in its State Business Plan.

QUESTION SUBMITTED BY SENATOR TED STEVENS

Question. FEMA Region X has denied the use of Stafford Act disaster funds for two airports in Alaska (Northway Airport and Gulkana Airport). The repairs of these airports total $13,675,693. FEMA claims that it does not have the authority to perform these repairs and claims that the Federal Aviation Administration is authorized to perform these repairs. The FAA disagrees and claims that its agency lacks authority to provide for disaster repairs. Who has the legal responsibility for repairs to disaster damaged runways and airports?

Answer. The appeal from the State of Alaska has been received and is currently under review. We will notify your office once a decision has been reached and the applicant has been informed.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Question. What percentage of fiscal year 2003 and fiscal year 2004 EMPG funds are being used to pay salaries nationally? Please provide breakouts by State and include State and local government personnel expenses.

Answer. In an attempt to be as responsive as possible to the questions of the Committee, we have developed the information in the table below. It is a statistical extrapolation based on budget levels for "Personnel" and "Fringe Benefits" submitted by the States on FEMA Form 20–20, "Budget Information—Non-construction Programs." The States are not required to maintain or to submit detailed information on the exact percentages of their personnel costs funded with Emergency Management Performance Grant (EMPG) funds, therefore, we must emphasize that the data and methodology underlying this analysis are of known inadequacy, and the results below may not provide a complete or accurate assessment of the amount of EMPG funds used to pay salaries.

The indications that we are able to derive from this analysis are that the amount of the Federal share of EMPG funds budgeted by the States for salaries and fringe benefits varies greatly, ranging from about 16 percent to about 72 percent. The average of the percentages was about 37 percent. For the Insular Areas, which are not required to share cost, the percentages ranged from about 56 to about 72 and averaged about 67 percent.

Very little data is available for use of pass-through, or subgrant, EMPG funds for salaries and benefits at the local level. What we do have indicates that the number is higher than at the State level, probably averaging 80 percent or more.

Reg./St. Name	EMPG Federal Share	Personnel	Fringe Benefits	Percent of Federal Share for Salaries/Fringe	Estimated Pass-through	Estimated Percent of Pass-through Salaries/Fringe
National Totals	154,885,912	75,144,375	16,416,336	37.40	115,843,873	.....
Region 1	12,185,673	7,177,474	2,189,927	34.75	7,164,177	.....
Connecticut	2,407,428	1,477,757	603,221	43.22	1,404,291	.....
Maine	1,609,597	611,124	291,873	28.05	1,464,192	.....
Massachusetts	3,457,781	3,062,227	673,690	54.02	1,595,952	.....
New Hampshire	1,667,748	733,957	237,289	29.12	959,703	.....
Rhode Island	1,599,677	891,015	285,125	36.76	1,136,623	.....
Vermont	1,443,442	401,394	98,729	17.32	603,416	.....
Region 2	15,011,754	4,632,915	1,311,370	45.25	2,742,707	.....
New Jersey	4,139,084	1,031,739	201,641	29.80	1,672,122	.....
New York	7,703,460	2,500,000	859,250	43.61	215,085	.....
Puerto Rico	2,536,400	737,895	156,026	35.24	855,500	.....
Virgin Islands	632,810	363,281	94,453	72.33	.....	
Region 3	7,329,496	5,003,332	1,383,750	46.67	6,025,436	.....
Delaware	.....	.....	.....	.....	.....	.....
District of Columbia	1,501,603	1,793,206	284,000	69.17	410,000	.....
Maryland	.....	.....	.....	.....	.....	.....
Pennsylvania	.....	.....	.....	.....	.....	.....
Virginia	3,889,095	2,306,396	810,356	40.07	3,195,436	.....
West Virginia	1,938,798	903,730	289,394	30.77	2,420,000	.....
Region 4	29,591,145	18,954,422	0	33.48	25,329,569	.....
Alabama	3,823,967	3,696,461	.....	48.33	2,500,000	.....
Florida	7,233,935	2,617,511	.....	18.09	4,279,886	.....
Georgia	4,123,419	4,040,060	.....	48.99	3,687,500	.....
Kentucky	1,809,701	1,309,020	.....	36.17	1,340,853	
Mississippi	2,318,816	1,521,486	.....	32.81	1,936,342	.....
North Carolina	4,253,671	2,399,006	.....	28.20	5,149,520	.....
South Carolina	2,669,936	1,320,078	.....	24.72	3,317,468	.....
Tennessee	3,357,700	2,050,800	.....	30.54	3,118,000	.....
Region 5	24,931,917	11,509,247	4,558,027	30.80	22,249,984	.....
Illinois	5,580,907	3,608,501	1,479,486	45.58	2,927,069	.....
Indiana	3,365,504	1,200,538	497,218	25.22	4,288,816	87
Michigan	4,709,793	2,504,359	1,192,078	39.24	3,034,000	.....
Minnesota	2,972,911	1,294,766	455,809	29.44	3,547,586	78
Ohio	5,184,208	1,981,083	553,436	24.44	3,852,513	86
Wisconsin	3,118,594	920,000	380,000	20.84	4,600,000	88

Reg./St. Name	EMPG Federal Share	Personnel	Fringe Benefits	Percent of Federal Share for Salaries/Fringe	Estimated Pass-through	Estimated Percent of Pass-through Salaries/Fringe
Region 6	17,990,977	4,333,511	1,184,259	28.34	11,282,574	.....
Arkansas	2,179,451	1,376,311	415,921	41.12	991,384	41
Louisiana	2,791,271	673,366	121,206	28.47	1,581,860	93
New Mexico	1,862,907	331,978	107,487	23.59	1,244,156	75
Oklahoma	2,415,000	531,156	137,871	27.70	1,764,007	.....
Texas	8,742,348	1,420,700	401,774	20.85	5,701,167	75
Region 7	6,752,153	4,277,632	1,152,392	38.98	6,945,990	.....
Iowa	1,600,520	1,094,279	364,760	45.58	5,000	.....
Kansas	1,511,233	850,063	212,712	35.16	3,230,491	.....
Missouri	2,295,781	1,712,376	428,095	46.62	1,954,000	.....
Nebraska	1,344,619	620,914	146,825	28.55	1,756,499	.....
Region 8	11,212,298	4,176,758	1,244,091	28.98	11,553,304	.....
Colorado	2,899,310	1,079,936	152,671	21.26	3,949,354	.....
Montana	1,621,942	693,757	222,002	28.23	2,173,008	.....
North Dakota	1,524,180	651,240	201,884	27.99	2,137,116	.....
South Dakota	1,569,201	.....	0.00	.....	.....	
Utah	2,121,554	978,743	431,343	33.23	2,373,456	.....
Wyoming	1,476,111	773,082	236,191	34.19	920,370	.....
Region 9	21,734,734	10,460,851	1,968,488	48.28	12,300,869	.....
Arizona	3,123,049	4,104,686	416,372	72.38	45,308	.....
California	13,350,374	3,599,274	690,715	16.07	6,735,231	.....
Hawaii	1,676,149	1,338,168	431,158	52.78	2,022,655	.....
Nevada	1,992,530	646,106	201,491	21.27	3,036,516	.....
American Samoa	431,942	243,092	46,176	66.97	10,756	.....
Guam	589,350	299,847	117,248	70.77	84,365	.....
CNMI	471,340	202,678	62,628	56.29	366,038	.....
FSM	50,000	.....	.....	0.00	.....	.....
RMI	50,000	27,000	2,700	29.70	20,300	.....
Region 10	8,145,765	4,618,233	1,424,032	42.81	10,249,263	.....
Alaska	1,173,241	1,223,577	429,905	70.47	693,000	.....
Idaho	1,501,310	1,090,683	368,881	48.61	1,543,055	63
Oregon	2,205,226	721,252	274,074	22.57	3,415,126	79
Washington	3,265,988	1,582,721	351,172	29.61	4,598,082	.....

Question. What percentage of fiscal year 2003 and fiscal year 2004 EMPG are being used for homeland security activities nationally? Please provide this information for each State.

Answer. State and local entities have not been required to maintain detailed reports which segregate their program expenditures on a percentage-of-use basis.

That being said, FEMA would contend that very nearly all of the State and local emergency management agencies' resources are being used for all-hazards preparedness activities, including terrorism. The capabilities developed and maintained in such areas as training, exercising, command and control, communications, and even administration are essential for homeland security (as broadly defined) as well as for hurricanes, earthquakes, floods, hazardous materials accidents, plane crashes—any and all mass-casualty situations.

Question. On what equipment, training and exercises were the fiscal year 2003 fire grants spent? What was requested?

Answer. Below is a list of eligible equipment and training under the Assistance to Firefighters Grant Program. Approximately $440 million to $460 million was expended in fiscal year 2003 on these kinds of items. These represent 80–85 percent of the activities supported for and applied for under the Fire Operations and Firefighter Safety and Emergency Medical Services (EMS) program areas. The Fire Operations and Firefighter Safety program area is the largest request area in the program, representing 13,888 of the 20,136 applications initially submitted, and nearly $1.377 billion of the $2.468 billion (inclusive of non-Federal share) requested. EMS applications totaled 216 for $14,145,120.

BASIC FIREFIGHTING EQUIPMENT

Adapters, Wyes, & Siamese
Foam eductors and foam concentrate
Hose—(3½ inches or less)
Hose—Large Diameter (LDH 4 inches or larger)
Hydrant and spanner wrenches
Ladders
Nozzles
Portable deluge sets
Power saws
Ropes, harnesses, carabineers, pulleys, etc.
RIT pack
Wildland
Other basic equipment

COMMUNICATIONS

Base station
Computer aided dispatch (CAD)
Computers
Headsets
Mobile radios
Mobile date terminal (MDT)
Pagers
Two-way pagers
Portable radios
Repeaters
Other communications

EMS

ALS airway equipment
BLS airway equipment
Suction
Automated external defibrillators (AED)
Defibrillator/monitor
Blood pressure cuffs
Pen lights
Pulse oximeters
Stethoscopes
Thermometers
Backboards
Cervical collars
Splints
Vest extrication devices
Other EMS

EMS/RESCUE

AEDs
Powered/mechanical extrication tools/equipment
Stretchers, backboards, splints, etc.
Technical rescue equipment
Various supplies
Other EMS/rescue

HAZARDOUS MATERIALS (HAZMAT)

Computers
Decontamination, clean-up, containment, and packaging equipment
Monitoring and sampling devices
Reference library
Spark-proof tools
Suppression
Other Hazmat

INVESTIGATION

Cameras
Lights, portable
Computers
Monitoring and sampling devices
Hand tools
Other investigation

SPECIALIZED

All-terrain vehicles
Rehab equipment
Compressors/cascade/fill station (fixed)
Skid unit
Compressors/cascade/fill station (mobile)
Thermal imaging devices
Fixed generator
Washer
Portable/mobile generator
Boats (13 feet in length and under)
Portable pump
Other specialized

PERSONAL PROTECTIVE EQUIPMENT (PPE) LIST

STRUCTURAL

Helmets
Pants, coats
Boots
Goggles
Gloves
Hoods
PASS devices
Accountability systems
Flashlights
Complete set of turnout
Hearing protection

RESPIRATORY

Self-contained breathing apparatus (SCBA)—30 minutes with face piece—no extra bottle
SCBA—30 minutes with face piece—with extra bottle
SCBA—45 minutes with face piece—no extra bottle
SCBA—45 minutes with face piece—with extra bottle
SCBA—60 minutes with face piece—no extra bottle
SCBA—60 minutes with face piece—with extra bottle
Spare cylinders-30 minutes
Spare cylinders-45 minutes
Spare cylinders-60 minutes
Face pieces
Respirators
Air-line units

WILDLAND

Helmets
Boots
Goggles
Gloves
Pants, coats
Jumpsuits/coveralls
Accountability systems
Shelters
Canteens

WEAPONS OF MASS DESTRUCTION (WMD)

SCBA/chemical/biological/radiological/nuclear environment respirators
Chemical/Biological Suits (Must conform to NFPA 1994, 2001 edition)
Other WMD-related PPE

OTHER PPE

Encapsulated Suits
Tyveck suits
Splash suits
Escape masks
Proximity and entry suits
Wet and dry suits
Infection control

TRAINING PROGRAM TITLES LIST

Operations (NFPA 472)
Firefighter I, Firefighter II (NFPA 1001)
Instructor Training (NFPA 1041)
Driver/Operator (NFPA 1002)
Officer Training (NFPA 1021)
Basic Wildland Firefighting
Wildland Firefighter Certification
Airport Rescue Firefighting (ARFF) (NFPA 1003)
RIT Training
Confined Space Rescue—Awareness level
Vehicle Rescue
Technical Rescue/Urban Search and Rescue—Awareness level (NFPA 1670/1006)
Technical Rescue/Urban Search and Rescue—Operations level (NFPA 1670/1006)

Technical Rescue/Urban Search and Rescue—Technician level (NFPA 1670/1006)
Hazmat—Technician/Specialist level
Infection Control (NFPA 1581)
Medical First Responder Training
Emergency Medical Technician—Basic (EMT B)
Emergency Medical Technician—Intermediate (EMT I)
Paramedic Training (EMT–P)
Mass Casualty Incident Training (MCI)
NIIMS (Unified Command)
Incident Management Course (IMC)
Integrated Emergency Management Course (IEMC)
Fire Inspector (NFPA 1031)
Fire Investigator (NFPA 1033)
Fire Educator (NFPA 1035)
Telecommunications/Dispatcher
Safety Officer

Question. TOPOFF 2 highlighted the fact that a large-scale bioterrorism attack does not qualify as a Major Disaster under the Stafford Act. How did the Emergency declaration differ from the response and resources that a Disaster would have triggered? Is a legislative change to the Stafford Act necessary? Will you request such a change?

Answer. The scenario in TOPOFF 2 did result in an emergency declaration. The Stafford Act provides authority for the President to declare either a major disaster or an emergency, as a situation may warrant. In the case of TOPOFF 2, where the nature of the incident was not one contemplated for major disaster declarations, an emergency declaration was determined to be appropriate. The emergency declaration makes available the same response resources and assistance as would be available for a major disaster. It also makes available assistance for individuals under the Individuals and Households Program. The primary difference in assistance that would be available under a major disaster, but not for an emergency declaration, is assistance for the repair, replacement, and restoration of public facilities that sustain physical damage from the event. This was not a factor in the bioterrorism attack in TOPOFF 2, nor would it be expected to be a factor in such types of events in general. In contrast, should a terrorist event also include fire or explosion, it then would be within the type of event contemplated as a major disaster under the Act; as a practical matter, public assistance would then be available to address physical damages likely to occur in such cases. Accordingly, it is FEMA's position that the types of events that are addressed by major disaster or emergency declarations, respectively, are adequate and appropriate to the types of assistance available under the respective declaration authorities of the Stafford Act.

Question. What is currently contained in the Strategic National Stockpile? How will fisccal year 2004 and proposed fiscal year 2005 funds be spent? How much anthrax vaccine is needed? From where will the Department procure the needed anthrax vaccine, and how long will the process take?

Answer. The Strategic National Stockpile currently contains anthrax exposure treatments, smallpox vaccine, nerve agent treatment, and radiation countermeasures, as well as a limited amount of botulinum antitoxin.

Proposed Stockpile funding for fiscal year 2004 and fiscal year 2005 will be used to sustain its 12-Hour Push Packages and Vendor Managed Inventory, to increase stocks for anthrax antibiotics and vaccine, to purchase smallpox vaccine, and to develop botulinum antitoxin plasma. The Weapons of Mass Destruction (WMD) Medical Countermeasures subcommittee, an interagency group co-chaired by the Department of Health and Human Services (HHS), DHS, and the Department of Defense, has recommended the eventual procurement of enough anthrax vaccine to inoculate 25 million people.

HHS will be the procurement agent for the anthrax vaccine and will request proposals for the vaccine development. The time requirement for the actual procurement of the vaccine will be dependent on clinical trials and Food and Drug Administration (FDA) licensure processes.

The Stockpile currently maintains a small amount of the only FDA-licensed preexposure vaccine against anthrax (Anthrax Vaccine Adsorbed, or AVA). Currently, it has limited production capacity, and rectifying that problem would be very expensive and take several years to accomplish. AVA is not currently licensed for children or for the elderly. However, in order to ensure that some type of anthrax vaccine is available until the development and procurement of rPA, DHS and HHS have signed an interagency agreement for the purchase of AVA through the Department of the Army. This agreement will provide approximately 2 million doses in fiscal year 2004, 1.5 million doses in fiscal year 2005, and 1.5 million doses in fiscal year 2006.

Question. Please detail how the fiscal year 2004 and fiscal year 2005 proposed funding for Project BioShield will be spent.

Answer. Over the past 10 months, the WMD Medical Countermeasures subcommittee has developed countermeasures information of interest to administration policymakers who will make the BioShield procurement decisions. The WMD subcommittee commissioned an end-to-end analysis of medical countermeasures to Category "A" biological agents (anthrax, smallpox, plague, botulinum toxin, tularemia, Ebola, and other hemorrhagic fever viruses). Working groups developed initial requirements for four high-priority bioweapon countermeasures for which there is high need and a reasonable expectation that products will be available in the near term:

—Next generation anthrax vaccine (recombinant Protective Antigen, rPA)
—Anthrax immune therapy
—Next generation smallpox vaccine (modified vaccinia, MVA or LC16m8)
—Botulinum antitoxin

Question. Provide the status of the Disaster Relief Fund. What are the carryover funds from fiscal year 2004, current balance?

Answer. As of March 10, 2004, the unobligated balance in the Disaster Relief Fund was $1.813 billion. The fiscal year 2005 budget request includes an estimated carryover of $453 million from fiscal year 2004 into fiscal year 2005.

Question. What is the justification for requesting $0 for the Metropolitan Medical Response System? Provide a legislative history of MMRS, including its genesis and original intent. What costs are incurred by EP&R, and what costs are incurred by local governments? What will EP&R's role be in the MMRS if no funds are appropriated in fiscal year 2005? How many cities are expected to continue the program without Federal resources support?

Answer. The funds that Congress has appropriated for the Metropolitan Medical Response System (MMRS) over the last several years have been used to establish certain capabilities, to get the program up to its baseline, and to facilitate transfer of the program to the localities for continuation, once the baseline is established. We will reach the baseline this fiscal year (2004), and therefore no additional funding is being requested. Since 1995, the Federal Government has publicly articulated a necessity to improve planning and response to acts of terrorism involving WMD. The Defense Against Weapons of Mass Destruction Act of 1996, Public Law 104–201, states in Section 1412—Emergency Response Assistance Program, paragraph (h)(2), "Of the amount available for the program pursuant to paragraph (1), $10,500,000 is available for use by the Secretary of Defense to assist the Secretary of Health and Human Services in the establishment of metropolitan emergency medical response teams (commonly referred to as 'Metropolitan Medical Strike Force Teams') to provide medical services that are necessary or potentially necessary by reason of a use or threatened use of a weapon of mass destruction."

In 1997, HHS initiated the MMRS program to provide support for the development of a response system in the event of a terrorist attack. On March 1, 2003, the MMRS program was transferred to DHS.

DHS is responsible for sponsoring the MMRS program, a system-based approach to mass casualty/surge capacity preparedness and response, developed to enhance existing local first responder, medical, public health, and emergency planning in the event of a terrorist attack. Through contracts administered by FEMA, DHS is responsible for providing funding and technical assistance to plan, develop, equip, and identify training to local governments in 125 identified jurisdictions, based on threat and population.

MMRS program duties have been absorbed as additional duties by existing FEMA staff. Costs to absorb these duties include approximately $770,000 to fund regional salaries, set at 50 percent of the time for 18 staff members currently administering the program; approximately $408,000 to fund two staff years at the Noble Training Center and two staff years at headquarters; and an estimated $350,000 for travel. There are no cost-sharing requirements for local governments.

Secretary Ridge has proposed a reorganization (a letter was sent to Members of Congress on January 26, 2004), wherein the MMRS program for fiscal year 2004 will be transferred to a newly established Office of State and Local Government Coordination and Preparedness. Under this arrangement, FEMA would have no further role in the MMRS program for fiscal year 2004, and there will be no Federal program in fiscal year 2005.

We cannot precisely estimate the number of local jurisdictions that would continue the MMRS program without Federal resources support. We are fairly certain that a large number of them, as an element of prudent preparedness and operational necessity, will attempt to maintain MMRS-type mass casualty integrated response preparedness and seek to use Federal funds from other programs to support eligible portions of MMRS-type capabilities.

Question. Provide specific examples of capacity at the Department of Housing and Urban Development that FEMA does not have for operating the Emergency Food and Shelter program.

Answer. The Department of Housing and Urban Development (HUD) is the primary Federal agency responsible for the administration of homeless assistance programs. While FEMA has successfully administered the Emergency Food and Shelter (EFS) program over the years, there are ways that the program could be improved by moving it to HUD. Specifically, the following examples demonstrate the capacity of HUD to operate the program:

—HUD, as mandated by Congress, is currently assessing all homeless assistance programs to determine the need for structural changes to the programs in order to address the President's goal to end homelessness in the next 10 years. The EFS program is the only homeless assistance program not included in this assessment. In order to ensure an integrated approach to assisting persons facing housing emergencies and to meet this goal, it would be more logical for the program to be administered by HUD. FEMA does not have the capacity to perform this requirement.

—HUD is able to link housing and supportive services for chronically homeless persons to other comprehensive services through its numerous other homeless assistance programs and mainstream housing programs. FEMA does not have any other homeless assistance programs.

—HUD has the staffing and financial resources to improve the administration and delivery of the EFS program.

—HUD has the capacity to ensure that homeless assistance/prevention programs are not duplicative, allowing for scarce resources to be utilized more efficiently and effectively. Currently, the EFS program provides funding to the same agencies that HUD programs fund for the same services and individuals. FEMA does not have the capacity to monitor which agencies are duplicating services.

—As FEMA's mission evolves under the Department of Homeland Security, its resources must be focused entirely on natural disasters and catastrophic events, such as the terrorist attacks of 9/11. The EFS program does not fit within the goals and objectives of DHS or of FEMA.

Question. How many staff vacancies do you have in EP&R at this time?

Answer. Vacancies in directly funded programs total 256. This excludes the Disaster Relief Fund and 88 newly funded positions in the Mitigation program for Flood Map Modernization and Pre-disaster Mitigation activities.

Question. Provide the numbers of FTE that have been detailed and transferred out of FEMA since the Department was created. From which offices were the transfers made, and to which offices did FTE go?

Answer. In fiscal year 2003, there were 200 FTE budgeted for FEMA's Office of Inspector General, which transferred in its entirety to the Department. The only transfers of positions that have occurred are those positions associated with the Office of Inspector General; no other FEMA positions have been transferred. FEMA has documented approximately 85 FTE details since March 1, 2003, to various components of the Department.

Question. Provide the number of positions (filled and unfilled) and the Salaries and Expense funds spent within each FEMA office, before February 1, 2003 and currently. Please indicate which positions are in the regional offices and the headquarters offices. Do not include EP&R FTE detailed out of the Directorate.

Answer. The tables below provide the positions and Salaries and Expense in FEMA as of February 1, 2003, and as of February 21, 2004.

FEBRUARY 2003

Organization	Positions			
	Encumbered	Vacant	TOTAL [1]	S&E
Office of Director	15	4	19	$968
National Security	27	20	47	905
General Counsel	31	3	34	1,184
Equal Rights	10	0	10	283
Regional Operations	3	0	3	107
Inspector General	([2])	([2])	([2])	([2])
External Affairs	52	7	59	1,853
Administration & Resource Planning [3]	4	1	5	210
Human Resources	62	2	64	2,103
Financial & Acquisition Management	130	21	151	4,365

FEBRUARY 2003—Continued

Organization	Positions			
	Encumbered	Vacant	TOTAL [1]	S&E
Facilities Management	64	7	71	7,876
Response & Recovery	327	69	396	12,675
Fed. Insurance & Mitigation	153	27	180	5,607
U.S. Fire Administration	196	7	203	6,272
National Preparedness	74	7	81	2,759
Information Technology	191	17	208	6,867
Subtotal Headquarters	1,339	192	1,531	54,033
Subtotal Regions	771	45	816	25,991
TOTAL	2,110	237	2,347	80,024

[1] In 2003, encumbered total excludes positions funded under Disaster Relief and the Working Capital Fund.
[2] Inspector General (IG) personnel activity was handled by Bureau of Public Debt. In fiscal year 2004, the entire IG office was transferred to the Department of Homeland Security.
[3] Office abolished in 2003.

FEBRUARY 2004

Organization	Positions			
	Encumbered	Vacant	TOTAL [1]	S&E
Office of the Under Secretary	22	4	26	$1,022
National Security	38	12	50	1,579
General Counsel	32	3	35	1,221
Equal Rights	9	1	10	275
Regional Operations	3	1	4	106
External Affairs	40	14	54	1,643
Human Resources	55	10	65	1,711
Financial & Acquisition Management	140	16	156	4,504
Facilities Management	60	8	68	8,009
Recovery	73	7	80	2,939
Mitigation	148	32	180	5,662
Preparedness	249	38	287	8,006
Response	314	51	365	13,582
Information Technology	174	22	196	7,013
Subtotal Headquarters	1,357	219	1,576	57,272
Subtotal Regions	770	37	807	25,966
TOTAL	2,127	256	2,383	83,238

[1] In 2004, encumbered total excludes positions funded under Disaster Relief, National Disaster Medical System, and the Working Capital Fund.

Question. Also please provide the number of Senior Executive Service positions which FEMA had on Feb. 1, 2003 and the number it has now. Please include the filled and vacant, indicate political and career and the division or department. If a position has been moved, indicate where it was located before and to where it has been transferred.

Answer. The tables that follow provide the number of Senior Executive Service (SES) positions in FEMA. FEMA has a set number of SES slots that the Under Secretary can use for any SES position. Each time an SES position becomes vacant, the slot returns to the Under Secretary's "SES pool" and the Under Secretary can reallocate it to another FEMA organization based on a determination of the most critical SES need. As the charts indicate, from February 2003 to March 2004, some SES positions were realigned to best support new mission critical responsibilities.

There was no net change in the number of FEMA's allocated SES slots between February 2003 and March 2004. In February 2003, FEMA's allocation was 54 permanent slots and one term allocation for a total of 55 slots.

As a result of FEMA's transition into DHS, 2 slots were transferred (the only 2 SES slots transferred outside of FEMA) to the DHS Office of the Inspector General (OIG). Although OIG originally had three incumbents, one had retired. However, DHS provided 2 slots from its overall allocation to FEMA for 2 positions in the Office of the Under Secretary.

The term appointee in the Information Technology Services Division, identified in the February 2003 order, resigned and the one slot was lost. However, again as a result of transitional activities, one slot was transferred to FEMA from the Department of Health and Human Services as an encumbered position. Therefore, FEMA's allocation was then and is now 55 slots.

FEBRUARY 2003 FEDERAL EMERGENCY MANAGEMENT AGENCY

Organization	Encumbered Career	Encumbered Non-Career	Encumbered Term	Vacant	Total
Office of the Director	2	1		1	4
Office of National Security Coordination				1	1
Office of the General Counsel				2	2
External Affairs Division		1		2	3
Administration & Resource Planning Division		1			1
Human Resources Division		1			1
Finance & Acquisition Management Division	2				2
Facilities Management & Services Division	2				2
Mt. Weather Emergency Operations Division	1	1			2
Response & Recovery Directorate	5	1		[2] 2	8
Federal Insurance & Mitigation Directorate	6				6
U.S. Fire Administration	2	1			3
Office of National Preparedness	1		1		2
Office of the Inspector General [1]	3				3
Information Technology Services Division	5	1	1		7
Region 1		1			1
Region 2				1	1
Region 3				1	1
Region 4	1				1
Region 5		1			1
Region 6		1			1
Region 7		1			1
Region 8		1			1
Region 9		1			1
Region 10		1			1
Total	30	[4] 15	2	8	[3] 57

[1] Determination order of February 2003 did not include OIG SES members since they received personnel services from the Bureau of Public Debt.
[2] Two additional vacancies were listed on determination order (which were subsequently canceled).
[3] SES slots allocation (maximum number that could be filled) was 55.
[4] Ceiling of 19 non-career (political).

MARCH 10, 2004 DEPARTMENT OF HOMELAND SECURITY (FEMA)

Organization	Encumbered Career	Encumbered Non-Career	Encumbered Term	Vacant	Total
Office of the Under Secretary—Emergency Preparedness & Response	3	2		2	7
Office of National Security Coordination		1			1
Office of the General Counsel				1	1
Office of External Affairs Coordination				1	1
Human Resources Division				1	1
Finance & Acquisition Management Division	2			1	3
Facilities Management & Services Division	1			1	2
Mt. Weather Operations	2	1			3
Response Division	3		1	2	6
Recovery Division	2	1		2	5
Mitigation Division	4			2	6
Preparedness Division	2	1		1	4

MARCH 10, 2004 DEPARTMENT OF HOMELAND SECURITY (FEMA)—Continued

Organization	Encumbered Career	Encumbered Non-Career	Encumbered Term	Vacant	Total
Information Technology Division	5				5
Region 1				1	1
Region 2			6	1	1
Region 3				1	1
Region 4	1				1
Region 5		1			1
Region 6		1			1
Region 7		1			1
Region 8		1			1
Region 9		1			1
Region 10		1			1
Total	25	[1] 12	1	17	55

[1] Ceiling of 19 non-career available for fill.

Question. Please describe how the amounts of CAP–SSSE funds provided to each State are determined. Describe the States' responsibilities and how they've changed, if at all, in recent years. As income associated with the Federal policy fee has increased, have funds provided by FEMA to the States increased proportionally?

Answer. The purpose of the Community Assistance Program—State Support Services Element (CAP–SSSE) is to provide, through a State grant mechanism, a means to ensure that communities participating in the National Flood Insurance Program (NFIP) are achieving the flood loss reduction objectives of the NFIP. CAP–SSSE is intended to accomplish this by funding States to provide technical assistance to NFIP communities and to evaluate community performance in implementing NFIP floodplain management activities with the goal of building community and State floodplain management expertise and capability. Using CAP–SSSE funding, States now provide a significant portion of the technical assistance to NFIP communities. Without this State support, FEMA regions would not have enough staff to implement the program. CAP–SSSE capitalizes on partnering with the staff of State agencies to provide this assistance.

CAP–SSSE grant fund allocations to States are determined by the FEMA regional offices. In general, States are provided a baseline funding amount to develop basic floodplain management capabilities to assist the FEMA regions in providing technical assistance to communities. After the baseline amount is established, other factors such as the number of participating communities in the State, population growth rate, and number of NFIP insurance policies, as well as each State's capability to provide assistance and overall technical support needs, are considered in determining the final allocations. All States participate in the program and receive funds in varying amounts. FEMA regional offices and the designated State agency negotiate a CAP–SSSE agreement that specifies activities and products to be completed by a State in return for CAP–SSSE funds. There is a 25 percent non-Federal match for all States receiving CAP–SSSE funds. In some cases, a State's ability to provide the required funding match may affect funding levels.

In recent years, States' responsibilities have been changing in order to support nationwide map modernization implementation. Specifically, States have been more involved in map modernization planning activities to assist in implementing this important initiative. Finally, CAP–SSSE grant funds are not directly linked to Federal policy fee income. However, total CAP–SSSE funds have increased by 40 percent over the past 2 years to assist States in their floodplain management activities and in meeting the challenges of map modernization.

Question. When will DHS release 2004 CAP–SSSE funds to the FEMA Regions for distribution to the states?

Answer. Fiscal year 2004 CAP–SSSE funds were released to the FEMA regions in November 2003. Many States have already received their fiscal year 2004 CAP–SSSE funding allocation. Some of the FEMA regions are still negotiating with the States regarding the content of the State Work Plans. Once the State Work Plans are finalized and approved, the remaining funds will be awarded.

Question. Are all of the Federal Personnel paid with funds collected from the Federal Policy fee working directly on National Flood Insurance Program projects?

Answer. Yes. Each year we carefully monitor the program assignments paid from the National Flood Insurance Fund to ensure that those Federal employees are performing NFIP work.

Question. Describe how DHS and HUD are working together to assure that HUD regulations address installation of manufactured homes specifically in flood hazard areas.

Answer. On December 27, 2000, the Manufactured Housing Improvement Act (MHIA) became law (Public Law No. 106–569) and for the first time established a requirement that HUD develop national model manufactured home installation standards. DHS has participated in this development process by submitting to the non-Federal consensus committee, established by the MHIA, proposed flood disaster-resistant provisions, consistent with NFIP, which would apply to manufactured homes sited in flood hazard areas. On December 18, 2003, the consensus committee approved DHS' proposed provisions and included them in the final recommended national model manufactured home installation standards submitted to the HUD Secretary. In accordance with the law, the HUD Secretary has 1 year (December 18, 2004) in which to act on these recommended standards.

Question. Will DHS coordinate with HUD to include in existing Federal regulations (24 CFR Part 3282.303(c)), a requirement that State administrative agency plans must require licensed installers and/or dealers to determine whether a proposed manufactured housing site is located in a FEMA identified flood hazard area before installation?

Answer. Changes to 24 CFR Part 3282.303(c) are not anticipated by HUD. Rather, under the MHIA, State installation programs for their licensed installers and/or dealers must include standards that meet or exceed the protection provided by the national model manufactured home installation standards that are currently being developed by HUD. A key provision of the model standards reads, "Prior to the initial installation of a manufactured home, it shall be determined whether the home site lies wholly or partly within a special flood hazard area." In this way, States will be fulfilling 3282.303(c) in assuring that homes are properly installed in their States.

Question. Will DHS coordinate with HUD to require manufacturers installation manuals to specifically state whether model installation designs are intended for use in flood hazard areas?

Answer. Under the MHIA, manufacturers shall provide with each home designs and instructions for the installation of the manufactured home that have been approved by a design approval primary inspection agency (DAPIA). Once the national model installation standards have been established, DAPIAs may not issue approvals unless the designs and instructions for installation provide equal or greater protection than the protection provided under the national model standards. A key provision in the new national model installation standards is that manufactured homes located wholly or partly within flood hazard areas shall be installed using methods and practices that minimize damage in accordance with the flood damage reduction requirements contained in the NFIP regulations. Specific to foundation systems used in the manufacturers' instructions, the standards also require that, in flood hazard areas, the piers, anchoring, and support systems shall be capable of resisting loads associated with design flood and wind events.

Question. What priority are you giving to preparing new floodplain delineations to replace or refine approximated flood hazard areas, rather than simply converting them to a digital format? How much of the fiscal year 2005 request for flood map modernization will be spent on preparing new floodplain delineations? On digitization of existing paper maps?

Answer. FEMA's current priority is working with States and local governments to identify those communities at greatest risk and to provide updated geospatial data. The long-term performance goal for the Multi-Hazard Flood Map Modernization Program is for the U.S. population to have up-to-date digital flood hazard data and maps for flood-prone areas. FEMA is developing flood data and producing maps for communities that reflect the level of analysis and effort commensurate with the flood risk faced by each community. Part of the mapping process involves a needs assessment during which FEMA works with the local community to determine mapping needs and to assess whether existing local data are sufficiently accurate to meet local needs and NFIP criteria. All assessments will be coordinated with States, regional agencies, and local communities.

During the next 6 months, FEMA will be working with national, State, and local partners and stakeholders to assemble an integrated 5-year implementation plan for the Multi-Hazard Flood Map Modernization Program. We will use the plan to establish goals and baseline with existing priorities; to document and understand flood map update needs identified by State, regional, and local partners and stakeholders; and to develop prioritization criteria and a sequence for scoping counties and watersheds in the priority areas based on floodplain management, hydrologic, hydraulic,

and terrain needs. The plan that will be developed is the MHIP for fiscal years 2004–2008.

FEMA will provide a precise accounting of the new engineering studies and floodplain boundary delineations once we complete the development of the MHIP; will scope the map update projects identified in coordination with State, regional, and local partners and stakeholders; will determine the contributions that may be made by State, regional, and local partners through the Cooperating Technical Partners (CTP) program; and will contract the required map updates with our contractors and with participants in our CTP program.

FEMA plans to update the flood maps based on the level of flood risk associated with an area and the accuracy of the existing data for that area. For some areas, there may not be a need to perform a new engineering study because the flood hazards and related risk are accurately portrayed on the flood map and are appropriate for the area. For example, for recently mapped areas, we will use the accurate available data to create a digital map.

Our modernization effort is predicated on using the best available data and clear data standards. To that end, it is not our intention to convert inaccurate flood maps to a digital format.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. I have noted that the Emergency Preparedness and Response Directorate, which includes the Federal Emergency Management Agency (FEMA), has slowly shifted its emphasis from all-hazards to terrorism. The President's budget request includes legislative language that would give "priority to homeland security activities." The intent of FEMA, however, was to insure broad-based, all-hazards approaches to State and local preparedness and response efforts. This shift is cause for great concern.

I strongly believe that a reliable emergency infrastructure—adequately resourced at the Federal, State and local levels—must build upon the all-hazards emergency management approach and address the needs of the entire emergency system, including, but not limited to: law enforcement, fire, emergency medical services, public health, the 911 communications system and emergency management. Currently, a greater focus on terrorism has increased the role of emergency managers and the immediate needs of all responders to ensure adequate preparedness. Meanwhile, natural hazards continue to be the pervasive disaster that occurs regularly. In 2003, for example, there were 56 major disaster declarations, 19 emergency declarations and 46 fire suppression authorizations—none of which were terrorist-related.

Mr. Brown, would you agree that natural disaster preparedness must not suffer as a result of homeland security efforts, but rather should be viewed as the most frequent opportunity to validate domestic preparedness efforts and to also build best practices? If not, please explain why you think our emergency response system must be focused on terrorism rather than all-hazards and how that benefits us.

Answer. Although the Department of Homeland Security is focused on terrorism and protecting the homeland, the President, Secretary Ridge, and I are committed to an all-hazards approach of preparedness, response, and recovery from all events, including natural disasters. Recent efforts to improve response to and recovery from a terrorism event do not diminish FEMA's commitment to dealing with the destruction of a natural disaster—just the opposite. FEMA has enjoyed a long history of focusing on all hazards, and I believe that being part of DHS has strengthened that approach. As you mention, FEMA has successfully continued to respond to and recover from a multitude of natural disasters in the past year. At the same time, these efforts do provide us with opportunities to better prepare not only for terrorism events, but also for catastrophic events, whether they be natural or caused by terrorism.

Question. The President's fiscal year 2005 budget request for the Department of Homeland Security (DHS) proposes changes to the Emergency Management Performance Grants (EMPG) Program that would severely impact State and local emergency management. In the fiscal year 2003 Consolidated Appropriations law (Public Law 108–7), Congress called the EMPG Program "the backbone of the Nation's emergency management system." In fiscal year 2004, Congress increased EMPG funding to $179 million, directed that EMPG would remain in the Emergency Preparedness and Response Directorate where the focus is an all-hazards approach to emergency management, and ordered the continuation of funding personnel expenses.

I was surprised to read, therefore, that the President's fiscal year 2005 request cuts EMPG funding by $9 million and also proposes a 25 percent cap on the use

of funds to support personnel salaries. Since the functions of emergency management are almost 100 percent personnel driven (i.e., planning, coordinating, exercise design, public education, and hazards at the State and local levels and would result in losses of 70 percent of their emergency management staff response to and recovery from actual incidents), this provision would have a devastating effect on emergency management agencies nationwide. The cap would eliminate current personnel responsible for planning for and responding to all

Mr. Brown, now is the time when we should be building the capacity of our Nation's emergency management agencies. Why, then, is this Administration seeking to weaken it?

Answer. The EMPG personnel cap is intended to ensure that State and local governments assume responsibility for their personnel costs. Effective State and local emergency management capability is not the primary responsibility of the Federal Government, rather, it is a shared responsibility. In exchange for absorbing some of these personnel costs, DHS will increase the amount of funding that goes to the State and local governments for training and exercises. If the State and local governments can reprioritize some of their monies to keep their personnel intact, then DHS will spend the funding freed up by that on training and exercises to make sure they are still capable of doing what DHS needs them to do. DHS feels that by imposing the personnel cap, the Department will be able to do more to build the capabilities of the States rather than weaken them.

Question. I am very concerned about the state of the floodmap modernization program. I saw in your budget submission that almost $40 million of fiscal year 2004 funds would be distributed this year. However, my home State of Vermont has received no funds thus far, and it appears that several of the state's grants requests have been acted upon very slowly if at all.

You are asking for another $293 million this year for the program, yet I am beginning to question whether the benefits of this program are really flowing to the communities that need to update their maps, and I wonder whether the program is taking too broad an approach to be useful at the local level.

Mr. Brown, can you please tell me specifically what this program is going to do for my home State of Vermont. Is FEMA going to stick to a verbal commitment made to the State to support its Fluvial Hazards Risk Assessment Initiative through Map Modernization funding opportunities? What is the status of Vermont's grant applications for other programs that will help prepare for flooding, such as the Pre-Disaster Mitigation program? Answer. FEMA's Mitigation Division administers two major programs that involve extensive coordination and planning with State and local officials—the Pre-Disaster Mitigation Program (PDM) and the Multi-Hazard Flood Map Modernization Program.

FEMA's PDM fiscal year 2003 funds will be awarded on a competitive basis with a national priority on funding mitigation projects that address National Flood Insurance Program (NFIP) repetitive flood loss properties. The national evaluation of fiscal year 2003 PDM competitive grant applications submitted by the October 6th application deadline was completed on November 21, 2003. All projects funded under the PDM program must be cost-effective, consistent with environmental laws and regulations, and contribute to a long-term mitigation solution.

The sub-applications identified for selection will be approved for funding in phases. We have approved a list of sub-applications identified as Phase I and Phase II. An application from North Troy, Vermont, The River Road Acquisition Project, is included in Phase II. FEMA's Region I staff soon will be contacting Vermont Emergency Management staff to discuss program and grants management requirements that must be addressed in order to make a final determination and to proceed with a grant award for this project. A final phase of PDM awards will follow later this spring. Because of the competitive nature of this program, details about the status of the remaining sub-applications cannot be released until funding decisions are made. At that time, I will provide an update to you. In fiscal year 2003, Vermont also received a $248,275 non-competitive planning grant to help the State and its local communities protect lives and property by developing multi-hazard mitigation plans.

In addition, we have a number of Hazard Mitigation Grant Program (HMGP) projects that address flood hazards underway in Vermont. FEMA recently obligated $233,575 for 13 projects and planning grants in various Vermont communities with HMGP funds made available after disaster declaration DR–1428–VT (severe storms and flooding, July 2002). The final project to be awarded under DR–1428–VT is in Richford, Vermont. FEMA is providing $54,375 for a project to relocate the town's water main from a precarious location under the river where it is subject to damage from ongoing scouring. The U.S. Army Corps of Engineers is the lead agency on this project. We are waiting to review their environmental assessment and expect, if

there are no problems, to obligate funds this spring. Vermont Emergency Management currently is soliciting applications for HMGP projects that will be funded following disaster declaration DR–1488–VT (severe storms and flooding, September 2003).

Under the Multi-Hazard Flood Map Modernization Program, FEMA has provided $800,000 to fund flood map updates for Windsor County, Windham County, Washington County, and the Towns of Hinesburg, Stowe, and West Rutland. FEMA plans to distribute preliminary versions of the updated flood maps for Windsor and Windham Counties and the three towns during this summer. FEMA will send these preliminary versions to community and county officials, State officials, and other key stakeholders to facilitate a thorough review. The study being performed for Washington County, which is still in the scoping phase, includes a component of the Fluvial Hazard Morphology initiative, specifically, riverine erosion assessment protocol and tools developed by the Vermont Agency of Natural Resources.

The FEMA regional office staff in Boston has a regional business plan that describes its 5-year strategic plan for executing the Multi-Hazard Flood Map Modernization Program. The Vermont Agency of Natural Resources has expressed an interest in taking some responsibility for managing local flood hazard data and is preparing its State business plan to identify the activities it desires to undertake and its 5-year flood map project priorities. FEMA will use this information to update the regional and National business plans for the Multi-Hazard Flood Map Modernization Program.

QUESTIONS SUBMITTED BY SENATOR HERB KOHL

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Question. I am concerned about the Administration's budget cuts and policy changes to the Emergency Management Performance Grants. First, I disagree with the President's decision to move the grants from FEMA to the Office of Domestic Preparedness. No one in my State thinks this is necessary, and they are concerned that this diminishes the role and power of FEMA. FEMA was one of the most successful agencies to be folded into Homeland Security and it would be a shame if the Department undermined FEMA by taking away programs it handled well in the past. I think the Administration should avoid trying to fix grant programs that are not broken.

In addition, not only is there $9 million less than last year for the grants, but the $170 million that is included in the President's budget will no longer fund all hazard planning. This is a real disappointment for county emergency managers in my state. They used these funds to help them prepare for terrorist attacks as well as natural disasters like floods and tornados. A reduction in funding, especially when adjusted for inflation, could force some counties to reduce staff as well as leave them unprepared for non-terrorism catastrophes.

Why did the Administration reduce these funds, and why did they prohibit these funds from being used for all hazard planning?

Answer. The Emergency Management Planning Grant Program provides vital support to the State and local emergency management system. The purpose of EMPG is to assist the development, maintenance, and improvement of State and local emergency management capabilities, which are key components of a comprehensive national emergency management system for disasters and emergencies that may result from natural disasters or accidental or man-caused events. At this time, the Administration's priority is assisting states in building capabilities for homeland security.

These grants are a critical part of our homeland security efforts and an existing strength that must be maintained. The President's fiscal year 2005 request includes $170 million for continuation of this program, which is the most any administration has requested for this program. In fact, the fiscal year 2005 request is $20 million or more than 10 percent above the fiscal year 2004 request.

The funding increase, and restriction on the amount of funds that can be used for salaries, will result in a more robust emergency planning and management system at the State and local effort.

Follow up: The Administration has also decided to allow only 25 percent of these grants to be used to pay personnel costs. The counties in my State have used these grants to hire people that facilitate disaster planning and help the local communities to make the best use of the State and Federal funds they receive. The emergency management community in my State has told me that this would force them to lay-off workers and planners, leaving them less prepared for any disaster. Will

the Administration change its position on capping personnel costs, and if not, how do you expect the states and counties to continue to pay for this staff?

Answer. The Administration's fiscal year 2005 request for the Emergency Management Planning Grants is $170 million, which is higher than any previous request for this program. The funds will be used to assist the development, maintenance, and improvement of State and local emergency management capabilities, with a focus on building local capabilities for homeland security.

As you note, though, the request does cap the amount that states can use for salaries, thereby significantly increasing the amount of funds available for planning, training and exercises. The Administration's budget request still allows for award funds to support salaries. The request shifts the emphasis to Federal support for planning while properly aligning responsibility for staffing and salaries with the states and local governments. The Administration and Department have consistently supported the idea that homeland security is a shared responsibility between Federal and State and local governments. Additionally, it is important to remember that we are operating in a fiscal and security environment where we must ensure maximum security benefits are derived from every security dollar. To do that, we must be able to take a new look at the way in which we allocate resources, including sharing financial responsibility with our State and local partners.

SUBCOMMITTEE RECESS

Senator COCHRAN. Our next hearing on the budget request for the Department of Homeland Security will be held on Tuesday, March 2, in this same room. At that time, the Under Secretary for Science and Technology, Dr. Charles McQueary, and the Under Secretary for Information Analysis and Infrastructure Protection, Mr. Frank Libutti, will be here to discuss the budget for the programs under their jurisdiction.

Until then, the subcommittee stands in recess.

[Whereupon, at 11:10 a.m., Thursday, February 26, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 2.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

TUESDAY, MARCH 2, 2004

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

The subcommittee met at 10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, and Byrd.

DEPARTMENT OF HOMELAND SECURITY

STATEMENTS OF:

DR. CHARLES E. McQUEARY, UNDER SECRETARY, SCIENCE AND TECHNOLOGY DIRECTORATE

LIEUTENANT GENERAL FRANK LIBUTTI, UNDER SECRETARY, INFORMATION ANALYSIS AND INFRASTRUCTURE PROTECTION

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The meeting will please come to order.

We appreciate very much the attendance of our witnesses at today's hearing. We continue our review, today, of the fiscal year 2005 budget request for the Department of Homeland Security, with specific consideration being given to the programs and activities of the Science and Technology Directorate, and the Information Analysis and Infrastructure Protection Directorate.

I am pleased to welcome the Under Secretary for Science and Technology, Dr. Charles E. McQueary, and the Under Secretary for Information Analysis and Infrastructure Protection, Lieutenant General Frank Libutti.

The President is requesting $1.04 billion for Science and Technology, and $865 million for Information Analysis and Infrastructure Protection.

We appreciate the witnesses submitting their statements in advance. They will be printed in the hearing record and we invite you to make any remarks that you think would be helpful to the Committee's understanding of the budget request. But before proceeding, I want to yield to my distinguished friend and colleague, Senator Robert C. Byrd, for any opening statement that he may wish to make.

Senator BYRD. Thank you, Mr. Chairman.

Welcome, Mr. Under Secretary McQueary and Mr. Under Secretary Libutti.

Oh, by the way, Happy Birthday. Happy Birthday.

Dr. MCQUEARY. Thank you.

HOW IAIP FUNDS ARE BEING SPENT

Senator BYRD. Over 1 year ago, the Information Analysis and Infrastructure Protection Directorate was established to enhance the sharing of threat information amongst all levels of Government and the private sector, to assess vulnerabilities of our critical infrastructure sectors, and to provide resources to protect them. However, it has been quite difficult for this subcommittee to receive information on what your budget is being spent on, or how the funding is being awarded.

I understand that our staffs had a constructive meeting yesterday, and I hope that this cooperation will continue. Not only do we hope it, but we expect it to continue.

CRITICAL INFRASTRUCTURE PROTECTION

When it comes to protecting this Nation's critical infrastructure, the Administration tells us that the private sector is taking care of it. Yet, there is no mandate on the private sector to make investments in security. Their involvement is voluntary. There are no benchmarks for Congress to use in assessing the private sector's role in critical infrastructure protection.

And so that is why, today, I am sending a letter asking the General Accounting Office, which is an arm of the Congress, to provide this subcommittee with an assessment of private sector investments to improve the security of our critical infrastructure such as chemical plants and ports since September 11, 2001.

INFORMATION ANALYSIS

Regarding information analysis, it is a mystery to me why this Administration, which celebrated the creation of this new department as a great success, has gone to great lengths to splinter its functions in the area of intelligence.

The President created the Terrorist Threat Integration Center, but gave primary responsibility to the CIA. He followed up this decision by establishing the Terrorist Screening Center within the FBI, creating further confusion about this Department's role in intelligence sharing.

Experts who follow this situation are concerned. The Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction, better known as the Gilmore Commission, concluded in December that the IAIP directorate "does not have significant analytical power" to do what it takes, to analyze and disseminate intelligence information.

IAIP STAFFING

In the area of staffing, the IAIP directorate is barely keeping its head above water. After a year in existence, IAIP is struggling to meet its staffing goals. My understanding is that very few of the authorized intelligence analysts are on board.

SCIENCE AND TECHNOLOGY BUDGET

Let me turn now to Science and Technology. The Science and Technology Directorate's budget is the eighth largest R&D budget in the Federal Government. The budget request for fiscal year 2005

is just over $1 billion. There is concern whether this budget is sufficient to address the various threats that we face, such as a biological, chemical or radiological attack.

Last year this subcommittee received hundreds of requests from members for research and technology projects at major universities. Rather than earmark projects, the subcommittee significantly increased the university account and allowed the department to select projects through a competitive process. Unfortunately, the President responded to this approach by proposing to substantially reducing funding for this purpose next year.

I look forward to hearing from our witnesses on why this cut is appropriate.

Mr. Chairman, I beg you to pardon my tardiness and I thank you for allowing me to proceed with my opening statement.

Senator COCHRAN. Dr. McQueary, we have a copy of your statement and we invite you to make any comments and remarks about the budget request which you think would be helpful to our understanding of the request that you're making.

You may proceed.

STATEMENT OF DR. CHARLES E. MC QUEARY

Dr. MCQUEARY. Thank you, Chairman Cochran. And Senator Byrd.

It's been several months since I have appeared before you and I welcome the opportunity to do so again.

It is a pleasure to be here today and have a chance to talk about the research and development activities of the Department of Homeland Security's Science and Technology Directorate.

The Nation's advantage in science and technology is key to securing the homeland. The most important mission for the Science and Technology Directorate is to support the efforts of the dedicated men and women who protect and secure our homeland.

HIGHLIGHTS OF ACCOMPLISHMENTS

When I first reported to you about activities last year, we had just begun our work. The Directorate has accomplished much since its inception last March. And I would like to give you a few brief highlights, and several others are included in the written testimony that I have submitted.

First, we have deployed monitoring systems that operate continuously to detect biological pathogens in approximately 30 cities in the United States. We have also set up test beds to provide accurate radiation and nuclear warnings at air and marine cargo points, ports in cooperation with the Port Authority of New York and New Jersey. We have established the first series of interoperability guidelines for the Nation's wireless emergency communications network.

In another effort, we have greatly reduced the time it takes to develop national standards for technologies to protect the homeland.

Our new standards for radiation detection equipment will help put needed technologies into the hands of first responders quickly. And, our Homeland Security Advance Research Project Agency, or

HSARPA, has started extensive research for next generation biological and chemical, as well as radiological and nuclear detectors.

We have awarded the first round of 100 Homeland Security fellowships and scholarships to build U.S. leadership in science and technology. And we have also established the first university-based Homeland Security Center of Excellence to address both the targets and means of terrorism. And, we have become active contributors in numerous inter-agency working groups throughout the Federal Government.

In accomplishing this, we have doubled the staff of this directorate with some of the country's brightest and most dedicated people. We started the Directorate on March 1, last year, with 87 people and 53 of those were transferred in bulk from the Environmental Measurements Laboratory in Manhattan, New York. So the basic staff was quite small for carrying the program that we had responsibility for forward. Today, we are at about 210 people, which is exactly where we had hoped to be on our plan of adding staff to the organization.

However, as we all know, the threats to our homeland remain diverse and daunting. We must constantly monitor current and emerging threats, and assess our vulnerabilities to them. And we must develop new and improved capabilities to counter them, and be prepared to respond to and recover from a potential attack.

PRIORITIZATION OF RESEARCH AND DEVELOPMENT EFFORTS

The Science and Technology Directorate has prioritized its research and development efforts based on the directives and recommendations of many sources, including the Homeland Security Act of 2002, President Bush's National Strategy and nine Homeland Security Presidential Directives as well as the report of the National Academies of Science on making the Nation safer, and reports from the Gilmore, Bremer, and Hart-Rudman Committees.

We have identified and integrated the information in these sources for review and evaluation by our scientific staff, and it provides the basis for determining the Research and Development needed to meet our mission.

We recognize that many organizations are contributing to the Homeland Security's Science and Technology base. Congress recognized this as well and the Homeland Security Act of 2002 directed the Under Secretary of Science and Technology to coordinate the Federal Government's civilian efforts to identify and develop countermeasures to current and emerging threats. We take this responsibility very seriously.

We began this coordination process by evaluating and producing a report on the Department of Homeland Security research and development activities underway that were not under the direct cognizance of the Under Secretary for Science and Technology. Where appropriate, Science and Technology will absorb these research and development functions in this fiscal year.

We are now initiating the effort needed to coordinate Homeland Security research and development across the entire United States Government. Discussions are ongoing with the Federal departments and agencies, as well as the Office of Management and

Budget, the Office of Science and Technology Policy, and the Homeland Security Council to ensure the best possible coordination.

FISCAL YEAR 2005 PLANS

At this time, I would like to briefly describe our fiscal year 2005 plans. We have an overall budget request of $1.04 billion, which you identified, which is an increase of $126.5 million or about 14 percent over fiscal year 2004. With these funds Science and Technology will continue to make progress in securing the homeland.

For example, under President Bush's new biological-surveillance initiative, which accounts for most of the increase in funding, additional capability will be implemented quickly in the top-threat urban areas to provide more than twice the current capability.

We will continue to provide the science and technology capabilities and enduring partnerships needed to develop methods and tools to test and assess threats and vulnerabilities to protect our critical infrastructure and enhance information exchange.

We will continue to work in cyber security both through partnerships and by creating low-cost and high impact solutions to identified cyber security challenges. And of course, this is done in concert with my good friend, General Libutti.

We will wrap-up our work in counter-MANPADS to improve technology to protect commercial aircraft from the man-portable air defense systems or the shoulder-fired missiles, which present a vulnerability to our commercial aircraft industry.

We will award contracts in fiscal year 2005 for integrating commercial prototype equipment on selected commercial aircraft and conduct test evaluation including a live-fire range test.

In conclusion, this year the scientists and engineers in the Science and Technology Directorate have accomplished more than I could have expected. I am proud to have shared some of these success stories with you today. We have appended a more comprehensive summary of the accomplishments to date for the record.

PREPARED STATEMENT

Yet, we also recognize that there is much more to do and we will be working just as hard in fiscal year 2005. I look forward to working with you, with my colleagues in other Federal agencies, and with private industry and academia to continue this work and improve our ability to protect our homeland and our way of life.

This concludes my prepared statement, and I will be prepared to answer questions at the appropriate time.

[The statement follows:]

PREPARED STATEMENT OF DR. CHARLES E. MCQUEARY

INTRODUCTION

Good morning. Chairman Cochran, Senator Byrd, and distinguished Members of the subcommittee, it is a pleasure to be with you today to discuss the research and development activities of the Department of Homeland Security's Science and Technology Directorate.

The Nation's advantage in science and technology is key to securing the homeland. The most important mission for the Science and Technology Directorate is to develop and deploy cutting-edge technologies and new capabilities so that the dedicated men and women who serve to protect and secure our homeland can perform their jobs more effectively and efficiently—these men and women are my customers.

When I last reported to you about our activities, we had just started our work. Since its inception less than a year ago, the Science and Technology Directorate has:

—deployed continuously operating biological pathogen detection systems to approximately 30 United States cities;
—set up testbeds for radiation and nuclear warnings at air and marine cargo ports in cooperation with the Port Authority of New York and New Jersey;
—established the first series of interoperability guidelines for the Nation's wireless emergency communications network;
—established the first national standards guidelines for radiation detection equipment;
—awarded the first Homeland Security Fellowships and Scholarships;
—established the first Homeland Security University Center of Excellence;
—transferred the Plum Island Animal Disease Center from the Department of Agriculture to the Science and Technology Directorate;
—engaged private industry in bringing innovative and effective solutions to homeland security problems through the interagency Technical Support Working Group and issuance of HSARPA's first two Broad Agency Announcements and a Small Business Innovative Research Program solicitation;
—initiated a development and demonstration program to assess the technical and economic viability of adapting military countermeasures to the threat of man portable anti-aircraft missiles for commercial aircraft;
—collaborated with and assisted other components of the Department to enhance their abilities to meet their missions and become active contributors in interagency working groups—all while staffing this Directorate with some of this country's brightest and most dedicated people.

I continue to be energized by and proud of the scientists, engineers, managers, and support staff in the Science and Technology Directorate. We have accomplished a great deal in a short amount of time and are positioning the Directorate to make continuing contributions to the homeland security mission of the Department.

However, the threats to our homeland remain diverse and daunting. We must constantly monitor current and emerging threats and assess our vulnerabilities to them, develop new and improved capabilities to counter them, and mitigate the effects of terrorist attacks should they occur. The Science and Technology Directorate must also enhance the conventional missions of the Department to protect and provide assistance to civilians in response to natural disasters, law enforcement needs, and other activities such as maritime search and rescue.

SCIENCE AND TECHNOLOGY DIRECTORATE ORGANIZATION

Because our Department is relatively new, I'd like to describe the way we are structured. We have four key offices in the Science & Technology Directorate, each of which has an important role in implementing the Directorate's RDT&E activities. Individuals with strong credentials have been appointed to head each office and we continue to strategically add highly skilled technical, professional and support staff. These offices are: Plans, Programs and Budgets; Research and Development; Homeland Security Advanced Research Projects Agency; and Systems Engineering and Development. In addition, we have created the Office of Weapons of Mass Destruction Operations and Incident Management to offer scientific advice and support.

Crosscutting the four key offices, the Science and Technology Directorate is implementing its activities through focused portfolios that address biological, chemical, high explosives, radiological and nuclear, and cyber threats; support the research and development needs of the operational units of the Department; support the development of standards; develop an enduring R&D capability for homeland security; and receive valuable input from private industry and academia as well as national and Federal laboratories. I will talk about the offices first and then about the portfolios.

Office of Plans, Programs and Budgets

The Office of Plans, Programs and Budgets operates under the supervision of Dr. Penrose Albright. He has organized this office into the portfolios I just mentioned, each of which is focused on a particular discipline or activity; taken together, these portfolios span the Directorate's mission space. As I will cover the portfolios in detail later in this testimony, I will limit myself here to a summary explanation. The staff of each portfolio is charged with being expert in their particular area; with understanding the activities and capabilities extant in Federal agencies and across the broad research and development community; and with developing a strategic plan for their particular portfolio, to include near-, mid-, and long-range research and development activities. In addition, we have staff that is charged with understanding the threat from a technical perspective, with integrating the various portfolios into

a coherent overall plan, and with developing the corresponding budget and monitoring its financial execution.

Finally, the Office of Plans, Programs and Budget is responsible for executing the Directorate's implementation responsibilities for the SAFETY (Support Anti-Terrorism by Fostering Effective Technologies) Act.

Office of Research and Development

We are fortunate to have Dr. Maureen McCarthy as our Director of Science and Technology's Office of Research and Development (ORD). Dr. McCarthy has served as Chief Scientist for the National Nuclear Security Administration and the Department of Energy (DOE) and was previously DOE's senior representative to the Homeland Security Transition Planning Office. She will lead the office as it strives to provide the Nation with an enduring capability in research, development, demonstration, testing and evaluation of technologies to protect the homeland. This office also plans to provide stewardship to the scientific community and to preserve and broaden the leadership of the United States in science and technology.

Activities within ORD address the resources that can be brought to bear to better secure the homeland through the participation of universities, national laboratories, Federal laboratories and research centers. Directors have been appointed to lead efforts in each of these areas and staff is being added rapidly.

Homeland Security Advanced Research Projects Agency

Dr. David Bolka joined us in September 2003 as director of the Homeland Security Advanced Research Projects Agency, known as HSARPA. Dr. Bolka made significant contributions in advancing technical and scientific projects in his prior work with Lucent Technologies and Bell Laboratories, following a notable career in the United States Navy.

HSARPA is the external research-funding arm of the Science and Technology Directorate. It has at its disposal the full range of contracting vehicles and the authority under the Homeland Security Act to engage businesses, federally funded research and development centers, universities and other government partners in an effort to gather and develop viable concepts for advanced technologies to protect the homeland.

HSARPA's mission, as stated in the Homeland Security Act of 2002, is to support basic and applied homeland security research to promote revolutionary changes in technologies that would promote homeland security; advance the development, testing and evaluation, and deployment of homeland security technologies; and accelerate the prototyping and deployment of technologies that would address homeland security vulnerabilities. Its customers are State and local first responders, and Federal agencies that are allied with homeland security such as the United States Coast Guard, United States Secret Service, the U.S. Citizenship and Immigration Services, the Federal Emergency Management Agency and others.

About 60 percent of the Science and Technology Directorate's appropriation in fiscal year 2004 will be executed directly through the private sector with HSARPA managing about half of that. At least 5 to 10 percent of HSARPA's funds are dedicated for revolutionary, long-range research for breakthrough technologies and systems.

Office of Systems Engineering and Development

Mr. John Kubricky joined us in early October 2003 as our Director of the Office of Systems Engineering and Development (SE&D). He is tasked with leading the implementation and transition of large-scale or pilot systems to the field through a rapid, efficient and disciplined approach to project management. Mr. Kubricky previously served as Advanced Program Development Manager for Northrop Grumman and has held senior positions with California Microwave and Westinghouse Defense.

One of the Science and Technology Directorate's challenges is to evaluate a wide spectrum of military and commercial technologies so rapid, effective and affordable solutions can be transitioned to the Department's customers that include first responders and Federal agencies. In some cases, military technologies could be candidates for commercialization, but rigorous systems engineering processes need to be applied to ensure a successful transition. SE&D's role is to identify and then, in a disciplined manner, retire risks associated with such technologies to ready them for deployment to the field. In doing so, the office must view each technology through the prism of affordability, performance and supportability—all critical to end-users.

SE&D must weigh considerations such as the urgency for a solution, consequences of the threat, safety of the product, and lifecycle support as new products are introduced. Products must be user friendly, have a minimum of false alarms, require lit-

tle or no training and consistently provide accurate results. SE&D will demonstrate and test solutions before they are released to the field, and will validate that those solutions meet user expectations.

Office of Weapons of Mass Destruction Operations and Incident Management

We created the Office of Weapons of Mass Destruction Operations and Incident Management to serve as the Science and Technology Directorate's technical support for crisis operations. The office provides scientific advice and support to the Office of the Secretary of Homeland Security in assessing and responding to threats against the homeland. This office's activities are primarily focused on the biological, chemical, radiological, and nuclear threats.

RESULTS FROM CURRENT RESEARCH AND DEVELOPMENT (R&D) SPENDING AND FISCAL YEAR 2005 PLANS: PORTFOLIO DETAILS

As I have mentioned, the Science and Technology Directorate has organized its efforts into research and development portfolios that span the set of product lines of the Directorate.

Four portfolios address specific terrorist threats:

—Biological Countermeasures
—Chemical Countermeasures
—High Explosive Countermeasures
—Radiological and Nuclear Countermeasures

Four portfolios crosscut these threats:

—Threat and Vulnerability, Testing and Assessment—this portfolio includes our support to the Information Analysis and Infrastructure Protection Directorate, including our critical infrastructure protection and cybersecurity activities.
—Standards
—Emerging Threats
—Rapid Prototyping

We also have portfolios that support the operational units of the Department (Border and Transportation Security; Emergency Preparedness and Response, United States Coast Guard and United States Secret Service) in both their homeland security and conventional missions.

Our University and Fellowship Programs portfolio addresses the need to build an enduring science and technology capability and support United States leadership in science and technology.

Our most recent program, Counter-MANPADS, is seeking to improve technologies to protect commercial aircraft from the threat of MAN-Portable Air Defense Systems (MANPADS).

In addition, the Science and Technology Directorate is responsible for the management of one of the United States government's E-Gov Initiatives, the SAFECOM Program. There are tens of thousands of State and local public safety agencies, and 100 Federal law enforcement agencies that depend on interoperable wireless communications. The SAFECOM (Wireless Public SAFEty Interoperable COMmunications) program is the umbrella initiative to coordinate all Federal, State, local, and Tribal users to achieve national wireless communications interoperability. The placement of SAFECOM in the Department of Homeland Security's Science and Technology Directorate allows it full access to the scientific expertise and resources needed to help our Nation achieve true public safety wireless communications interoperability.

At this time I would like to briefly describe some of our accomplishments to date and our fiscal year 2005 plans. As can be seen in the following chart, we have an overall fiscal year 2005 budget request of $1.039 billion, which is an increase of $126.5 million (13.9 percent) over the fiscal year 2004 levels. The request includes $35 million for construction of facilities. In addition, the increase includes President Bush's request for an additional $65 million to enhance and expand the BioWatch Program.

[Dollars in millions]

Budget activity	Fiscal year 2003 Amount	Fiscal year 2004 less rescission Amount	Proposed fiscal year 2005 Amount	Increases/Decreases from fiscal year 2004 to 2005	
				Amount	Percent increase
Budget Activity M&A	$0.0	$44.2	$52.6	$8.4	19.1
Salary and expenses	0.0	44.2	52.6	8.4	19.1
Budget Activity R&D	553.5	868.7	986.7	118.0	13.6

[Dollars in millions]

Budget activity	Fiscal year 2003 Amount	Fiscal year 2004 less rescission Amount	Proposed fiscal year 2005 Amount	Increases/Decreases from fiscal year 2004 to 2005	
				Amount	Percent increase
Bio Countermeasures (incl. NBACC)	362.6	285.0	407.0	122.0	42.8
High-Explosives Countermeasures	0.0	9.5	9.7	0.2	2.1
Chemical Countermeasures	7.0	52.0	53.0	1.0	1.9
R/N Countermeasures	75.0	126.3	129.3	3.0	2.4
TVTA (incl. CIP & Cyber)	36.1	100.1	101.9	1.8	1.8
Standards	20.0	39.0	39.7	0.7	1.9
Components	0.0	34.0	34.0	0.0	0.0
University & Fellowship Programs	3.0	68.8	30.0	−38.8	−56.4
Emerging Threats	16.8	21.0	21.0	0.0	0.0
Rapid Prototyping	33.0	73.0	76.0	3.0	4.1
Counter MANPADS	0.0	60.0	61.0	1.0	1.7
R&D Consolidation transferred funds	0.0	0.0	24.1	24.1	.....
Total enacted appropriations and budget estimates	553.5	912.8	1039.3	126.5	13.9

Biological Countermeasures

Biological threats can take many forms and be distributed in many ways. Aerosolized anthrax, smallpox, foot and mouth disease, and bulk food contamination are among the threats that can have high consequences for humans and agriculture. Our Biological Countermeasures portfolio uses the Nation's science base to prevent, protect, respond to and recover from bioterrorism events. This portfolio provides the science and technology needed to reduce the probability and potential consequences of a biological attack on this Nation's civilian population, its infrastructure, and its agricultural system. Portfolio managers and scientists are developing and implementing an integrated systems approach with a wide range of activities, including vulnerability and risk analyses to identify the need for vaccines, therapeutics, and diagnostics; development and implementation of early detection and warning systems to characterize an attack and permit early prophylaxis and decontamination activities; and development of a national bioforensics analysis capability to support attribution of biological agent use.

In fiscal year 2003 and 2004, the Biological Countermeasures portfolio:

Deployed BioWatch to approximately 30 cities across the Nation. BioWatch consists of air samplers that detect the release of biothreat pathogens, such as anthrax, in a manner timely enough to allow for effective treatment of the exposed population. In addition, with additional funds provided by Congress in fiscal year 2004, we were able to integrate environmental monitoring data with biosurveillance to provide early attack alerts and assessments. The environmental monitoring activities include not only BioWatch, which provides continuous monitoring of most of our major metropolitan areas, but also targeted monitoring that is temporarily deployed for special national needs, such as a Homeland Security Elevated Threat Level. While serving the primary function of mitigating attacks, both BioWatch and environmental monitoring systems also play a significant deterrent role, since terrorists are less likely to attack when they know that defensive systems prevent them from attaining their goals.

Established the National Biodefense Analysis and Countermeasures Center, which provides scientific support for intelligence activities, prioritizes biothreats, and conducts bioforensic analyses for attribution and hence deterrence.

In fiscal year 2005, we will build upon our past work and continue to deploy and improve wide area monitoring systems for urban areas. Under President Bush's new Biosurveillance Initiative, which accounts for most of the fiscal year 2005 increase in funding, additional capability will be implemented quickly in the top threat urban areas to more than twice the current capability. We will be working on decontamination technologies and standards for facilities and outdoor areas, and a National Academy of Science study characterizing contamination risks will be completed in fiscal year 2005. At a smaller scale, we will define requirements for expanded technology in detect-to-warn scenarios relevant to facilities monitoring. At

the same time, we will be building our capabilities in the National Biodefense Analysis and Counterterrorism Center (NBACC) and at Plum Island Animal Disease Center (PIADC). At the NBACC, we are focusing first on bioforensics and development of a biodefense knowledge center; for agro-bioterrorism, we are prioritizing countermeasures to foreign animal diseases. We are requesting additional funding in fiscal year 2005 for Plum Island to improve the facilities and security of this important research and development site.

Chemical Countermeasures

The National Research Council Report Making the Nation Safer points out that "chemicals continue to be the weapon of choice for terrorist attacks." The large volumes of toxic industrial chemicals and materials along with the potential for chemical warfare agents and emerging threat agents constitute a broad range of threats that may be applied to virtually any civilian target.

Our Chemical Countermeasures portfolio provides the science and technology needed to reduce the probability and potential consequences of a chemical attack on this Nation's civilian population. The portfolio places high priority on characterizing and reducing the vulnerability posed by the large volumes of toxic industrial materials in use, storage or transport within the Nation. The research and development activities include prioritization of efforts among the many possible chemical threats and targets, and development of new detection and forensic technologies and integrated protective systems for high-value facilities such as airports and subways. These activities are informed by end-user input and simulated exercises.

Over the past year, our Chemical portfolio completed Project PROTECT—Program for Response Options and Technology Enhancements for Chemical/Biological Terrorism—a program conducted in collaboration with the Washington Metropolitan Area Transit Authority (WMATA). PROTECT, an operational chemical agent detection and response capability, significantly decreases response time, which in the event of an attack will save human lives. PROTECT is deployed in Metro stations and is operated by the WMATA.

In fiscal year 2005, our focus will be on protecting facilities from chemical attacks and controlling the industrial chemicals that may be used for such attacks. Our scientists, working with the Information Analysis and Infrastructure Protection Directorate (IAIP), will complete a detailed end-to-end study of three reference scenarios, to culminate in recommendations for top-level architectures, identification of key gaps, and a "report card" showing present, mid-term (3-year), and long-term (5-plus year) capabilities. We will qualify candidate off-the-shelf sensors for demonstration in an application to facilities protection. We will also address response and recovery. Working with the user community, we will develop first-generation playbooks for responding to the three reference scenarios and develop technical requirements for personal protection equipment.

High Explosives Countermeasures

The High Explosives Countermeasures portfolio addresses the threat that terrorists will use explosives in attacks on buildings, critical infrastructure, and the civilian population of the United States. The Science and Technology Directorate's portfolio is closely coordinated with the activities ongoing in the Transportation Security Administration to ensure that research and development (R&D) activities are complementary, not duplicative. R&D priorities in this portfolio have focused on the detection of vehicle bombs and suicide bombers, and on providing the science and technology needed to significantly increase the probability of preventing an explosives attack on buildings, infrastructure and people.

This portfolio in fiscal year 2005 will develop and field equipment, technologies and procedures to interdict suicide bombers and car and truck bombs before they can reach their intended targets while minimizing the impact on the American way of life. We will complete testing and evaluation of known procedures and commercial off-the-shelf devices applicable to indoor or outdoor interdiction of suicide bombers, and develop a training package for local law enforcement, including recommended equipment and procedures. In addition, we will support the development of new devices to interdict suicide bombers and study the feasibility of using existing detectors to identify explosives in trucks. Finally, we will analyze the costs and benefits of hardening aircraft cargo containers, cargo bays, and overhead bin storage compartments to better withstand the effects of an explosion.

Radiological and Nuclear Countermeasures

Potential radiological and nuclear threats range from the deliberate dispersal of small amounts of radioactive material to the detonation of an improvised or stolen nuclear weapon to an attack on our nuclear power industry. Our Radiological and Nuclear Countermeasures portfolio provides the science and technology needed to

reduce both the probability and the potential consequences of a radiological or nuclear attack on this Nation's civilian population or our nuclear power facilities.

On August 19, 2003, our Radiological and Nuclear Countermeasures portfolio formally assumed management of the Port Authority of New York and New Jersey radiation detection test bed. The test bed was previously managed by the United States Department of Energy. Following the transfer, we have broadened the project scope beyond testing and evaluating individual pieces of technology to a systems approach, including response protocols and operational concepts. As part of the Science and Technology Directorate's effort, radiation detection sensors will be deployed and operated by Federal, State, and local inspectors and police at land, maritime and aviation venues. By judging the efficacy of deployed systems over time, we will be able to inform future decisions on detection technology R&D investment, deployment of urban monitoring systems, configurations best able to enhance security, and viable ways to defend against a radioactive dispersal device or an improvised nuclear device.

For fiscal year 2005, we plan to leverage our previous technology and capability successes and place a high priority on providing the end-user community with the most appropriate and effective detection and interdiction technologies available to prohibit the importation or transportation and subsequent detonation of a radiological or nuclear device within U.S. borders. Specifically, we will do the following:

—Integrate at least five Federal, State, and local sites into an operational detection system architecture to detect radiological and nuclear threats;
—Establish a test and evaluation capability, and test and evaluate 90 percent of the fiscal year 2005 prototype technologies developed in the portfolio's programs;
—Demonstrate two advanced characterization technologies for crisis response; and
—Demonstrate a prototype for automatic radiological imaging analysis that enhances current imaging systems at one pilot site.

Threat and Vulnerability, Testing and Assessment

Our Threat and Vulnerability, Testing and Assessment (TVTA) portfolio is one of our largest portfolios, and includes our scientific and technical support to the Information Analysis and Infrastructure Protection (IAIP) Directorate. TVTA includes our R&D activities in Critical Infrastructure Protection and Cybersecurity. Activities in this portfolio are designed to help evaluate extensive amounts of diverse threat information; detect and document terrorist intent; couple threat information with knowledge of complex, interdependent critical infrastructure vulnerabilities; and enable analysts to draw timely insights and distribute warnings from the information. This portfolio provides the science and technology needed to develop methods and tools to test and assess threats and vulnerabilities to protect critical infrastructure and enhance information exchange; this portfolio also includes a Biometrics Program and a Cybersecurity Program.

In fiscal year 2004, TVTA:

—Developed and installed an operational component, the Threat-Vulnerability Mapper (TVM), as part of the Threat and Vulnerability Integration System for the Information Analysis and Infrastructure Protection Directorate. The TVM provides counterterrorism analysts with a simple, straightforward way not only to depict the geographic distribution of threats across the United States, but also to search the underlying databases for information on the possible actors, agents, potential severity of attacks, and extent of the vulnerabilities to and effects of such attacks.
—Co-funded the Cyber Defense Technology Experimental Research ("DETER") Network with the National Science Foundation, a $5.45 million, 3-year research project to create an experimental infrastructure network to support development and demonstration of next-generation information security technologies for cyber defense. This is a multi-university project led by the University of California at Berkeley.
—Developed a Decision Support System focused on prioritizing investment, protection, mitigation, response, and recovery strategies related to Critical Infrastructure Protection. The initial proof-of-concept began in August 2003 and a case study is being conducted in February 2004. The prototype model will include representation of all 14 critical infrastructure sectors/assets and their interdependencies.
—Developed advanced algorithms for speeding the creation of DNA signatures for biological pathogen detection through the Advanced Scientific Computing Research and Development program. These discoveries will result in cheaper, faster and more reliable bio-detectors for homeland security.

In fiscal year 2005, TVTA will provide the science and technology capabilities and enduring partnerships needed to develop methods and tools to test and assess threats and vulnerabilities to protect critical infrastructure and enhance information exchange. The Threat-Vulnerability Mapper is only one component of a large Threat and Vulnerability Information System that we will continue to build, drawing upon advances in the information and computer sciences as well as innovative analytic techniques. Our objective is to continually improve an analyst's capability to answer threat-related questions. The Science and Technology Directorate will contribute to the capability to produce high-quality net assessments and assessments of weapons of mass destruction.

We will develop advanced computing algorithms in support of improved aerosol dispersion models, blast effects calculations, neutron interrogation models, bioinformatics, and scalable information extraction; improved algorithms make more accurate information available faster. We will continue to provide, in collaboration with other relevant organizations, the science and technology and associated standards needed in the development of biometrics for precise identification of individuals and develop instrumentation to aid authorized officials in detecting individuals with potentially hostile intent. In the cybersecurity area, the DETER Network testbed will be up and running, and we will competitively fund several low-cost, high-impact solutions to specific cybersecurity problems.

Standards

Ensuring that standards are created and adopted is critically important for homeland security. We need consistent and verifiable measures of effectiveness in terms of basic functionality, appropriateness and adequacy for the task, interoperability, efficiency, and sustainability. Standards will improve the quality and usefulness of homeland security systems and technologies. Our Standards portfolio cuts across all aspects of the Science and Technology Directorate's mission and all threats to improve effectiveness, efficiency, and interoperability of the systems and technologies developed, as envisioned in the Homeland Security Act.

Our Standards portfolio continues to actively engage the Federal, State, and local first responders to ensure that developed standards are effective in detection, prevention, response, management, and attribution. This portfolio also conducts the essential activities in order to meet the requirement of the SAFETY (Support Anti-Terrorism by Fostering Effective Technologies) Act in developing certification standards for technologies related to homeland security.

In fiscal year 2004, our Standards portfolio:

—Created initial standards guidelines, with formal standards nearing completion, for radiation pagers, hand-held radiation dosimetry instruments, radioisotope identifiers and radiation portal monitors. These standards were developed under the auspices of the American National Standards Institute's Accredited American Standards Committee on Radiation Instrumentation.

—Published guidelines for interoperable communications gear. Common grant guidance has been developed and incorporated in the public safety wireless interoperability grant programs of both the Department of Justice and the Department of Homeland Security;

—Launched the SAFETY Act process for evaluating anti-terrorism technologies for potential liability limits.

In fiscal year 2005, the Standards portfolio will continue to work on many fronts and with many partners to establish needed standards for technologies (including equipment), processes, and systems. We will especially focus on two major milestones. First, we will establish technical standards and test and evaluation protocols for decontamination technologies and analysis across the ranges of weapons of mass destruction. Second, we will publish a "Consumer's Report" on radiation and bioagent detection devices for Federal, State, and local users.

Emerging Threats

It is truly the threats we do not yet know that are often the most terrifying. Our Emerging Threats portfolio addresses the dynamic nature of terrorist threats, as science and technology advancements enable new agents of harm and new ways to employ them. This portfolio places high priority on developing the capability to use innovative, crosscutting, out-of-the-box approaches for anticipating and responding to new and emerging threats. Successful identification of emerging threats will permit capabilities to be developed to thwart these emerging threats before they are used.

Relevant R&D is underway at other agencies and organizations; thus, partnerships in this area hold great potential for synergistic focus on homeland security. Work is being done and will continue to be pursued in partnership with the Depart-

ments of Energy, Defense, Justice, and Agriculture, the intelligence community, and the National Institutes of Health.

In fiscal year 2003 and 2004, our scientists in the Emerging Threats portfolio established informal partnerships with the intelligence community and with the United States Secret Service in order to leverage ongoing activities in support of over-the-horizon assessment.

In fiscal year 2005, we will leverage the activities started during fiscal year 2004, and continue to focus on developing the capability to use innovative, crosscutting, out-of-the-box approaches for anticipating and responding to new and emerging threats and to develop revolutionary technologies to combat them.

Rapid Prototyping

By accelerating the time needed to develop and commercialize relevant technologies, the Science and Technology Directorate will ensure that operational end-users will be better able to prevent terrorist attacks, reduce the Nation's vulnerability, and minimize the damage and assist in recovery if attacks occur. Our Rapid Prototyping portfolio advances the Directorate's mission to conduct, stimulate and enable research, development, test, evaluation and timely transition of homeland security capabilities to Federal, State and local operational end-users.

In fiscal year 2003 and fiscal year 2004, the Rapid Prototyping portfolio provided funding of $30 million each year through our Homeland Security Advanced Research Projects Agency (HSARPA) to the interagency Technical Support Working Group (TSWG) to solicit ideas, concepts and technologies for 50 requirement areas of interest to both the Department and TWSG; initial contracts have been made and HSARPA will provide the programmatic monitoring of those efforts for the Science and Technology Directorate. This portfolio also provided support through HSARPA for a joint port and coastal surveillance prototype testbed designated "HAWKEYE" with the United States Coast Guard. Funding has been made available to support the creation of a Technology Clearinghouse as required in the Homeland Security Act of 2002.

In fiscal year 2005, this program will continue to provide a mechanism for accelerated development of technologies relevant to homeland security in a process driven by technology developers. Through rapid prototyping and commercialization, these technologies will be made available to operational end-users as quickly as possible, thus increasing their capability to secure the homeland.

Support to Department of Homeland Security Components

As I have mentioned, the operational components of the Department are my customers. The Department of Homeland Security's Science and Technology Directorate supports the missions of the Information Analysis and Infrastructure Protection (IAIP) Directorate, Border and Transportation Security (BTS), Emergency Preparedness and Response (EP&R), United States Coast Guard (USCG), and United States Secret Service (USSS). Our TVTA portfolio supports the mission of the IAIP Directorate as previously indicated. This portfolio places high priorities on high-risk, high-reward research and development relevant to homeland security that might not otherwise be conducted in support of the missions of BTS, EP&R, USCG, and the USSS.

In fiscal year 2003 and fiscal year 2004, we continued to support the conventional missions of these operational components. Ongoing activities within BTS, USCG and USSS focus on preventing terrorists and terrorist weapons (particularly weapons of mass destruction) from entering the United States, on detecting and preventing cyber attacks, supporting maritime transportation, safety and economy (Port and Channel navigation, Search and Rescue, and Aquatic Nuisance Species Remediation), and on preventing attacks on United States Secret Service protectees and high-visibility venues.

Support to Border and Transportation Security

The Science and Technology Directorate supports all elements of BTS enforcement and facilitation processes through identifying operational requirements, developing mission capabilities-based technological needs and implementing a strategic plan. We are providing systems engineering support to various BTS programs including US VISIT and Unmanned Aerial Vehicles.

The Science and Technology Directorate's support to the BTS Directorate is accomplished by implementing a capabilities-based technology planning process. The capabilities-based approach establishes the scope of effort and framework for a technology plan. Through a series of user conferences and technology opportunity conferences, requirements are developed and prioritized for new and improved capabilities. Operational personnel identify capabilities and technology personnel identify potential development opportunities. Capability gaps and possible technology solu-

tions are proposed, and a budget is developed to distinguish between both funded and unfunded needs.

The Science & Technology Directorate co-chairs with BTS, the Department's Unmanned Aerial Vehicle (UAV) Working Group, which is currently focused on developing the Border and Transportation Security operational requirements for UAVs and related technologies, e.g., aerostats, blimps, lighter than air (LTA) ships, and fixed and mobile towers. The starting point for the requirements generation process is six BTS capability objectives we have identified that could benefit by the utilization of UAVs: surveillance and monitoring communications, apprehension, targeting, intelligence, deterrence, and officer safety. Functional capabilities that could be filled or improved through the application of UAVs and other technologies have been identified. Based on these high-level requirements, the Science and Technology Directorate is developing concepts of operations and assumptions that will be used in conducting an Analysis of Alternatives that will include UAVs and other technologies.

In fiscal year 2005 we will be involved in a wide range of activities supporting the components, based upon their needs. For BTS, we will focus on discovering and implementing technologies that include improved screening and inspection, access control, document verification and validity, and data compression and analysis.

Support to Emergency Preparedness and Response

The Nation has more than 750 regionally accredited community colleges. Community colleges train more than 80 percent of our country's first responders; these first responders are critical for homeland security. The Science and Technology Directorate has a responsibility to ensure that these first responders have the necessary tools available to them to perform their jobs effectively and safely on a daily basis. This portfolio has a key role in our meeting that responsibility.

The scope of our EP&R portfolio includes research, development, test and evaluation for State, local and Federal emergency responders and emergency managers. Particular emphasis is placed on technology integration at all levels of government, technology insertion for weapons of mass destruction detection and monitoring systems, and long- term sustained performance and interoperability to enhance State and local preparedness.

Our work in the EP&R portfolio focuses on three major areas:

—Technology development for first responders

—Scientific and technical support to Federal response

—Technology integration—Safe Cities

The Safe Cities Program, a new initiative in fiscal year 2004, is focused on implementing technology and operational system solutions in local communities/regions. This program is being piloted in a select number of cities in fiscal year 2004 and will be conducted in close cooperation with State and local emergency managers and city planners to identify capability needs and gaps that advanced technologies being developed by the Science and Technology Directorate can meet. The Safe Cities Program seeks to provide technology and operational solutions that are sustainable by the communities in which they are implemented. The Safe Cities Program will enable us to better understand the operational context into which new technologies will be inserted. The Program will result in the creation of an infrastructure that facilitates the evaluation of new technologies in real-world operating environments as well as providing a venue for integrating these technologies with existing State and local systems.

In fiscal year 2005 the EP&R portfolio will continue its focus on technology development and technical guidance for first responders (State and local), scientific and technical support to the EP&R Directorate; and expansion of technology integration—Safe Cities.

Support to United States Coast Guard

The Science & Technology Directorate is integrating a major research program into a United States Coast Guard operational testbed in south Florida. The HAWKEYE program injects technologies (such as Surveillance, Command & Control, Sensor Fusion, and Communications) allowing simultaneous evaluation of technology performance as a direct impact on mission execution.

Support to the United States Secret Service

We have coordinated with the United States Secret Service and established its first direct-funded R&D program. Based upon appropriated funding, four initiatives have been identified and prioritized, and are underway in fiscal year 2004. In addition, there will be joint activities in support of the assessment of emerging threats.

Homeland Security University and Fellowship Programs

In this portfolio we seek to develop a broad research capability within the Nation's universities to address scientific and technological issues related to homeland security. The portfolio places high priorities on developing academic programs and supporting students in order to build learning and research environments in key areas of Departmental interest.

In fiscal year 2004, this portfolio established the Department of Homeland Security's first University-based Center of Excellence, for Risk and Economic Analysis of Terrorism Events. The Center, based at the University of Southern California, will assess the level of risk associated with various terrorist scenarios, in particular the potential economic consequences. A request for proposals has been issued for the next two Centers of Excellence, which will focus on Foreign Animal and Zoonotic Disease Defense and Post-Harvest Food Protection and Defense.

Last fall, we awarded our 2003–2004 academic year DHS Scholarships and Fellowships, and welcomed our new Scholars and Fellows with a reception in Washington, DC. The solicitation for this program received just under 2,500 applications for 100 Scholarships and Fellowships. Besides making immediate contributions to homeland security-related R&D, these students will be part of the development of a broad research capability within the Nation's universities to address scientific and technological issues related to homeland security.

During fiscal year 2005, another 100 Scholars and Fellows will be supported for the academic year of 2004–2005, bringing the total of supported students to 200. We will also continue to support the Homeland Security University Centers of Excellence established in fiscal year 2004, each with a different subject expertise focused on reducing the terrorist threat on the United States. Each Center of Excellence is awarded an initial 3-year contract whose annual cost we account for in our planning.

Counter-MANPADS

The Counter-MANPADS program is focused on identifying, developing, and testing a cost-effective capability to protect the Nation's commercial aircraft against the threat of man-portable, anti-aircraft missiles. This program also provides the science and technology base needed to reduce the vulnerability of commercial aircraft to terrorist attack using man-portable anti-aircraft missiles.

Over the past year, we have had a successful solicitation announcing a program to address the potential threat of MANPADS to commercial aircraft. White papers responding to the Counter-MANPADS program solicitation were reviewed by technical experts from the Department of Homeland Security, Department of Defense, and other government agencies; proposals were evaluated; and awards were made to three contractor teams to perform the first of two program phases, which began in January, 2004. The first phase will result in a preliminary design and a test plan to demonstrate missile countermeasure equipment on selected commercial aircraft.

The second program phase is an 18-month effort beginning in August 2004, with the one or two contractors that produced the most promising results in Phase One. During this phase, the commercial prototype countermeasure equipment will be integrated on selected commercial aircraft, and live-fire range tests will be accomplished with extensive data collection and analysis. Results of this second phase will be presented to the Administration and Congress to aid in formulating an informed decision on how best to address the protection of commercial airlines from the MANPADS threat.

SAFECOM

The SAFECOM (Wireless Public SAFEty Interoperable COMmunications) program is the umbrella initiative to coordinate all Federal, State, local, and Tribal users to achieve national wireless communications interoperability. The placement of SAFECOM in the Department of Homeland Security's Science and Technology Directorate allows it full access to the scientific expertise and resources needed to help our Nation achieve true public safety wireless communications interoperability.

Since the Science and Technology Directorate formally assumed responsibility for the management of the SAFECOM program barely 7 months ago:

—SAFECOM has been established as the one umbrella group in the Federal Government for the management of public safety wireless interoperability programs;

—Common grant guidance has been developed and incorporated in the public safety wireless interoperability grant programs of both the Department of Justice and the Department of Homeland Security;

—A Federal coordinating structure has, for the first time, been created to coordinate all Federal public safety wireless interoperability programs;

—The first catalog of national programs touching on public safety wireless interoperability has been developed and published; and
—The ten major State and local organizations concerned with public safety wireless interoperability—the Association of Public-Safety Communications Officials (APCO), International Association of Fire Chiefs (IAFC), International Association of Chiefs of Police (IACP), Major Cities Chiefs Association (MCC), National Sheriffs' Association (NSA), Major County Sheriffs' Association (MCSA), National Association of Counties (NACO), National League of Cities (NLC), National Public Safety Telecommunications Council (NPSTC), and the United States Conference of Mayors (USCM)—released a statement in support of the SAFECOM program which declared that "With the advent of the SAFECOM Program . . . Public safety, State and local government finally have both a voice in public safety discussions at the Federal level and confidence that the Federal Government is coordinating its resources."

PRIORITIZATION

The Science and Technology Directorate has prioritized its research and development efforts based on the directives, recommendations and suggestions from many sources, including:
—Homeland Security Act of 2002;
—The fiscal year 2004 Congressional Appropriations for the Department of Homeland Security;
—President Bush's National Strategy for Homeland Security, the National Strategy for the Physical Protection of Critical Infrastructure and Key Assets, the National Strategy to Combat Weapons of Mass Destruction, the National Strategy to Secure Cyberspace, and the National Security Strategy;
—President Bush's nine Homeland Security Presidential Directives;
—Office of Management and Budget's 2003 Report on Combating Terrorism;
—Current threat assessments as understood by the Intelligence Community;
—Requirements identified by other Department components;
—Expert understanding of enemy capabilities that exist today or that can be expected to appear in the future; and
—The report from the National Academy of Science on "Making the Nation Safer: The Role of Science and Technology in Countering Terrorism," and the reports from the Gilmore, Bremer and Hart-Rudman Committees.

Identifying and integrating the information contained in these sources has not been a small task, but the result, coupled with expert evaluation and judgment by our scientific staff, is the basis for determining the research and development needed to meet our mission requirements.

DIVISION OF EFFORT AMONG THE DHS S&T DIRECTORATE AND RESEARCH EFFORTS AT OTHER GOVERNMENT AGENCIES

One of the accomplishments of which I am personally most proud is the emphasis our new Directorate has put on interacting with other Federal departments and agencies. Knowledge of other science and technology programs and their results, appropriate collaboration between agencies, coordination of relevant programmatic activities, and information sharing are essential for us to best meet our mission requirements. Science and Technology Directorate cybersecurity personnel and those at the National Science Foundation and the National Institute of Standards and Technology have already established collaborative and coordinated programs to ensure no duplication of effort. Our biological and chemical countermeasures staff have partnered with the Department of Defense's (DOD's) Defense Threat Reduction Agency (DTRA) to plan and execute the BioNet program and roadmap the biological countermeasures R&D programs in both agencies to understand capabilities and shortfalls. They work with the National Science Foundation on pathogen sequencing. The BioWatch program, although led by the Science and Technology Directorate, was accomplished through collaboration with personnel from the Department of Energy's National Laboratories, contractors, the Environmental Protection Agency, and the Centers for Disease Control and Prevention. We work with DOD's Office of Homeland Defense to ensure the effective transfer to the Department of relevant DOD technologies.

Our high explosives scientists are working with the interagency Technical Support Working Group, managed by the Department of State, to evaluate commercial off-the-shelf systems with capabilities against suicide bombers. The Director of the Homeland Security Advanced Research Projects Agency is a member of the TSWG Executive Committee. Our staff are in frequent contact with the Office of Science and Technology Policy on a range of issues, and several are members and co-chairs

of the Office of Science and Technology Policy's National Science and Technology Council. Our Office of Research and Development works closely with the Department of Agriculture to ensure that the Plum Island Animal Disease Center facility is operating smoothly and fully meeting its mission. The Office of Research and Development also interfaces with the Department of Energy to keep the Office of Science, as well as the National Nuclear Security Administration, apprised of our long-term homeland security requirements.

The Department of Homeland Security, Science and Technology Directorate recognizes that many organizations are contributing to the science and technology base needed to enhance the Nation's capabilities to thwart terrorist acts and to fully support the conventional missions of the operational components of the Department. Congress recognized the importance of the research and development being conducted by numerous Federal departments and agencies, and, in the Homeland Security Act of 2002, directed the Under Secretary of Science and Technology to coordinate the Federal Government's civilian efforts to identify and develop countermeasures to current and emerging threats.

We take this responsibility very seriously.

We are now initiating the effort needed to coordinate homeland security research and development across the entire United States Government. It will come as no surprise to the members of this Subcommittee that good, solid, effective research and development relevant to homeland security is being conducted by the Departments of Agriculture, Commerce, Defense, Energy, Justice, Health and Human Services, State, and Veteran's Affairs; within the National Science Foundation, the Environmental Protection Agency and other Federal agencies; and by members of the Intelligence Community.

Several interagency working groups already exist that are addressing issues important to homeland security. The Science and Technology Directorate has been, and continues to be, an active participant in these working groups, and in most cases has taken a leadership role. These fora foster an active exchange of information and assist each participating agency in identifying related needs and requirements, conducting research and development of mutual benefit, and avoiding duplication of effort.

We also continue to have discussions at multiple levels of management with Federal departments and Agencies, as well as with the Office of Management and Budget, the Office of Science and Technology Policy, and the Homeland Security Council. These discussions ensure that the strongest possible links are made and the best possible coordination occurs between our Department and those who are conducting sector-specific research. By the autumn of 2004, all Department of Homeland Security research and development programs will be consolidated and all United States Government research and development relevant to fulfilling the Department's mission will have been identified and coordinated as appropriate. It is important to note that this identification and relevant coordination does not imply the Department of Homeland Security should have the responsibility and authority for these programs within other Federal agencies; it does recognize that science and technology advances can have many applications, including homeland security.

OUTSIDE INPUTS TO THE S&T BUDGET

The Science and Technology Directorate's budget is built to meet the Department's and our mission requirements. As previously discussed, we identify and prioritize our efforts using multiple national sources and the sharing of information relevant to homeland security among government organizations. Our Homeland Security Science and Technology Advisory Committee will hold its first meeting February 26–27, 2004, and this group will also provide input to the scope, priority and level of effort needed to meet our objectives.

METRICS DEVELOPED BY THE SCIENCE AND TECHNOLOGY DIRECTORATE

The success of the Science and Technology Directorate depends on its ability to identify, develop and transition capabilities to end-users that enhance the Nation's ability to protect itself. Appropriate goals and performance measures must be identified and used to measure our progress. The following table identifies the programmatic metrics developed by the Science and Technology Directorate's portfolio managers; these metrics will be used to measure our performance.

ST0001 Biological Countermeasures

Long term performance goal.—The United States will have a high-performance and well-integrated biological threat agent warning and characterization system that will include sustainable environmental monitoring capability for metropolitan

areas; a national special security event system for the Nation at large; and identification of needs for vaccines and therapeutics for people and animals. Longer term research will support the development of biological threat warning and characterization systems that address both current and future threats.

Performance measures	Fiscal year 2005 target
Capability to detect and assess biological threats, measured by a set of attributes: increase sensitivity by decreasing false alarm rate (FAR), and increase multiplex samples.	FAR=10EE–4, Multiplex 10 assays
Fiscal year 2005 milestones: Decontamination technologies and standards for facilities and outdoor areas. National Academy of Science study characterizes contamination risks.	Milestones will be achieved
Fiscal year 2005 milestones: Establishment of a national capability in biodefense analysis and agro-bioterrorism countermeasures. Research operations begin; phased construction continues. BioForensics Analysis Center Hub operational.	Milestones will be achieved
Improved capabilities to detect threats in urban areas (Urban Monitoring Program), measured by increased sampling coverage and frequency, and capability to detect additional threats. Fiscal year 2005 milestone: increase coverage in top threat cities.	Milestone will be achieved
Integrated field demonstrations of next-generation solutions (Domestic Demonstrations and Applications Program).	2 Demos operational
Validated human and agricultural bioassays	10

ST0002 Chemical Countermeasures

Long term performance goal.—Develop and deploy a broad capability to prevent and rapidly mitigate the consequences of chemical attacks.

Performance measures	Fiscal year 2005 target
Fiscal year 2005 milestone: Development of protocols for the highest priority toxic industrial chemicals (TICs) and toxic industrial materials (TIMs).	Milestone will be achieved

ST0003 Chemical High Explosives

Long term performance goal.—The Chemical High Explosives portfolio will improve explosives detection equipment and procedures for all forms of transportation as well as fixed facilities.

Performance measures	Fiscal year 2005 target
Fiscal year 2005 milestone: Pilot tests of standoff detection technologies	Milestone will be achieved

ST0004 Radiological & Nuclear Countermeasures

Long term performance goal.—By fiscal year 2009, an effective suite of countermeasures against radiological and nuclear threats will be developed with capabilities in detection, intelligence analysis, response, and preparedness.

Performance measures	Fiscal year 2005 target
Federal, State and local sites that are integrated into an operational secondary reachback architecture to resolve radiological and nuclear alarms.	5
Performance measures associated with Test and Evaluation (T and E) of developmental prototypes of Radiation Detectors. Establish a long-range plan for T and E capability.	Milestone will be achieved
Progression on planned capability development for Nuclear Incident Management and Recovery. Demonstrate 2 advanced detection technologies.	Milestone will be achieved
Progression on pre-planned product improvement of deployed technologies. Perform critical design reviews for Phase One technology improvements for projects awarded in fiscal year 2004.	Milestone will be achieved

ST0005 Threat and Vulnerability, Testing & Assessments

Long term performance goal.—Provide measurable advancements in information assurance, threat detection and discovery, linkages of threats to vulnerabilities, and capability assessments and information analysis required by Departmental missions to anticipate, detect, deter, avoid, mitigate and respond to threats to our homeland security.

Performance measures	Fiscal year 2005 target
Improvement in the national capability to assess threats and vulnerabilities to terrorist attacks: 10 categories to be assessed.	Improvement in 7 categories

ST0006 Standards

Long term performance goal.—Establish an integrated infrastructure for determining and developing standards, and test and evaluation protocols for technology used for detecting, mitigating, and recovering from terrorist attacks and also to support other Departmental components' technologies. Provide consistent and verifiable measures of effectiveness of homeland security-related technologies, operators, and systems in terms of basic functionality, interoperability, efficiency, and sustainability. Facilitate the development of guidelines in conjunction with both users and developers.

Performance measures	Fiscal year 2005 target
Long-term implementation of SAFETY Act	Certifications
Fiscal year 2005 milestones: Technical standards and test/evaluation protocols will be established for WMD decontamination technologies and analysis tools. ''Consumer's report'' on radiation and bioagent detection devices for Federal, State, and local users will be published.	Milestones will be achieved

ST0008 Homeland Security Fellowship Programs/University Programs

Long term performance goal.—Significantly increase the number of U.S. students in fields relevant to homeland security including the physical life and social sciences; and engineering.

Performance measures	Fiscal year 2005 target
To increase the nation's science and technology workforce and research capability on issues related to homeland security. Fiscal year 2005: students supported/Centers of Excellence established.	200 students 3 centers

ST0009 Emerging Threats

Long term performance goal.—To develop effective capabilities to characterize, assess, and counter new and emerging threats, and to exploit technology development opportunities as they arise.

Performance measures	Fiscal year 2005 target
Improved capability to prevent terrorist attacks through annual emerging threat assessment report (percent of responding recipients indicating the report is valuable).	Baseline

ST0010 Rapid Prototyping

Long term performance goal.—Support the development of innovative solutions to enhance homeland security and work with Federal, State, and local governments; and the private sector to implement these solutions. In partnership with the Technical Support Working Group (TSWG), operate an effective and efficient clearinghouse that will develop, prototype, and commercialize innovative technologies to support the homeland security mission.

Performance measures	Fiscal year 2005 target
Technologies prototyped or commercialized	3

ST0011 SAFECOM

Long term performance goal.—Provide public safety agencies with central coordination, leadership and guidance to help them achieve short-term interoperability and long-term compatibility of their radio networks across jurisdictions and disciplines.

Performance measures	Fiscal year 2005 target
Increased interoperability across local, tribal, State, and Federal public safety jurisdictions and disciplines. Fiscal year 2005: Based on fiscal year 2004 baseline, improvements in 3 categories	3

ST0012 Counter Man-Portable Air Defense System (MANPADS)

Long term performance goal.—The Nation will have effective capabilities to defeat the threat to commercial aircraft of man-portable anti-aircraft missiles.

Performance measures	Fiscal year 2005 target
Effective technology/technologies for commercial aircraft to defeat man-portable anti-aircraft missiles identified. Fiscal year 2005: Technologies identified, and prototypes developed and tested	2

ST007 Support to Department of Homeland Security Components

Long term performance goal.—Increase the capabilities of mission-focused operational components (BTS, EP&R, Coast Guard, and Secret Service) to secure the homeland and enhance their ability to conduct their missions.

Performance measures	Fiscal year 2005 target
Improved capability of DHS Components to secure the homeland as measured by assessment of customer organizations in accomplishing agreed-upon areas of assistance	Baseline

SHORT-TERM AND LONG-TERM RESEARCH

In the 11 months that this Department has been in existence, the Science and Technology Directorate has focused its initial efforts on near-term development and deployment of technologies to improve our nation's ability to detect and respond to potential terrorist acts. However, we recognize that a sustained effort to continually add to our knowledge base and our resource base is necessary for future developments. Thus, we have invested a portion of our resources, including our university programs, toward these objectives. The following table indicates our expenditures in basic research, applied research, and development to date, excluding construction funding.

SCIENCE AND TECHNOLOGY DIRECTORATE R&D INVESTMENTS

[In millions of dollars]

Fiscal year	Fiscal year (actual	Fiscal year 2004 (estimated)	Fiscal year 2005 (proposed)
Basic	47	117	80
Applied	59	56	229
Developmental	398	608	643
Total	504	781	952
Percent basic	9.3	15.0	8.4

Our initial expenditures in basic research are heavily weighted by our investments in university programs. These university programs will not only provide new information relevant to homeland security, but will also provide a workforce of people who are cognizant of the needs of homeland security, especially in areas of risk analysis, animal-related agro-terrorism, bioforensics, cybersecurity, disaster modeling, and psychological and behavioral analysis.

We expect to gradually increase our total percentage of basic and applied research to the level needed for sustaining our role as a research, development, testing and evaluation (RDT&E) organization.

RATIONALE FOR BUDGET INCREASES: BIOWATCH AND THE NATIONAL BIODEFENSE ANALYSIS AND COUNTERMEASURES CENTER

President Bush's fiscal year 2005 budget request includes a $274 million Bio-Surveillance Program Initiative to protect the Nation against bioterrorism and to strengthen the public health infrastructure. Included in this request is an increase

of $65 million for the Science and Technology Directorate to enhance current environmental monitoring activities. This requested increase is a direct outgrowth of the recently completed joint Homeland Security Council—National Security Council (HSC–NSC) Bio-Defense End-to-End study which identified the need for an integrated, real-time, human-animal-plant surveillance system as a top priority national need. The DHS BioWatch system, which currently provides a bio-aerosol warning for most of this nation's large metropolitan areas, figures prominently in the integrated Biosurveillance initiative. This initiative would entail: (1) Expanding BioWatch coverage in the top ten threat cities; and (2) Piloting of an integrated attack warning and assessment system known as BWICS (BioWarning and Incident Characterization System). Currently the "average" BioWatch city has about 10 collectors per city. Systems studies and city feedback provide a more needs based' guide to the optimal number of collectors in our large, high threat cities. The systems studies show that about 40–60 collectors provide optimal outdoor coverage for a city, while the cities themselves have requested additional collectors for key facilities (transit systems, airports, stadiums). Alternate labor contracting processes, simplified sample handling techniques, and the introduction of additional automation in analyses will allow us to do this expansion in a cost effective manner.

The BWICS pilot will integrate real-time bio-surveillance and environmental monitoring data with plume hazard predictions, epidemiological forecasts, population and critical infrastructure databases, and other available resources in two of the highest threat cities.

We also will accelerate R&D on next generation environmental monitoring systems. New classes of detectors, that can identify bio-agents in 2 minutes or less with incredibly low false alarm rates will make it possible to do detect-to-protect for key facilities—allowing one to reroute air flow or evacuate a facility so as to minimize exposure and not simply begin the onset of early treatment. And tailoring of existing and emerging detection systems to monitoring key high volume nodes in our food processing will be critical to the development of proposed food shields.

The National Biodefense Analysis and Countermeasures Center (NBACC) provides scientific support for intelligence activities, prioritizes biothreats, and also conducts bioforensic analyses contributing to attribution and hence to deterrence. Specifically, the NBACC (both facilities and programs) will support public and agricultural health, law enforcement, and national and homeland security by providing hub laboratory capabilities for:

—Dedicated and accredited bio-forensic analysis capabilities to support attribution of the use of bio-threat agents (BTA) by criminals, non-State, and State-sponsored actors

—Laboratory-based, scientific data from the analysis and assessment of biological threats to human health and agriculture to support a national bio-defense net assessment—fundamental to development of national plans, risk assessment evaluations and priorities to deter, detect, mitigate and recover from BTA attack

—Applied models, materials, and validation processes to evaluate BTA countermeasures

—Evidenced-based subject matter expertise to integrate, analyze and distribute critical bio-defense and related information assembled from multiple sources through a high security and open clearinghouse.

TRANSFER OF R&D BUDGETS AND ACTIVITIES FROM OTHER DIRECTORATES

The Science and Technology Directorate is both a generator and a consumer of scientific and technological advances resulting from basic and applied research and development. We also have a responsibility for testing and evaluating capabilities to ensure that their deployment results in improved operational systems. Standards are needed to assist first responders and operational components of the Department in evaluating, procuring, and deploying new capabilities. This is a broad range of responsibility and one we take seriously. The Department has defined R&D activities as follows:

Activities associated with R&D efforts include the development of a new or improved capability to the point where it is appropriate for operational use, including test and evaluation. R&D activities include the analytic application of scientific and engineering principles in support of operational capabilities, concept exploration, systems development, proof of principle demonstration and pilot deployments, standards development, and product improvement including application and integration of technologies. For mission (non-management) systems, resources associated with developing technology to provide new capabilities (including systems engineering,

research, development, testing and prototyping) are covered under the R&D category.

This definition encompasses all of the research, development, test, and evaluation (RDT&E) efforts of the Science and Technology Directorate. It also encompasses RDT&E efforts currently existing in other parts of the Department of Homeland Security. The Science and Technology Directorate has been tasked to consolidate these activities from elsewhere within the Department into our directorate.

We have begun this coordination process by evaluating and producing a report on the research, development, testing, and evaluation work that was being conducted within the Department of Homeland Security but was not already under the direct cognizance of the Science and Technology Directorate. Where it is appropriate, the Science and Technology Directorate will absorb these R&D functions. In other cases, the Science and Technology Directorate will provide appropriate input, guidance, and oversight of these R&D programs.

Research and Development activities are ongoing in fiscal year 2004 within the following departmental elements: Border and Transportation Security (BTS), Emergency Preparedness and Response (EPR), United States Coast Guard (USCG), and United States Secret Service (USSS). The Information Analysis and Infrastructure Protection (IAIP) Directorate reported no fiscal year 2004 R&D activities.

The fiscal year 2005 President's Budget contains three programs that have been identified to transfer to the Science and Technology Directorate. They are United States Coast Guard RDT&E activities conducted at their Groton, CT laboratory ($13.5 million); Emergency Preparedness and Response RDT&E activities supporting the U.S. Fire Administration ($0.65 million); and ICE-Federal Air Marshall's RDT&E activities supporting the development of their Air-to-Ground Communication System ($10 million).

The transfer of these three RDT &E Programs is only the start and not the complete identification of the potential programs to review for consideration. S&T will be working throughout the year with the Department and with Congress to identify other existing programs and transfer them consistent with direction.

BUDGET AND ACTIVITIES SUPPORTING CYBERSECURITY R&D

The cybersecurity program within the Science and Technology Directorate is conducted by the Threat and Vulnerability, Testing and Assessment portfolio. The approach of this program includes addressing areas not currently addressed elsewhere in the Federal Government. An example of this is developing tools and techniques for assessing and detecting the insider threat. The cybersecurity budget request for fiscal year 2005 is $18 million.

An important component of the cybersecurity program is coordination with others who are performing cyber research and who are responsible for cybersecurity. For example, our staff have engaged in a series of meetings with staff members from the Department's Information Analysis and Infrastructure Protection Directorate (IAIP), both the National Cyber Security Division and National Communications System. These meetings provide an venue for general exchanges of information about each organizations' respective plans for cybersecurity, as well as specific discussions focused on IAIP technical requirements to feed into cybersecurity R&D programs funded by the Science and Technology Directorate.

Further, we are coordinating with the National Institute for Standards and Technology (NIST) and the National Science Foundation (NSF) to plan our respective roles. We are funding two projects with NIST, Secure Domain Name System and Secure Border Gateway Protocol, which are protocols that the Internet relies on to function. We are co-funding two projects with the NSF: a research project to create an experimental infrastructure network to support development and demonstration of next generation information security technologies for cyber defense, called Cyber Defense Technology Experimental Research ("DETER") Network; and a project called Evaluation Methods in Internet Security Technology (EMIST), a testing framework that will include attack scenarios, attack simulators, generators for topology and background traffic, data sets derived from live traffic, and tools to monitor and summarize results.

BASIS FOR POLICY ON THE USE OF THE NATIONAL LABORATORIES

The Science and Technology Directorate has identified separate mechanisms to access the capability base at the DOE national laboratories and sites to guard against organizational conflicts of interest and inappropriate use of inside information in responding to competitive private sector solicitations. Five national laboratories (Livermore, Los Alamos, Oak Ridge, Pacific Northwest, and Sandia) have been identified as Intramural Laboratories. These labs will help S&T set research goals and

requirements and formulate R&D road maps. This level of engagement would give the intramural labs unfair advantage if they were permitted to compete for funding awarded through open solicitations.

All other DOE laboratories and sites have been identified as Extramural Laboratories. Because the Extramural Laboratories will not be involved in internal DHS research planning, they are eligible to compete in Homeland Security Advanced Research Projects Agency (HSARPA) and Systems Engineering and Development (SED) funding, such as the Broad Agency Announcement (BAA) valued at $50 million for radiological/nuclear technologies that was recently issued. The majority of the Science and Technology Directorate's funding will be executed through HSARPA and SED. These labs may also freely team with industrial partners to seamlessly commercialize technologies they have developed.

BUDGET FOR UNIVERSITY CENTERS OF EXCELLENCE AND FELLOWS PROGRAMS

The President's fiscal year 2005 budget request of $30 million will sustain the current scholars and fellows program and a total of three Homeland Security Centers of Excellence. Each additional Center of Excellence would require a sustained investment of $5 million per year. If more than a total of three Centers of Excellence are desired without increasing the President's fiscal year 2005 budget request, a reduction in the scholars and fellows program would be required.

STAFFING

When the Department of Homeland Security (DHS) stood up on March 1, 2003, the Science and Technology Directorate had a total staff of about 87, including the 53 staff transferred from the Department of Energy's Environmental Measurements Laboratory. The balance was comprised of permanently assigned personnel, employees detailed from within and without the Department, Intergovernmental Personnel Act assignments, and personnel support from the National Laboratories.

By January 6, 2004, we more than doubled our staff. In January 2004, we had a total staff of 212, including 100 DHS employees, six Public Health Service Officers, 21 Intergovernmental Personnel Act employees, 26 individuals on assignment from other agencies, and 59 contractors.

We continue to be active in staffing our Directorate with well-qualified individuals whose skills support the full breadth of our responsibilities and RDT&E activities. We continue to actively seek additional staff in accordance with our approved staffing plan.

CONCLUSION

With less than a full year under the Department's belt, the scientists and engineers in the Science and Technology Directorate have accomplished more than I could have expected. I am proud to have shared with you today some of those success stories. We have appended a more comprehensive summary of accomplishments to date for the record.

And yet, we also recognize that there is much to do, and we will be working just as hard in fiscal year 2005.

I look forward to continuing to work with you on the Cybersecurity, Science, and Research & Development Subcommittee; other Federal departments and agencies; the academic community; and private industry to continue the work begun and continually improve our ability to protect our homeland and way of life.

Mr. Chairman, Senator Byrd, and Members of the Subcommittee, this concludes my prepared statement. I thank you for the opportunity to appear before this committee and I will be happy to answer any questions you may have.

APPENDIX

ACCOMPLISHMENTS OF THE SCIENCE AND TECHNOLOGY DIRECTORATE

Biological and Chemical Countermeasures

Biowatch: National Urban Monitoring for Biological Pathogens

The Biowatch program has been established and deployed to cities across the nation. The program—developed, funded, and managed by the Science and Technology (S&T) Directorate—is executed in cooperation with the Environmental Protection Agency (EPA) and the Centers for Disease Control and Prevention (CDC). It employs environmental sampling devices to quickly detect biological pathogens, such as anthrax, in time to distribute life-saving pharmaceuticals to affected citizens. The S&T Directorate is now focusing its efforts on piloting the next generation of environmental samplers, which will reduce the amount of labor required and the re-

sponse time needed for detection while keeping the detection probability high and false alarm rates low. These devices will take advantage of the latest advances in micro-chemistry, commonly referred to as "chemistry on a chip."

PROTECT (Program for Response Options and Technology Enhancements for Chemical Terrorism): Chemical Defense and Response Capability for Transportation Facility

The S&T Directorate, in collaboration with the Washington Metropolitan Area Transit Authority (WMATA), completed PROTECT (Program for Response Options and Technology Enhancements for Chemical/Biological Terrorism). PROTECT, which is an operational chemical agent detection and response capability, is deployed in Metro stations and operated by the WMATA. PROTECT is a team effort that owes its success to the scientific and engineering talent from Argonne, Sandia, and Livermore National Laboratories and operational expertise from WMATA and the First Responder community (the District of Columbia; Arlington, VA; Montgomery County, MD; and others). Also contributing significantly to the project are private industry partners, including LiveWave Inc., ManTech Security Technology, the detector manufacturer (name withheld for security reasons); and Federal partners, including the Federal Transit Administration (FTA), Department of Transportation (DOT), National Institute of Justice (NIJ), and the Department of Homeland Security's (DHS's) Office of Domestic Preparedness (ODP). The system integrates chemical detector data and video feed and transmits the integrated information to the Operation Control Center (OCC), where the information is analyzed and an event confirmed. The information is then transmitted to the first responders who access it in both their OCC and through the use of wired jacks on the scene to facilitate response and recovery. PROTECT also has application in other areas, including fire and emergency response, security, and forensics. Upon completion, the system will be totally owned and operated by WMATA and expanded to approximately 20 stations. FTA is working with WMATA and Argonne National Laboratory to transfer the technology nationally. The information gleaned from PROTECT will have direct application to facility protection and response. A related effort is being piloted in the Boston subway system.

Joint Urban 2003: Experimental Atmospheric Transport and Modeling

In June 2003, the S&T Directorate, in coordination with the Department of Defense's Defense Threat Reduction Agency, Department of Energy, and University of Oklahoma sponsored a month-long atmospheric dispersion study in Oklahoma City, OK. Nearly 150 scientists, engineers, and student assistants were dedicated to this study, which tracked the air movement of safe, non-toxic tracer gases in and around city buildings. The resulting data is being used to enhance and develop urban-specific atmospheric dispersion computer models that will allow emergency management, law enforcement and other personnel to train for and respond to potential chemical, biological, and radiological terrorist attacks.

ProACT (Protective and Response Options for Airport Counter Terrorism): Chemical and Biological Counterterrorism Demonstration and Application Program

The S&T Directorate and its partners at the San Francisco International Airport are involved in a pilot program that couples biological and chemical detection with vulnerability analysis, response, and restoration. This program integrates networked sensors with the operation of ventilation systems, allowing redirection of contaminated air and effective evacuation should an event occur. Guidance for the airport facility operators to manage biological and chemical crises will be finalized soon for distribution throughout the applicable community. Protocols and concepts of operation for restoration also are under development. This program is designed to serve as a template for deployment of these capabilities to other similar facilities.

LINC (Local Integration of National Atmospheric Release Advisory Center (NARAC) with Cities): Hazard Assessment Tool for Operational Event Management

LINC demonstrates the capability for providing local government agencies with advanced operational atmospheric plume prediction capabilities that can be seamlessly integrated with appropriate Federal agency support for homeland security. LINC's approach is to integrate NARAC capabilities with local emergency management and response centers. In the event of a chemical or biological release, NARAC predictions can be used by emergency managers and responders to map the extent and effects of hazardous airborne material. Prompt predictions are provided to guide front-line responders in determining protective actions to be taken, critical facilities that may be at risk, and safe locations for incident command posts. LINC

provides response teams from multiple jurisdictions with tools to effectively share information regarding the areas and populations at risk. To date, several cities have participated in the project. New York City used LINC to help inform and manage an explosion and fire at a Staten Island refinery in the Spring of 2003.

BioNet: Integrated Civilian and Military Consequence Management

The Department of Homeland Security (DHS) and the Department of Defense's Defense Threat Reduction Agency have initiated the BioNet program to address joint civilian-military consequence management issues for localities near military bases. Upon completion of BioNet, a seamless consequence management plan that incorporates concepts of operation, information products, area monitoring, population health monitoring, and sample analysis laboratory will be developed that can be used nationally.

Plum Island Animal Disease Center (PIADC)

The S&T Directorate assumed responsibility for the operations of the "facilities and liabilities" of PIADC in June 2003. A 60-day review of security and operations resulted in immediate improvements and a plan for enhancements to security and operational maintenance. Dr. Beth Lautner has become new Center Director for PIADC. Dr. Lautner was with the National Pork Board for 13 years, most recently serving as the vice-president of Science and Technology. Highly respected throughout animal agriculture for her work on numerous issues, she pioneered the establishment of the Pork Quality Assurance (PQA) Program and has worked extensively with the USDA and other organizations on national agricultural security issues. In 1994, she was awarded the prestigious Howard Dunne Memorial Award by the association. In addition, DHS announced on December 9, 2003, the selection of Field Support Services, Inc. (FSSI), as the new contractor for maintenance at PIADC. FSSI is a subsidiary of Arctic Slope Regional Corporation, an Alaskan Native corporation, headquartered in Barrow, Alaska.

TOPOFF2 Exercise

In May 2003, leadership and staff members of the Science and Technology Directorate served as members of the Secretary's Crisis Assessment Team (CAT) and the interagency Domestic Emergency Support Team (DEST) and provided expert technical advice on understanding, communicating and responding to the hypothetical radiological and plague events during the TOPOFF2 exercise.

Radiological and Nuclear Countermeasures Programs

Radiation Detection in Metropolitan Areas

The Science and Technology division formally assumed management of the Port Authority of New York and New Jersey's radiation detection test bed on August 2003. The test bed was previously managed by the U.S. Department of Energy. The transfer will broaden the project scope beyond testing and evaluation of individual pieces of technology to a systems approach including response protocols and operational concepts. Radiation detection equipment will be installed at tunnels, bridges, ports, and airports in the New York City metropolitan area, and all functions associated with their operational use will be evaluated. By judging the efficacy of fielded systems over time, the Science and Technology division will be able to influence future decisions on detection technology R&D investment, deployment of urban monitoring systems, configurations best able to enhance security, and viable solutions for protecting the Nation from radiological and nuclear threats.

Determined Promise Exercise

In August 2003, staff members of the S&T Directorate participated in Determined Promise, a Department of Defense (DOD) exercise held in Las Vegas, NV. The exercise demonstrated the military's capability to assist in the response to a natural disaster, a bioterrorism event, and a number of other emergency situations nationwide. The exercise also provided a forum for initiating discussions that will foster interagency cooperation between DHS and USNORTHCOM.

Nuclear Threat Assessments

The S&T Directorate has provided eight rapid nuclear threat assessments for the Federal Bureau of Investigation (FBI), and approximately two dozen assessments on reports of illicit trafficking in nuclear materials for the Department of State and other customers. The Department of Homeland Security has been leading the interagency Nuclear Trafficking Focus Group, which regularly brings together the operational players of all agencies involved in response to and understanding of nuclear smuggling events.

Secondary "Reach Back"

In August 2003, the S&T Directorate's Nuclear Assessment Program stood up a system to provide secondary "reach back" support to operational DHS entities employing radiation detection systems in the field. Secondary reach back provides inspectors with an additional information resource to utilize for the resolution of radiation detection alarms that draws upon experience in the analysis of nuclear smuggling incidents and threat analysis.

Standards

Radiation Detection

The S&T Directorate has developed a suite of four radiation detector standards under the auspices of the American National Standards Institute (ANSI)'s Accredited American Standards Committee on Radiation Instrumentation. The four standards deal with radiation pagers, hand-held dosimetry instruments, radioisotope identifiers and radiation portal monitors. The S&T Directorate has formed three writing groups to prepare Test and Evaluation (T&E) protocols for hand-held radiation detectors, radionuclide identifiers and radiation portal monitors. The writing groups have met in working sessions in San Diego, CA (July 2003) and Las Vegas, NV (September 2003) and have prepared draft T&E protocols. Benchmark testing against these draft protocols has been initiated at four National Laboratories.

Biopathogen Identification

The Science and Technology Directorate has partnered with the Department of Defense, Office of the Secretary of Defense to fund a contract with the Association of Analytical Communities International to develop Reference Methods and Official Methods for bulk assay of bacillus anthracis. This work will also permit the comparison of commercially available rapid identification methods (hand-held assays) for B. anthracis.

SAFETY Act

On October 10, 2003, Secretary Ridge signed an interim final rule implementing the Support Anti-Terrorism by Fostering Effective Technologies (SAFETY) Act which was a requirement of the Homeland Security Act of 2002. The SAFETY Act is designed to encourage the development and rapid deployment of life-saving, anti-terrorism technologies by providing manufacturers and sellers with limited liability risks. The Department is now accepting applications for designation under the Act and evaluating the proposed technologies.

Interoperability of Communications

SAFECOM: E-Gov Initiative to Improve Interoperability of Wireless Communications

The Department of Homeland Security is taking steps to boost the ability of the approximately 44,000 local, tribal and State entities and 100 Federal agencies engaged in public safety to communicate effectively with one another, particularly during an emergency. SAFECOM is a Federal umbrella program under the S&T Directorate that is dedicated to improving public safety response through enhanced interoperable wireless communications. The goal is to enable public safety agencies to talk across disciplines and jurisdictions via radio communications systems, exchanging voice or data with one another on demand and in real time. SAFECOM is providing seed money for the Department of Justice's Integrated Wireless Network program, which will create interoperability among local, State and Federal public safety agencies in 25 cities. In addition, technical guidance for interoperable communications that was developed under SAFECOM is included in this year's Office of Domestic Preparedness grants.

Summit on Interoperable Communications for Public Safety

In June 2003, the S&T Directorate, Project SAFECOM, the National Institute of Standards and Technology (NIST) and the National Institute of Justice hosted a Summit on Interoperable Communications for Public Safety. The event focused on familiarizing attendees with programs that assist public safety practitioners, including first responders, and is the first national effort ever undertaken to convene all the players. In addition, it provided insight on Federal resource needs, how government can leverage existing program successes and resources in the area of standards development, approaches, and products and services. The Summit results provided help in formulating a coordinated approach toward nationwide communications interoperability.

SAFECOM Vendor Demonstration Day

In August 2003, the Science and Technology Directorate held its first SAFECOM Vendor Demonstration Day, with an overwhelmingly positive response from technology providers. Due to the increasing number of vendor requests to present their technologies to the SAFECOM Program, the S&T Directorate is holding a vendor demonstration day on the last Friday of every month. These Friday sessions will offer a chance for SAFECOM to learn about new technologies for interoperability, provide a clear process for managing vendor requests, and ensure that every vendor has a fair opportunity to participate.

Information Analysis and Infrastructure Protection Programs

Addressing Threats and Vulnerabilities in the Oil and Gas Industries

The S&T Directorate sponsored and delivered a prototype system to the Information Analysis and Infrastructure Protection (IAIP) Directorate to perform Graphical Information System (GIS) based computer assisted threat and vulnerability mapping of the oil and gas infrastructure in the American Southwest. S&T is also in the process of delivering to IAIP cutting edge visualization, data searching, data correlation, and all-source analytic aids to provide IAIP advanced analytic capabilities integrated with vulnerability information.

Advanced Algorithms for Biodetectors

Researchers funded by the S&T Directorate's Advanced Scientific Computing Research & Development program achieved an important milestone in the speed acceleration of software used to develop advanced biodetectors. Scientists have made a pair of related algorithmic advances that will speed the creation of DNA signatures for pathogen detection at considerably reduced cost. These discoveries will result in cheaper, faster, and more reliable bio-detectors for homeland security.

Threat-Vulnerability Mapper

Part of the Threat-Vulnerability Information System, the Threat-Vulnerability Mapper (or TVM), was installed in the analysis center of the Information Analysis and Infrastructure Protection Directorate in December 2003 and is already in constant use. Developed by the S&T Directorate, the TVM provides counterterrorism analysts with a simple, straightforward way to not only depict the geographic distribution of threats across the United States, but also to search the underlying databases for information on the possible actors, agents, potential severity of attacks, and extent of the vulnerabilities to and effects of such attacks. A second TVIS component was delivered to IAIP in January 2003 and should be installed and operational by the end of February 2004.

Critical Infrastructure Protection Decision Support System

On December 24, 2003, S&T's Critical Infrastructure Protection Decision Support System (CIP/DSS) team was asked to conduct a rapid analysis of potential consequences following discovery of a cow in Washington State with bovine spongiform encephalopathy (BSE), commonly known as Mad Cow disease. An analysis was developed within hours using available open literature, past historical data, and the results from an early stage, Dynamic Simulation agriculture model.

Cybersecurity

Experimental Infrastructure Network for Cyber Defense

Led by the S&T Directorate, DHS is co-funding with the National Science Foundation a $5.45 million, 3-year research project to create an experimental infrastructure network to support development and demonstration of next generation information security technologies for cyber defense. This project supports national-scale experimentation on emerging security research and advanced development technologies. Called Cyber Defense Technology Experimental Research ("DETER") Network, this is a multi-university project led by the University of California, Berkley.

Evaluation Methods in Internet Security Technology

DHS is co-funding with the National Science Foundation, a second cyber security project called Evaluation Methods in Internet Security Technology (EMIST). EMIST is a testing framework that can be adapted to simulators, emulation facilities, other testbeds, and hardware testing facilities. The framework will include attack scenarios, attack simulators, generators for topology and background traffic, data sets derived from live traffic, and tools to monitor and summarize results. EMSIT is a 3-year, $5.6 million, multi-university research project that includes Penn State; University of California, Davis; Purdue; and the International Computer Science Institute.

United States Coast Guard

Maritime Surveillance Testbed Prototype

In September 2003, S&T's Homeland Security Advanced Research Projects Agency and the United States Coast Guard planned and funded the South Florida Coastal Surveillance Prototype Testbed, a port and coastal surveillance prototype in Port Everglades, Miami, and Key West areas. The prototype is an evolutionary testbed that:

—Provides an initial immediate coastal surveillance capability in a high priority area

—Offers the Coast Guard and other DHS agencies the means to develop and evaluate CONOPS (Concept of Operations) in a real world environment

—Implements and tests interoperability among DHS and DOD systems and networks such as the U.S. Navy/Coast Guard Joint Harbor Operations Center (JHOC).

—Tests and evaluates systems and operational procedures

—Becomes the design standard for follow-on systems in other areas and integration with wider area surveillance systems. The program has two phases; an initial prototype development phase, and an improvements and update phase. The program is expected to begin operations in June 2004 and is funded at $2.4 million for fiscal year 2003 and $5 million for fiscal year 2004.

Partnerships

Workshop on Scientific Computing in Support of Homeland Security

The Science and Technology Directorate brought together experts from academia, private industry and the national laboratories with staff from various organizations within the Department to understand how the S&T Directorate's advanced scientific computing (ASC) capabilities, centered at the national laboratories, can help address needs across the Department. This workshop, held October 8–9, 2003, has resulted in identifying several areas of potential high payoff for the use of these unique capabilities; two examples are advanced research in data management and information extraction, and research and development of computational simulation tools. The workshop will produce a formal report identifying relevant ASC capabilities and matching them up with identified needs within the Department of Homeland Security for improved operational capabilities.

Infrastructure Subcommittee of the National Science and Technology Council

Staff members of the Science and Technology Directorate had a major role in drafting the first charter for the National Science and Technology Council's (NSTC's) Infrastructure Subcommittee; the Subcommittee's first Co-Chairs are from the S&T Directorate and the Office of Science and Technology Policy. The Subcommittee serves as a forum within the National Science and Technology Council (NSTC) for developing consensus and resolving issues associated with coordinating R&D agendas, policy, and programs to develop and protect the nation's infrastructure. The Subcommittee will also be the vehicle used by the Department of Homeland Security and the White House Office of Science and Technology Policy to develop the National R&D Plan for Critical Infrastructure Protection.

Homeland Security Standards Panel

The S&T Directorate worked with the American National Standards Institute (ANSI) and the National Institute of Standards and Technology (NIST) to establish a Homeland Security Standards Panel (HSSP) that would coordinate the development of consensus standards among the 280 different standards development organizations. On June 9–10, 2003, the inaugural meeting of the ANSI Homeland Security Standards Panel was held at NIST. Plenary session presentations were given by four S&T Directorate staff members to outline the needs in Department for standards. The panel selected a small list of topics to address with focus workshops. The first of these occurred in September 2003 with a focus on needs for standards in biometrics.

Joint DHS/USDA National Strategy for Foreign Animal Disease

At the request of the Congressional Appropriations Committees for both DHS and the Department of Agriculture (USDA), the two departments have coordinated a report on a national strategy for foreign animal disease. Participants in the joint study included DHS (S&T), USDA (the Agricultural Research Service and the Agriculture and Plant Health Inspection Service), and stakeholder groups. The joint study has prompted an end-to-end review of the national response strategy following the identification of a case of foot-and-mouth disease, including the R&D requirements and gaps for assays, diagnostics, vaccines, and antivirals. Comprehensive

roadmaps have been developed for these research areas, in 1-, 3-, and 5-year timeframes. These roadmaps are important elements of program planning for S&T.

National Security Council Attribution Working Group

The S&T Directorate initiated and leads the National Security Council Attribution Working Group, which is revisiting national capabilities to rapidly perform forensic analysis in cases of nuclear and radiological events of any size. This effort is expected to lead to a robust and completely coordinated forensic capability for attribution.

Workshops on Comparative Analysis

S&T's Office of Comparative Studies has sponsored two workshops on identifying analysis techniques and information sources crucial for analyzing the interaction of the terrorist threat with S&T activities. These workshops brought together participants from two DHS directorates, other government entities, academia and private industry and have helped to improve communication between these groups. Important analytical techniques and sources of information were identified and have been utilized. The workshops were also used to establish a set of topics which the office could profitably study. A proposal is being prepared which will solicit work on several of these topics.

Homeland Security Institute, and Homeland Security Science and Technology Advisory Committee

Homeland Security Institute

A formal solicitation was issued in December for the Homeland Security Institute (HSI), and proposals were received in January 2004. Those proposals currently are being evaluated with an expected 5-year award by early May 2004. However, current legislation states that the Institute's operation will terminate in November 2005; this issue is of concern to the bidders.

The HSI was mandated by the Homeland Security Act to assist the Secretary and the Department in addressing important homeland security issues that require scientific, technical, and analytical expertise. The Institute will provide a dedicated, high-quality technical and analytical support capability for informing homeland security decision making at all levels. This capability will consist of an extensive program of operational assessments, systems evaluations, technical assessments, and resource analyses comparable to the capability developed and used for decades by the Defense establishment. The Institute will also provide analytical and technical evaluations that support DHS implementation of the SAFETY Act. Finally, the Institute will create and maintain a field operations program that will help further introduce real-world needs and experiences into homeland security is a disciplined and rigorous way.

Homeland Security Science and Technology Advisory Committee

The Homeland Security Science and Technology Advisory Committee (HSSTAC) was formally established in December 2003 and holds its first meeting in February 2004. The HSSTAC was mandated by the Homeland Security Act to be a source of independent, scientific and technical planning advice for the Under Secretary for Science and Technology. The committee will (1) advise the Undersecretary on the mission goals for the future; (2) provide advice on whether the policies, actions, management processes, and organization constructs of the Science and Technology Directorate are optimally focused on mission objectives; (3) provide advice on whether the research, development, test, evaluation, and systems engineering activities are properly resourced (capital, financial, and human) to accomplish the objectives; (4) identify outreach activities (particularly in accessing and developing, where necessary, the industrial base of the Nation); and (5) review the technical quality and relevance of the Directorate's programs.

Countermeasures to Man-Portable Air Defense Systems

The S&T Directorate has selected three firms to provide analyses of the economic, manufacturing and maintenance issues needed to support a system to address the potential threat of MAN-Portable Air Defense Systems (MANPADS) to commercial aircraft. The next phase of the program will include development of prototypes using existing technology which will be subjected to a rigorous test and evaluation process. This initiative is not intended to develop new technology, but rather to re-engineer existing technology from military to commercial aviation use.

University and Fellowship Programs

Fellowships and Scholarships

In September 2003, the S&T Directorate named 100 students to the inaugural class of the Department of Homeland Security's Scholars and Fellows Program. The program, which received more than 2,400 applications, supports United States students who choose to pursue scientific careers and perform research in fields that are essential to the homeland security mission. The first class consists of 50 undergraduate students and 50 graduate students who are attending universities across the country majoring in the physical, biological, and social and behavioral sciences including science policy, engineering, mathematics, or computer science. The Directorate has already issued a notice inviting applications from students for the 2004–2005 academic year. The website is http://www.orau.gov/dhsed/.

University Centers of Excellence

The Science and Technology division has created the Homeland Security Centers Program that supports university-based centers of excellence dedicated to fostering homeland security mission critical research and education. The program has established the first Center of Excellence focused on risk analysis and modeling related to the economic consequences of terrorism at the University of Southern California, partnering with the University of Wisconsin at Madison, New York University and the University of California at Berkeley. A request for proposals has been issued for the second and third Centers of Excellence, which will focus on animal-related and post-harvest food agro-terrorism.

Homeland Security Advanced Research Projects Agency

Near-Term Technologies

In May 2003, the Science and Technology Directorate's Homeland Security Advanced Research Projects Agency (HSARPA) released a Broad Agency Announcement through the Technical Support Working Group for near-term technologies that can be rapidly prototyped and deployed to the field. A total of 3,344 responses as received in the following broad categories: chemical, biological, radiation and nuclear countermeasures; personnel protection; explosives detection; infrastructure protection; physical security; improvised device defeat; and investigative support and forensics. The first contract award went to North Carolina State University for the development of the next-generation of structural fire fighting personal protective equipment.

Detection Systems

The S&T Directorate reviewed and selected proposals for funding in response to its Research Announcement for Detection Systems for Biological and Chemical Countermeasures, which was published through the Technical Support Working Group. In September 2003, the Homeland Security Advanced Research Projects Agency (HSARPA) held its first Bidders Conference in Washington, DC. Approximately 420 private sector and university representatives attended the event and over 500 white papers were submitted. Finalists have been selected for negotiation, and work has already begun in a number of the more important areas.

Virtual Cyber Security Center

On December 13, 2003, a Request for Proposals and Statement of Work for technical and administrative support for the virtual Cyber R&D Center was published to seven capable performers listed on the GSA schedule. The deadline for response was December 15, 2003, and two responsive proposals were received. A three million dollar technical, management, and administrative contract was awarded to SRI International on February 2, 2004, to support the functions of the HSARPA Cyber R&D Center. The Cyber R&D Center will be the primary S&T interface with the academic and industrial cyber security research communities.

Small Business Innovation Research (SBIR) Program Solicitation

On November 13, 2003, the Homeland Security Advanced Research Projects Agency (HSARPA) issued a Small Business Innovation Research (SBIR) Program Solicitation. The purpose of this solicitation was to invite small businesses to submit innovative research proposals that address eight high-priority DHS requirements:

—New system/technologies to detect low vapor pressure chemicals (e.g., Toxic Industrial Chemicals)
—Chemical and biological sensors employing novel receptor scaffolds
—Advanced low cost aerosol collectors for surveillance sensors and personnel monitoring
—Computer modeling tool for vulnerability assessment of U.S. infrastructure

—Ship compartment inspection device
—Marine Asset Tag Tracking System
—Automatic Identification System tracking and collision avoidance equipment for small boats
—Advanced Secure Supervisory Control and Data Acquisition (SCADA) and related distributed control systems.

By the December 15, 2003, deadline 374 proposals had been received. The evaluation is complete and 66 proposers entered negotiation for Phase I contracts beginning February 11, 2004.

SAFECOM Vendor Demonstration Day

SAFECOM held a Vendor Demonstration Day on January 30, 2004. SAFECOM's Vendor Day allows several communications equipment and service providers to present their products and/or technologies for SAFECOM. Responses from the SAFECOM Request for Information in November 2003 were used to select vendors for this event. Each vendor selected represents a different approach to solving the communications and interoperability problems facing first responders.

International Programs

Agreement with Canada on Border and Infrastructure Security

On October 3, 2002, Secretary Tom Ridge and Canadian Deputy Prime Minister John Manley initialed an agreement on Science and Technology Cooperation for protecting shared critical infrastructure and enhancing border security. The S&T Directorate is participating in a Working Group to develop near-term deliverables and projects to protect shared critical infrastructure such as bridges, dams, pipelines, communications and power grids; to develop surveillance and monitoring technologies to enhance the ability to disrupt and interdict terrorists; and to develop technologies for detecting the illicit transportation of chemical, biological, radiological, and nuclear weapons.

WEAPONS OF MASS DESTRUCTION AND INCIDENT MANAGEMENT

Between March and December of 2003, the Office of Weapons of Mass Destruction Operations and Incident Management (WMDO–IM) provided surveillance and operational incident response to the Homeland Security Operations Center and law enforcement officials on 24 separate occasions. In addition, the WMDO–IM provided operational support to the Homeland Security Operations Center during Hurricane Isabel and the Northeast blackout.

The WMDO–IM established a scientific reach-back and rapid decision support capability through the Scientific and Technical Analysis and Response Teams (START). In addition to activating the START teams during the Code Orange time period in December 2003, WMDO–IM provided technical expert consultations on threats to the nation's water resources and responded to concerns about impacts of solar flares.

WMDO–IM helped develop the Initial National Response Plan (INRP) and its National Incident Management System; the INRP represents a significant first step towards an overall goal of integrating the current family of Federal domestic prevention, preparedness, response, and recovery plans into a single all-discipline, all-hazards plan.

WMDO–IM provided technical support to the Homeland Security Operations Center (HSOC), assessing vulnerabilities and actions the HSOC can take to improve the ability to resist a chemical or biological terrorist attack.

WMDO–IM, with the Defense Threat Reduction Agency and Nuclear Regulatory Commission, developed curriculum for a week-long training workshop on weapons of mass destruction for the Central Intelligence Agency University. Also in the area of education and training, WMDO–IM established a homeland security medical executive training course.

Senator COCHRAN. Thanks, Dr. McQueary.

General Libutti, you may proceed.

STATEMENT OF LIEUTENANT GENERAL FRANK LIBUTTI

General LIBUTTI. Good morning, Chairman Cochran, and Senator Byrd.

I am delighted to appear before you today to discuss the President's fiscal year 2005 budget request for the Department of Home-

land Security's Information Analysis and Infrastructure Protection Directorate. And I look forward to a meeting with you soon to discuss the classified portion of the Information Analysis and Infrastructure Protection budget, specifically, the intelligence side of business.

Information Analysis and Infrastructure Protection is the focal point for intelligence, analysis, and infrastructure protection operations and information sharing within the Department of Homeland Security. Within a single Directorate, IAIP merges capability to identify and assess a broad range of intelligence and information concerning threats to the homeland, maps the information against the Nation's vulnerabilities, issues timely and actionable warnings, and takes appropriate preventive and protective action to protect our infrastructure and key assets.

ACCOMPLISHMENTS OF THE IAIP DIRECTORATE

As we mark the first anniversary of the Department, I would like to highlight for you some of the many accomplishments of our IAIP Directorate.

Since March 2003, IAIP has launched the Homeland Security Information Network, a comprehensive interactive information sharing program that expands access to and use of a joint regional information exchange system. The roll out includes all of our partners at the State and local levels, as well as private sector partners.

Next, we have implemented the Homeland Security Presidential Directive HSPD–7 which addresses critical infrastructure identification, prioritization and protection. And as you know this was signed by President Bush in December of 2003.

To the National Cyber Security Division, the NCSD, we have established the U.S. Computer Emergency Readiness Team, or USCERT, and launched the National Cyber Alert System, America's first coordinated cyber security system for identifying, analyzing and prioritizing emerging vulnerabilities and threats. This system provides the first nation-wide infrastructure for relaying actionable computer security updates and warning information to computer users in the Government, the private sector, business, and home users as well.

We've assumed the responsibility for the Homeland Security Operation Center, which maintains and shares real-time domestic situation awareness, coordinates security operations, detects, prevents and deters incidents, and facilitates response and recovery for all critical incidents and threats.

In addition, we have conducted detailed vulnerability studies of the banking and telecommunication industries to better understand the inter-dependencies therein, and prioritization regarding vulnerability reduction.

We formally executed the Protected Critical Information Infrastructure Protection Program. This is pursuant to the provisions of the Critical Information Infrastructure Information Act of 2002.

Even with these accomplishments there is much more work to be done. IAIP's budget relies on the expectation of two emerging trends. First, the nature and complexity of the threats which will increase. And second, our national infrastructure components

which will become more complex and more interdependent. These trends will result in more demands on the department and IAIP to anticipate terrorist intentions, tactics and capabilities, and to mitigate risks and vulnerabilities for the protection of the United States of America and its citizens.

FISCAL YEAR 2005 BUDGET REQUEST FOR IAIP

For these reasons, the President's fiscal year 2005 budget request for IAIP is structured around the following major programs: Threat determination and assessments; Infrastructure vulnerabilities and risk assessments; Information warnings and advisories; Remediation and protective actions; Outreach and partnerships; National Communication System; Competitive analysis and evaluation; National plans and strategies; and the Homeland Security Operation Center.

Let me discuss several of the initiatives associated with each of the mission areas of the fiscal year 2005 request for $864 million.

THREAT DETERMINATION AND ASSESSMENT

First, threat determination and assessment. Funding in this area is targeted to increase the IAIP directorate's technology competencies by training analysts and equipping IAIP with the most advanced technologies and tools.

The training tools and technology will be utilized to develop a detailed understanding of terrorists' organizational capabilities with supporting materials and conductivity to interpret and predict threats.

Next, is to expand cooperation and fusion efforts from Homeland Security to our internal components and out to external customers, and increase cooperation efforts among the intelligence community.

INFRASTRUCTURE VULNERABILITY AND RISK ASSESSMENT

Next, the infrastructure vulnerability and risk assessment piece. This funds the development of comprehensive national infrastructure risk analysis and profile. There we are talking about high-value target sets, the development of analytic tools to evaluate critical infrastructure and key assets, and the coordination of a national threat vulnerability and asset database to assess, integrate, collaborate and store threat vulnerability information.

Next, information and warning advisories. In addition to continuously operating a 24/7 Capable Operations Center, the information and warning program will provide search capability for our HSOC, our operation center, and for other directorates during heightened states of alert or in response to specific incidents.

Funding in this area supports submission of collection requests for threat information of the intelligence community, the law enforcement, and dissemination guidance to Homeland Security components, developing analysis on the nature and scope of the threat, and identifying potential terrorists' targets within the United States.

Another priority is the need to establish threat advisories, bulletins and warnings at different levels of classification to relevant stakeholders. The threat publications are detailed and dissemi-

nated in a timely fashion portraying the nature, scope and target of the threat.

REMEDIATION AND PROTECTIVE ACTIONS

Next, remediation and protective actions. Through this program the IAIP directorate provides a broad range of services including on-site planning advice, technical and operational training programs, assistance in identifying vulnerabilities and development of sharing and best-practices. Activities in this area also include security efforts to protect infrastructure and key assets from cyber attacks.

Specifically, the $345.783 million for remediation and protective actions is divided into the following five categories: Critical infrastructure and key asset identification; Critical infrastructure of vulnerability field assessments; Infrastructure and key asset protection; Cyber security; and last, protection standards and performance matrixes.

OUTREACH AND PARTNERSHIP

The next broad category is outreach and partnership. The fiscal year 2005 President's budget requests $40.829 million to build and maintain a sound partnership foundation. To be successful in information sharing, strong relationships must be maintained with State and local governments, private sector, academia, advisory bodies and the international community.

NATIONAL COMMUNICATION SYSTEM

Next, the national communication system. This allows NCS to ensure priority use of telecommunication services during times of national crisis, including the government emergency telecommunication service, GETS. The funding enhances these programs and supports the development of wireless priority services, which provide a nationwide priority cellular service to key national security and emergency preparedness users.

COMPETITIVE ANALYSIS AND EVALUATION

Next, competitive analysis and evaluation. The competitive analysis and evaluation program ensures that IAIP products and services are tested and accurate based on sound assumptions and data, and ultimately offers the highest quality, depth and value to the IAIP customers.

NATIONAL PLANS AND STRATEGIES

Next is our national plans and strategies. Critical to ongoing national efforts to protect and ensure the homeland, our actions support updating, coordinating and monitoring the implementation of national plans and strategies.

HOMELAND SECURITY OPERATION CENTER

Homeland Security Operation Center, $35 million. The HSOC or Homeland Security Operation Center maintains and shares domestic situational awareness, coordinates security operations, protects,

prevents and deters incidents, and facilitates the response and recovery of all critical incidents.

The HSOC is the focal point for sharing information across all levels of government, the private sector and our friends at the State and local levels as well.

PREPARED STATEMENT

In summary, the fiscal year 2005 budget request provides the resources to enable IAIP to manage and grow in its mission of securing the homeland. I look forward to working with you to accomplish the goals of this department and the goals of IAIP.

Mr. Chairman, Senator Byrd, this concludes my prepared statement and I would be happy to answer any questions you may have at this time. Thank you.

[The statement follows:]

PREPARED STATEMENT OF FRANK LIBUTTI

Introduction

Good morning Chairman Cochran, Senator Byrd and distinguished members of the Subcommittee. I am delighted to appear before you today to discuss the President's fiscal year 2005 budget request for the Department of Homeland Security's Information Analysis and Infrastructure Protection (IAIP) Directorate.

IAIP is the focal point for intelligence analysis, infrastructure protection operations, and information sharing within the Department of Homeland Security (DHS). Within a single directorate, IAIP merges the capability to identify and assess a broad range of intelligence and information concerning threats to the homeland, map that information against the nation's vulnerabilities, issue timely and actionable warnings, and take appropriate preventive and protective action to protect our infrastructures and key assets. IAIP is currently comprised of three primary components: the Office of Information Analysis (IA), the Office of Infrastructure Protection (IP), and the Homeland Security Operations Center (HSOC).

Fiscal Year 2004 Accomplishments

As we mark the first anniversary of the Department, I would like to highlight for you some of the many accomplishments of the IAIP Directorate, one of the newest parts of the Federal Government. The formation of IAIP has created for the first time a unique, integrated capability to not only map the current threat picture against the nation's vulnerabilities, but to also assess the risk of a terrorist attack based upon preventive and protective measures in place. That is, IAIP is enabling us to move from a reactive posture in the homeland to a risk management and mitigation posture. Let me give you some examples.

Since March, 2003, IA has:

—Launched the Homeland Security Information Network (HSIN), a comprehensive information sharing program that expands access to and use of the Joint Regional Information Exchange System (JRIES). The HSIN will provide secure real-time connectivity in a collaborative environment with States, urban areas, counties, tribal areas, and territories to collect and disseminate information between Federal, State, local, and tribal agencies involved in combating terrorism.

—Coordinated Operation Liberty Shield and the rapid enhancement of security at more than 145 national asset sites at the outset of the war in Iraq. Following that, IAIP transitioned the protection of the sites from National Guard and law enforcement to a more cost effective and permanent set of physical protective measures.

—Enhanced protection, by assisting local communities with conducting vulnerability assessments and implementing protective measures, of the nation's highest risk chemical sites, thereby improving the safety of over 13 million Americans.

—Implemented Homeland Security Presidential Directive (HSPD) 7, "Critical Infrastructure Identification, Prioritization and Protection," which was signed by President Bush in December 2003. The HSPD assigned the Department of Homeland Security responsibility for coordinating the overall national effort to enhance the protection of the critical infrastructure and key resources of the

United States and the development of an integrated cyber and physical protection plan.

—Implemented Wireless Priority Service, to ensure the continuity of cellular networks nationwide, registering over 3,000 Federal, State, local and private users.

—Established the National Cyber Security Division (NCSD) to coordinate the implementation of the National Strategy to Secure Cyberspace and serve as the national focal point for the public and private sectors on cybersecurity issues, and developed a process for handling cyber incidents, successfully managing a number of major cyber events.

—Through the NCSD, established the U.S. Computer Emergency Readiness Team (US–CERT) through an initial partnership with the Computer Emergency Response Team Coordination Center at Carnegie Mellon University. US–CERT is building a cyber watch operation, launching a partnership program to build situational awareness and cooperation, and coordinating with U.S. Government agencies to predict, prevent, and respond to cyber attacks.

—Launched the National Cyber Alert System under the auspices of US–CERT, America's first coordinated cyber security system for identifying, analyzing, and prioritizing emerging vulnerabilities and threats. This system provides the first nationwide infrastructure for relaying actionable computer security update and warning information to computer users in the government, in private industry, and small business and home users.

—Assumed responsibility for the Homeland Security Operations Center (HSOC), which maintains and shares real time domestic situational awareness; coordinates security operations; detects, prevents, and deters incidents; and facilitates response and recovery for all critical incidents and threats. As of February 2004, 26 Federal and local law enforcement agencies and Intelligence Community members are were represented in the HSOC, providing reach back capability into their home organizations to continuously inform the current threat picture, and to provide key decision makers with real time information.

—Conducted detailed vulnerability studies of the banking and telecommunications industry to better understand the interdependencies and prioritize vulnerability reduction.

—Initiated an intra-Department and interagency review and analysis of information obtained in detainee briefings to assess specific terrorist capabilities, work that subsequently became the subject of several advisories disseminated to a variety of homeland security partners regarding terrorist planning, tactics and capabilities.

—Co-chaired with the Border and Transportation Security Directorate (BTS) the DHS Intelligence Activities Joint Study charged with reviewing the mission, responsibilities and resources of DHS Intelligence component organizations. The study was chartered for the purpose of making recommendations to the Secretary as to the optimal utilization of the Department's analytical resources.

—With the Homeland Security Council (HSC), initiated an ongoing interagency review of the Homeland Security Advisory System (HSAS), for the purpose of refining the system to make it more efficient and more beneficial for States and localities and the private sector.

—Formally executed the Protected Critical Infrastructure Information (PCII) implementing regulation, pursuant to the provisions of the Critical Infrastructure Information ACT of 2002. The purpose of the PCII Program is to encourage private entities and others with knowledge about our critical infrastructure to voluntarily submit confidential, proprietary, and business sensitive critical infrastructure information to the Department through IAIP. Information submitted to IAIP that qualifies for protection under the provisions of the Act and the PCII implementing regulation will be exempted from public disclosure, providing a significant opportunity for private entities to assist in homeland security without exposing potentially sensitive and proprietary information to the public. The Department will use information that qualifies for protection primarily to assess our vulnerabilities, secure the nation's critical infrastructure and protected systems, issue warnings and advisories, and assist in recovery.

Fiscal Year 2005

Even with these accomplishments, there is much more work that must be done. The United States remains at risk, despite the continuing work to assess and mitigate vulnerabilities. Our interdependent critical infrastructures enable Americans to enjoy one of the highest standards of living in the world, provide the backbone for the production of goods and services for the world's largest economy, provide over 60 million jobs, and ensure the United States can protect its national security inter-

ests. Infrastructure will remain one of the top priority targets for terrorists desiring to damage the nation's economy and incite fear in the minds of the American people.

While the possibility of large-scale attacks similar to 9/11 remain significant, it is also possible likely that terrorists will employ smaller scale operations such as the suicide bombings prevalent in Israel. Terrorists understand that the cumulative effect of many small-scale operations—that are easier to plan and conduct—can be just as effective as large-scale attacks in their overall impact on Americans' sense of security in their own country and, especially, at United States facilities overseas.

IAIP's budget relies on the expectation of two emerging trends: First, the nature and complexity of threats will increase; and, second, our national infrastructure components will become more complex and interdependent. These trends will result in more demands on the Department and IAIP to anticipate terrorist intentions, tactics and capabilities, and to mitigate risks and vulnerabilities for the protection of the United States and its citizens.

For these reasons, the President's fiscal year 2005 budget request for IAIP is structured around the following major program areas: Threat Determination and Assessments, Infrastructure Vulnerabilities and Risk Assessments, Information Warnings and Advisories, Remediation and Protective Actions, Outreach and Partnerships, National Communications System, Competitive Analysis and Evaluations, National Plans and Strategies, and the Homeland Security Operations Center.

Threat Determination and Assessment ($21.943 Million)

IAIP's Threat Determination and Assessment program is designed to detect and identify threats of terrorism against the United States homeland; assess the nature and scope of these terrorist threats; and understand terrorist threats in light of actual and potential vulnerabilities within critical infrastructures and/or key assets. Addressing these issues requires the IAIP Directorate to improve on its existing set of threat analysts and analytical tools by hiring and training additional highly skilled threat analysts; acquiring and fielding new analytical tools and technologies to assist in assessing and integrating information; and deploying secure communications channels that allow for the rapid exchange of information and dissemination of analytical results.

These improvements will be used for multiple purposes, including: (1) providing analysis and assessments of the current threat picture as it relates to critical infrastructure; (2) developing actionable intelligence for Federal, State, and local law enforcement; (3) issuing warnings at all levels from the Federal Government to the private sector; and (4) supporting efforts to identify and coordinate effective countermeasures.

The President's Budget requests $21.943 million for continued support of on-going activities to continually form terrorist threat situational awareness, execute the functions outlined above, and focus on information sharing and coordination within DHS as well as in the Intelligence Community and other external stakeholder communities. These capabilities enhance the performance of two critical functions in protecting the homeland. First, it offers the United States Government the ability to integrate, synchronize, and correlate unique sources of information relating to homeland security, emanating from traditional and non-traditional (e.g., State and local governments, private industry) sources. Second, the IAIP Directorate is positioned to integrate knowledge of potential terrorist threats with an understanding of exploitable infrastructure vulnerabilities, resulting in a value-added profile of national risk that transcends traditional threat and vulnerability assessments.

Funding in this area is targeted to increase the IAIP Directorate's technical competencies by training analysts and equipping IAIP with the most advanced technologies and tools. The training, tools and technologies will be utilized in four primary areas:

—*Model Terrorist Organization.*—Developing a detailed understanding of terrorist organization capability with supporting materials and connectivity to interpret and predict threats.

—*Develop Terrorist Capabilities Baseline.*—Developing a detailed understanding of terrorist capabilities baseline with supporting materials and connectivity to interpret and predict threats.

—*Collaboration and Fusion.*—Expanding collaboration and fusion efforts from DHS to internal components, and out to an extended customer base.

—*Analysis Coordination.*—Spearheading the effort to build a collaborative and mutually supporting analysis coordination schematic for DHS, and ensure that it incorporates others (TTIC, TSC, and the Intelligence Community) into a "community of interest" approach for understanding domestic terrorist threats.

Infrastructure Vulnerability and Risk Assessment ($71.080 million)

The Homeland Security Act directs the IAIP Directorate to carry out comprehensive assessments of the vulnerabilities of the critical infrastructure and key assets of the United States. As such, the IAIP Directorate serves as the focal point for coordination between the Federal Government, critical infrastructure owners and operators, and State and local governments for the sharing of information and the planning for response to crisis events affecting infrastructures.

The fiscal year 2005 President's Budget requests $71.080 million to fund the development of a comprehensive National infrastructure risk analysis and profile (e.g., high value/high probability of success targets); development of analytic tools to evaluate critical infrastructure and key assets; and the coordination and development of a National threat vulnerability and asset database to access, integrate, correlate, and store threat and vulnerability information.

These mission areas will be enable IAIP to identify potential risks caused by infrastructure interdependencies, and determine the potential consequences of an infrastructure failure due to a terrorist attack. Ultimately, the intent of these efforts is to strengthen the capabilities of the IAIP Directorate and each critical infrastructure to provide near real-time notification of incidents; enhance the ability of the IAIP Directorate to assess the impact of incidents on critical infrastructure and key assets; to assess collateral damage to interdependent infrastructure; and create tools and processes to enhance infrastructure modeling and risk assessment capabilities.

The fiscal year 2005 budget request for infrastructure vulnerability and risk assessment is divided into three areas:

—*National Infrastructure Risk Analysis.*—Funding in this area supports the development of comprehensive risk and vulnerability analyses on a national scale. These analyses are cross-sector in nature, focusing on problems affecting multiple infrastructures, both physical and cyber-related. As assigned in the Homeland Security Act and HSPD–7, the IAIP Directorate will continue to leverage and develop new techniques to map data provided by threat analyses, provide consequence analysis, and create vulnerability assessment teams based on the nature of the indicators or incidents. The goal is to produce timely, actionable information that is more meaningful to industry. A portion of this funding also supports the direct involvement of critical infrastructure sector experts to supplement risk analysis efforts and to gain a better understanding of the sector's core business and operational processes. In addition, a portion of this funding is utilized for exploration and to pilot innovative methodologies to examine infrastructure vulnerabilities and interdependencies.

—*Analytic Tools Development and Acquisition.*—The IAIP Directorate will continue to collaborate with the Science and Technology (S&T) Directorate to acquire the most advanced tools and database designs available to better understand the complexities of interdependent systems and for translating vast amounts of diverse data into common and usable information for decision-makers, analysts, and infrastructure operators. Such capabilities include data-logging systems, modeling and simulation, data mining, and information correlation. Funding is targeted toward developing dynamic and multi-faceted tools designed to expand access to needed information.

—*National Threat/Vulnerability/Asset Databases.*—The funding level requested for this activity in the fiscal year 2005 budget is based on the recognition of the data intensive nature, scale and complexity of analyzing infrastructure vulnerability issues. The intent is to develop and maintain databases that allow the IAIP Directorate to provide its stakeholders with up-to-date information on threats and vulnerabilities. Specifically, the IAIP Directorate is continuing to coordinate and direct the development of the primary database of the Nation's critical infrastructures through a collaborative process involving all stakeholders; maintain data on the risks posed to specific facilities and assets (and the probability of attack and associated consequences for homeland, national, and economic security should an attack occur); and develop, operate, and manage integrated data warehouses—in full compliance with the Department's privacy policies—that contain comprehensive all-source threat, vulnerability, and asset data.

Information and Warning Advisories ($59.807 Million)

One of the most visible aspects of the DHS mission lies in the management and administration of the Homeland Security Advisory System, the communications of threat condition status to the general public, and the continuous around-the-clock monitoring of potential terrorists threats. Specifically, there are three key information and warning activities that help support the Homeland Security Advisory System and other efforts to alert key Departmental leadership, national leaders and the

general public: (1) tactical indications and warning and the associated warning advisory preparation and issuance; (2) information requirements management; and (3) integrated physical and cyber infrastructure monitoring and coordination.

The fiscal year 2005 President's Budget requests $59.807 million to maintain the information and warning program. In addition to continuously operating a 24×7 capability, the information and warning program area will provide surge capabilities for the HSOC and with other Directorates during heightened states of alert or in response to specific incidents. The relevant fiscal year 2005 budget request is divided into three primary areas:

—*Tactical Indications and Warning Analysis/Warning Advisory Preparation and Issuance.*—Funding in this area supports submission of collection requests for threat information to the Intelligence Community and law enforcement, disseminating guidance to DHS components, developing analyses on the nature and scope of the threats, and identifying potential terrorist targets within the United States. A program priority is the continued to development of tools and technologies to assist our analysts to interpret, integrate, and catalogue indicators, warnings, and/or actual events and to provide Departmental and national leaders situational awareness. Another priority is the need to publish threat advisories, bulletins, and warnings at different levels of classification prior to distribution to the relevant stakeholders. Threat publications are detailed and disseminated in a timely fashion, portraying the nature, scope, and target of the threat. Ultimately, this information provides the basis for determinations to change the threat condition.

—*Information Requirements Management.*—Information related to threats and critical infrastructure vulnerabilities are collected, stored, and protected within a diverse set of locations and sources, spanning all levels of government (Federal, State, and local) and including intelligence, proprietary and public sources. Funding in this area supports the technologies necessary to search within those diverse databases to identify, distill, and/or acquire mission-critical information. Program funding supports efforts to coordinate information requests and tasks emanating from within other parts of IAIP, other DHS Directorates, the Intelligence Community, law enforcement, State and local governments, and the private sector. In addition, a portion of these funds is used to supplement the information technology structure to accomplish these tasks efficiently and effectively through the use of leading-edge capabilities. This effort ensures that all information users are able to access all available and relevant data.

—*Integrated Physical and Cyber Infrastructure Monitoring and Coordination.*—Intelligence and warning staff monitoring and coordination efforts ensure that threat and critical infrastructure issues are adequately addressed and represented. In addition, these efforts coordinate incident response, mitigation, restoration, and prioritization across critical sectors in conjunction with the other relevant DHS components (e.g., Emergency Preparedness and Response Directorate).

Remediation and Protective Actions ($345.738 Million)

The IAIP Directorate has established a national Critical Infrastructure Protection program that leverages stakeholder input at the Federal, State, and local level and across the private sector to provide the best and most cost-effective protective strategies for "at risk" infrastructure and facilities. Through this program, the IAIP Directorate provides a broad range of services including on-site planning advice, technical and operational training programs, assistance in identifying vulnerabilities, and development and sharing of best practices. Activities in this area also include security efforts to protect infrastructure and assets from cyber attacks (e.g., malicious software, distributed denial-of-service attacks).

Specifically, the fiscal year 2005 President's Budget requests $345.738 million, for remediation and protective actions divided into the following five areas:

—*Critical Infrastructure and Key Asset Identification.*—The Homeland Security Act directs the IAIP Directorate to recommend measures necessary to protect the critical infrastructure of the United States. One key step in this process is funding a national program focused on identifying critical infrastructure and assets and assessing potential risks of successful attacks to those assets. By understanding the full array of critical infrastructure facilities and assets, their interaction, and the interdependencies across infrastructure sectors, IAIP is able to forecast the national security, economic, and public safety implications of terrorist attacks and prioritize protection measures accordingly. Moreover, the process of identifying and prioritizing assets in this manner creates a common overarching set of metrics that consist of the individual attributes of specific infrastructure sectors.

—*Critical Infrastructure Vulnerability Field Assessments.*—The Directorate coordinates with all relevant Federal, State and local efforts to identify system vulnerabilities and works closely with the private sector to ensure vulnerability field assessment methodologies are effective, easy to use, and consistently applied across sectors. Funding is targeted at the need to conduct and coordinate specialized vulnerability assessments by DHS teams, in conjunction with teams from other Federal or State agencies and private sector companies as appropriate, for the highest priority critical infrastructures and assets. The intent of these efforts is to catalogue specific vulnerabilities affecting the highest priority terrorist targets, thereby helping guide the development of protective measures to harden a specific facility or asset. A nationwide vulnerability field assessment program is currently underway leveraging the expertise of the IAIP Directorate, other agencies, and the private sector to ensure cross-sector vulnerabilities are identified and that sound, informed decisions will be reached regarding protective measures and strategies.

—*Infrastructure and Key Asset Protection Implementation.*—Due to the vast geographic size of the United States and diverse operating environment for each infrastructure sector, protection strategies must start at the local level and then be applied nationally as needed. Priorities for protection strategies are based on regional, State, and local needs and on the need for cross-sector coordination and protective actions within those geographic boundaries. The budget request reflects the need for the IAIP Directorate to continue the development of a flexible set of programs to assist in the implementation of protective measures. Examples include coordinating with other Federal and State agencies and the private sector to: (1) ensure the detection of weapons of mass destruction material is considered in the development of protection plans; (2) disrupt attack planning by taking low cost actions that make information collection and surveillance difficult for terrorists; (3) defend the most at risk critical infrastructure facilities and key assets throughout the country above the level of security associated with industry best practices; and (4) develop a nationally-integrated bombing response capability similar to that of the United Kingdom. DHS funding in these areas focuses on high value, high probability targets and will take the form of "joint ventures" with State and local governments, regional alliances, and the private sector.

—*Cyberspace Security.*—Consistent with the Homeland Security Act and the National Strategy to Secure Cyberspace, a key element of infrastructure protection, both in the public and private sectors, is to ensure the continued healthy functioning of cyberspace, which includes the cyber infrastructure and the cyber dependencies in the critical infrastructure sectors. The IAIP Directorate recognizes that cyberspace provides a connecting linkage within and among many infrastructure sectors and the consequences of a cyber attack could cascade within and across multiple infrastructures. The result could be widespread disruption of essential services, damaging our national economy, and imperiling public safety and national security. The budget request supports efforts to capitalize on existing capabilities of the Directorate, and investing in new capabilities to monitor, predict, and prevent cyber attacks and to minimize the damage from and efficiently recover from attacks. As the manager responsible for a national cyber security program, the IAIP Directorate provides direct funding to support: (1) creating a national cyberspace security threat and vulnerability reduction program that includes a methodology for conducting national cyber threat and vulnerability risk assessments; (2) strengthening a national cyberspace security readiness system to include a public-private architecture for rapidly responding to and quickly disseminating information about national-level cyber incidents-including the Cyber Alert Warning System; (3) expanding and completing the warning and information network to support crisis management during cyber and physical events; (4) implementing a national cyberspace security awareness and training program; (5) developing capabilities to secure the United States Government in cyberspace that include guidelines for improving security requirements in government procurements; (6) strengthening the framework for national security international cyberspace security cooperation that focuses on strengthening international cyber security coordination and; (7) the Global Early Warning Information System, which monitors the worldwide health of the Internet through use of multiple data sources, tools, and knowledge management to provide early warning of cyber attacks.

—*Protection Standards and Performance Metrics.*—Working in collaboration with the National Institute of Standards and Technology as appropriate, the IAIP Directorate is developing objective data for systems protection standards and performance measures. Several sectors currently use threat-based exercise ap-

proaches to validate key elements of their protection efforts. The budget request in this area will focus on continually improving and validating sector plans and protective programs and providing training and education programs for public and private sector owners and operators of critical infrastructure and/or key assets.

Outreach and Partnership ($40.829 Million)

The private sector and State and local government own and operate more than 85 percent of the Nation's critical infrastructures and key assets. Consequently, public-private cooperation is paramount, and without such partnerships, many of our Nation's infrastructures and assets could be more susceptible to terrorist attack. The IAIP Directorate is responsible for cultivating an environment conducive for public and private partnerships, developing strategic relationships underlying those partnerships, and coordinating and supporting the development of partnerships between the Directorate and State and local government, private industry, and international communities for national planning, outreach and awareness, information sharing, and protective actions.

The fiscal year 2005 President's Budget requests $40.829 million to build and maintain a sound partnership foundation. It is imperative that the Department is familiar with the issues confronting the private sector, State and local governments, Federal sector specific agencies for critical infrastructure, and our international partners. Specifically, strong relationships must be maintained with the following communities of interest:

—*State and Local Governments.*—Establishing and maintaining effective working relationships with State and local officials is a fundamental part of the DHS mission to effectively share information at unprecedented levels. IAIP is working with DHS' Office of State and Local Government Coordination to assess the information sharing and dissemination capabilities that exist nationwide in order to leverage existing capabilities and supplement capacity where needed.

—*Private Sector.*—The Private Sector is another key partner in developing a nationwide planning, risk assessment, protective action, and information sharing strategy. Engaging the business community and making a business case for investment in protective and remedial strategies is key to our success.

—*Academia.*—DHS will continue to develop, coordinate, and support partnerships with academic and other educational institutions. These partnerships will encourage and coordinate academic and other workforce development to assure availability of quality IT security professionals, and encourage curriculum development to integrate critical infrastructure protection (security) as normal elements of professional education.

—*Advisory Bodies.*—DHS will also provide support to Presidential advisory bodies and cross-sector partnerships (including the National Infrastructure Advisory Council and the Partnership for Critical Infrastructure Security.)

—*International.*—This funding will also support and enhance partnerships with the international community, working with and through DHS Office of International Affairs and the State Department, collaborating with the United States State Department on infrastructure protection activities. This includes bilateral discussions and activities on risk assessment and protective actions, information sharing, exercises and training. Of particular focus is the IAIP component of the Smart Borders implementation with Canada and Mexico. We will continue our role as the lead Federal Agency Role for the Information and Telecommunications Sectors. The Directorate will continue to partner with representatives from those industries composing the Information and Telecommunications sector and to educate members of the sector, develop effective practices, develop and implement intra-sector and cross-sector risk assessments, and work with other sectors on identifying and addressing risks associated with interdependencies.

—*Cyber.*—We will expand the platform established by the Cyber Alert Warning System to include awareness and education programs for home users of computers and computer professionals in partnership with other Federal agencies and industry. Additionally, within private industry, our partnership and outreach efforts will involve the engagement of risk management and business educational groups to implement strategies to elevate senior management understanding of the importance of investment in cyber security.

National Communications System ($140.754 Million)

The national telecommunications infrastructure supports multiple mission-critical national security and emergency preparedness (NS/EP) communications for the Federal Government, State and local governments, and the private industry. The secu-

rity and availability of the telecommunications infrastructure is essential to ensuring a strong national, homeland, and economic security posture for the United States. The National Communications System (NCS) is assigned NS/EP telecommunications responsibilities through Executive Order 12472, Assignment of National Security and Emergency Telecommunications Functions, which include: administering the National Coordinating Center for Telecommunications to facilitate the initiation, coordination, restoration, and reconstitution of NS/EP telecommunications services or facilities under all crises and emergencies; developing and ensuring the implementation of plans and programs that support the viability of telecommunications infrastructure hardness, redundancy, mobility, connectivity, and security; and serving as the focal point for joint industry-government and interagency NS/EP telecommunications planning and partnerships.

The fiscal year 2005 President's Budget requests $140.754 million for the capabilities and analytic tools necessary to support the expansion of NS/EP telecommunications programs and activities. The fiscal year 2005 funding level ensures a continuation of the NCS mission and legacy NS/EP telecommunications programs and assets. Specifically, the fiscal year 2005 budget request for the NCS is divided into four areas:

—*Industry-Government and Interagency Processes.*—The NCS has cultivated and expanded its relationships with the telecommunications industry and other Federal agencies to promote joint planning, operational activities, coordination, and information sharing. The primary industry partnership is the President's National Security Telecommunications Advisory Committee (NSTAC), which is comprised of 30 industry leaders representing various elements of the telecommunications industry. The NSTAC and its subordinate body, the Industry Executive Subcommittee (IES), provides industry-based analyses and perspectives on a wide range of NS/EP telecommunications issues and provides policy recommendations to the President for mitigating vulnerabilities in the national telecommunications infrastructure. Paralleling this industry relationship is the interagency process involving the NCS Committee of Principals and its subordinate body, the Council on Representatives, which facilitate the NS/EP telecommunications activities of the 23 Federal agencies constituting the NCS.

—*Critical Infrastructure Protection Programs.*—Leveraging the industry relationships described above, the NCS manages several network security and CIP-related programs, including: (1) the National Communications Center (NCC), a joint industry- and Government-staffed organization collocated within the NCS and serves as the operational focal point for the coordination, restoration, and reconstitution of NS/EP telecommunications services and facilities; (2) the Telecommunications Information Sharing and Analysis Center, which is the focal point for the generation, compilation, and sharing of cyber warning information among the telecommunications industry; (3) the Government and National Security Telecommunications Advisory Committee Network Security Information Exchanges (NSIEs), which meet regularly and share information on the threats to, vulnerabilities of, and incidents affecting the systems comprising the public network; (4) the Critical Infrastructure Warning Information Network (CWIN), which is designed to facilitate the dissemination of information and warnings in the event of a cyber attack; (5) Training and Exercises, which helps ensure the readiness and availability of qualified staff to perform the operational duties of the NCS associated with Emergency Support Function #2—Telecommunications of the Federal Response Plan; (6) Operational Analysis, which develops and implements tools and capabilities to conduct analyses and assessments of the national telecommunications infrastructure and its impact on NS/EP services; (7) NCS also supports the Global Early Warning Information System, which monitors the worldwide Internet health through use of multiple data sources, tools, and knowledge management to provide early warning of cyber attacks, (8) Shared Resources (SHARES) High Frequency (HF) Radio Program, developed by the NCS and in continuous operation since being approved by the Executive Office of the President in the NCS Directive 3–3 of January 1989. The SHARES program makes use of the combined resources and capabilities of existing Federal and federally affiliated HF radio stations on a shared, interoperable basis to provide critical backup communications during emergencies to support national security and emergency preparedness (NS/EP) requirements.

—*Priority Telecommunications Programs.*—The NCS is continuing a diverse set of mature and evolving programs designed to ensure priority use of telecommunications services by NS/EP users during times of national crisis. The more mature services—including the Government Emergency Telecommunications Service (GETS) and the Telecommunications Service Priority (TSP)—were instrumental in the response to the September 11th attacks. Fiscal year 2005 funding

enhances these programs and supports the development of the Wireless Priority Service (WPS) program and upgrade to the Special Routing Arrangement Service (SRAS). Specifically, priority service programs include: (1) GETS, which offers nationwide priority voice and low-speed data service during an emergency or crisis situation; (2) WPS, which provides a nationwide priority cellular service to key NS/EP users, including individuals from Federal, State and local governments and the private sector; (3) TSP, which provides the administrative and operational framework for priority provisioning and restoration of critical NS/EP telecommunications services; (4) SRAS, which is a variant of GETS to support the Continuity of Government (COG) program including the reengineering of SRAS in the AT&T network and development of SRAS capabilities in the MCI and Sprint networks, and; (5) the Alerting and Coordination Network (ACN) which is an NCS program that provides dedicated communications between selected critical government and telecommunications industry operations centers.

—*Programs to Study and Enhance Telecommunications Infrastructure Resiliency.*—The NCS administers and funds a number of programs focusing on telecommunications network resiliency, security, performance, and vulnerabilities, including: (1) the Network Design and Analysis Center, which is a set of tools, data sets, and methodologies comprising the Nation's leading commercial communications network modeling and analysis capability that allows the NCS to analyze the national telecommunications and Internet infrastructures; (2) the NS/EP Standards program, which works closely with the telecommunications industry to incorporate NS/EP requirements in commercial standards and participates in national and international telecommunications standards bodies; (3) the Converged Networks Program, which investigates vulnerabilities and mitigation approaches in future technologies and networks (specifically Internet Protocol-based networks); (4) the Technology and Assessment Laboratory, which provides the ability to evaluate penetration testing software, modeling tools, various operating systems and protocols, hardware configurations, and network vulnerabilities, and; (5) the Routing Diversity effort, which is developing a communications routing diversity methodology to analyze a facility's level of routing diversity and is evaluating alternative technologies which can provide route diversity, and (6) the NCS, through various associations and other activities is involved in a variety of International Activities (NATO, CCPC, CEPTAC, and Hotline) which provides technical subject matter expertise, guidance, and coordination on CIP issues affecting the telecommunications infrastructure in numerous international forums on behalf of the United States Government.

Competitive Analysis and Evaluation ($18.868 Million)

The Competitive Analysis and Evaluation program ensures that IAIP products and services are tested, accurate, based on sound assumptions and data, and ultimately, offer the highest quality, depth, and value to IAIP customers. The fiscal year 2005 President's Budget requests $18.868 million to provide for the unbiased, objective analyses and evaluation of IAIP findings, assessments, and judgments through three functional areas: Risk Assessment Validation, Evaluation, and Exercises and Methodologies.

—*Risk Assessment Validation.*—Funding is used to establish and field physical and cyber target risk analysis teams that employ "red team" techniques to evaluate measures taken by other IAIP components to protect key assets and critical infrastructure. The red teams emulate terrorist doctrine, mindsets, and priorities and employ non-conventional strategies to test and evaluate IAIP planning assumptions.

—*Evaluation.*—Funding supports several initiatives, including the IAIP Product and Process Evaluation, which involves conducting independent, objective evaluations of IAIP products and processes and to assist IAIP divisions to develop products that offer value to IAIP customers. The second is IAIP Customer Satisfaction, which evaluates customer satisfaction with IAIP products and services to ensure they are responsive to current customer needs. Funding in this area provides for electronic and non-electronic feedback surveys, field visits, and conferences.

—*Exercises and Methodologies.*—Coordinate and manage interagency exercises and tabletops that test both DHS and IAIP policies, processes, procedures, capabilities, and areas of responsibilities. Participating in and conducting after action reviews of exercises provides invaluable experience and feedback related to capabilities, connectivity, and information sharing during a crisis event. Investment in this area informs the Department's decision as to where improvements are needed. This funding also supports examining and instituting advanced

methodologies such as alternate hypotheses, gaming, modeling, simulation, scenarios, and competitive analyses to ensure IAIP products are accurate, sophisticated, and of the highest quality and value to customers.

National Plans and Strategies ($3.493 Million)

Critical to ongoing national efforts to protect and secure the homeland are updating, revisiting, coordinating the development, and monitoring the implementation of National Plans and Strategies. The fiscal year 2005 President's Budget requests $3.493 million to support activities by coordinating, developing, and publishing contingency planning documents for critical infrastructures (as called for in the National Strategy to Secure Cyberspace), monitoring progress against those documents, and producing an annual report.

Homeland Security Operations Center ($35.0 Million)

The HSOC maintains and shares domestic situational awareness; coordinates security operations; detects, prevents, and deters incidents; and facilitates the response and recovery for all critical incidents. The HSOC is the focal point for sharing information across all levels of government and the private sector.

The HSOC facilitates the flow of all-source information and develops products and services including: (1) the daily Homeland Security Situation Brief for the President, (2) reports and briefs to law enforcement, the Intelligence Community, other Federal and State agencies and industry partners, (3) warnings and alerts to individual responder agencies and the public as appropriate, and (4) coordinated response when crises do occur. The HSOC concept is to draw from the many distributed systems and centers that are currently dedicated to different missions and optimize their contribution to homeland security.

HSOC funding will help with the time efficiency of issuance of information and warning advisories through increased operations efficiency brought about by facility improvements.

New Programs

In the fiscal year 2005 IAIP budget, as a part of an interagency effort to improve the Federal Government's capability to rapidly identify and characterize a potential bioterrorist attack, the President requst $11 million for a new biosurveillance iniative. This increase provides for real-time integration of biosurveillance data harvested through the Centers for Disease Control (CDC), Food and Drug Administration (FDA), United States Department of Agriculture (USDA) and DHS Science and Technology (S&T) Directorate with terrorist threat information analyzed at IAIP. Currently, a finding from one source of surveillance exists in isolation from relevant surveillance from other sectors, making it difficult to verify the significance of that finding or to recommend appropriate steps for response. Integrating the information in IAIP, and analyzing it against the current threat picture will inform effective homeland security decision-making and speed response time to events.

This interagency initiative, includes DHS's ongoing BIOWATCH environmental biodetection program, Health and Human Services' (HHS) proposed BIOSENSE program, HHS' and United States Department of Agriculture's (USDA) ongoing joint separate food security surveillance efforts, and USDA's agricultural surveillance efforts. This DHS-led effort will promote data sharing and joint analysis among these sectors at the local, State, and Federal levels and also will establish a comprehensive Federal-level multi-agency integration capability to rapidly compile these streams of data and preliminary analyses and integrate and analyze them with threat information

Conclusion

In summary, the fiscal year 2005 budget request provides the resources to enable the IAIP Directorate to manage and grow in its mission of securing the homeland. I look forward to working with you to accomplish the goals of this department and the IAIP directorate.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

NATIONAL BIOLOGICAL SURVEILLANCE

Senator COCHRAN. Thank you, General Libutti.

Now, looking at the budget request, I noticed that in the case of the National biological-surveillance program, the budget proposes to establish a group lead by the Department of Homeland Security and including the Department of Health and Human Services, and

the Department of Agriculture, to create a National biological surveillance system. Funding for this initiative is $279 million Government-wide. The Department of Homeland Security's request for this initiative is $129 million for the roles carried out by these directorates that you manage.

Secretary Libutti, how will the Information Analysis and Infrastructure Protection Directorate work to coordinate its efforts with the Department of Health and Human Services and the Department of Agriculture to integrate biological surveillance data, and verify a chemical or biological attack?

General LIBUTTI. Thank you, sir.

Let me start by simply highlighting the IAIP funds and support of this inter-agency effort. And I will tell you that my partner sitting here with me, to my right, Dr. McQueary, is certainly a partner for me in this effort.

For us, it's about $11 million. And you touched on a critical point. Our job in support of this major inter-agency effort is to work as a repository to gather the data heretofore across the Federal Government, which is not indeed gathered, and looked at it with a view towards providing situational awareness, and as an extension, actions that need to be taken by the Federal Government, and by extension to partners at the State and local level.

So the bottom line for me in terms of how we do this, is I do it in complete support and cooperation with Dr. McQueary, and in concert with other members of the inter-agency effort. The bottom line is it's about gathering the information or data in a collaborative way, and in a way that represents what is going on across the Federal Government.

Senator COCHRAN. What would happen to this initiative if funding is not provided to the Department of Agriculture or Department of Health and Human Services? Would there be a serious breakdown in the capabilities of our government to deal with these threats?

General LIBUTTI. My sense, sir, is that if there were indeed a breakdown, it wouldn't be in the execution piece of their mission or their responsibility. It would be more broadly speaking, in what we have all learned is very critical in this fight against terrorism, and that is to truly work in concert to look at the information or databases that are available and simply haven't been collected in a cohesive way. To look at them and to ask, what does that mean in terms of assessing the threat, assessing our own capability, and then taking appropriate action.

Certainly, the mission would still be accomplished, I simply think it would not be a wise move in terms of the greater value added when you look at all of this data, and then there is one person responsible for bringing it together.

ENVIRONMENTAL MONITORING

Senator COCHRAN. Secretary McQueary, your directorate's role in biological surveillance includes an increase of $65 million to expand environmental monitoring activities in the cities determined to be at the highest risk of terrorist attack. Can you give us any further details about the chemical and biological warning activities that

are in place now, and what this increased funding will be used for if it is made available to you by the Congress?

Dr. MCQUEARY. The increased funding will permit us to increase the number of sensors in high-risk urban areas, to be able to make the biological detections using a system called BioWatch. That system has been in place since about a year ago in January, when we first began deploying those systems.

And of course, you know we work very closely with EPA, as well as Health and Human Services, in being able to do that work.

Senator COCHRAN. What do you think you will be able to accomplish if you get this increased funding, in terms of new advances or the development of new technologies or systems?

Dr. MCQUEARY. The $65 million is to allow more deployments of the capabilities than we currently have, thereby increasing the number of monitoring stations in the various urban areas where we have these systems already deployed, as well as increasing the number of locations, city locations, if you will, where we have them deployed.

So it fundamentally gives us a better, real—not real time-but a better monitoring capability so that we can make a determination should there be a biological attack of some sort.

We have approximately, I would say, an average of ten sensors per geographical location. Now that is an estimate but I can give you precise numbers if you need them. With the increase we will effectively be able to double the number of sensors where we are and provide better coverage, if you will.

COUNTERMEASURES

Senator COCHRAN. There is also the BioShield initiative, which is involved in deploying countermeasures against biological terror attacks. How is the Science and Technology Directorate participating in the development of countermeasures?

Dr. MCQUEARY. Well, of course, the development of countermeasures is in our charter, and we work in the chemical, biological, radiological, nuclear, and high-explosives areas. So in each of those areas we have ongoing research being managed either in the national laboratories, or in private industry or universities, which are three components of the country's scientific support that we call upon regularly. So, we do have broad agency announcements that have been put out through the HSARPA organization, for chemical, and biological sensors, as well as in the radiological and nuclear area.

And, if I may, the primary focus in all of the sensor development is to do things faster. Because, for example, BioWatch, we do a sample every day, but it takes perhaps a day to be able to do the assays on that sample, and therefore there could be 48-hours. The ultimate system that we would someday want to get to, and, some of our research, I think will lead in that direction, is to be able to do the sampling at the site, be able to do the assays, and then telemetry the information from that site to a central command control area. They would be working, obviously, very closely with General Libutti's people to make a determination that something has happened, and therefore, corrective action would be taken.

Senator COCHRAN. Does this budget request include research and development of medical countermeasures across the agencies portfolios, or does the Science and Technology Directorate serve only in an advisory role?

Dr. MCQUEARY. The medical countermeasures is the responsibility of Health and Human Services. We serve in an advisory role in that area, and have people that meet regularly with people in Health and Human Services to discuss programs that should be implemented.

Senator COCHRAN. What assessments have been carried out by the Information Analysis and Infrastructure Protection Directorate of our vulnerability to biological attacks that will guide decisions regarding the investments that should be made to develop, produce and purchase vaccines or other medications for the Nation's biological defense.

General LIBUTTI. The work that we have done since I have been on board, since late June or early July, sir, has been to work with Dr. McQueary and his folks, conduct surveys and visits across the country to key high-threat areas, to get as smart as we can relative to the threats posed by the biological and chemical threats, and to conduct appropriate analysis including developing models to give us a strong indication of what the impact of such an attack would be.

We have recently developed a program that we have briefed to high officials in our government, in the Administration, that outlines across the board threats in aviation, transportation, and biological, and chemicals weapons. What we have developed is still a work in progress. But it is a good model. We've looked at the impact and consequences of various events particularly across major urban areas.

So those are the kinds of activities that we have been engaged in, in concert with Dr. McQueary and other members of the interagencies; specifically, Health and Human Services, CDC, and others who have a primary interest in the impact of such an attack.

INTEROPERABLE COMMUNICATIONS AND SAFECOM

Senator COCHRAN. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

Secretary Ridge has laid out the department's goals, and he stated that one of his highest priorities was interoperable communication and equipment. And he set a deadline of December 2004, for implementing a short-term solution, that will allow first responders to communicate with each other during a disaster. Dr. McQueary, your directorate is in charge of coordinating and promoting interoperable communications for public safety.

The President's budget proposes to eliminate funding in the Justice Department for interoperability grants. When my staff asked the Justice Department why the funds were dropped from the budget, my staff was told that interoperability is a Homeland Security responsibility. Yet the President's budget sets aside no funds for this purpose in the Department of Homeland Security budget. So I ask, can you explain the short-term solution and why no funds are requested to address this problem?

Dr. MCQUEARY. We actually do have funds requested to support the SAFECOM program, which is the program for which the Science and Technology Directorate has direct responsibility.

Senator BYRD. How much is the request?

Dr. MCQUEARY. I believe, sir, $20—if I am not mistaken, its $22 million. I'll check behind me, and make sure I give you the correct number. But I believe it's $22 million for that effort.

And what we expect to come out of that effort, as Secretary Ridge had indicated, is a set of standards that State and local, can use to acquire equipment, and to provided interoperability on what we're referring to as the penultimate solution, because what we will be providing is not the ultimate solution in interoperability. I will try to be precise in what I mean by that.

There are technical capabilities today that exist in some companies. For example, if you think of a point electronic box, a box that can receive signals from many different types of radios, and that box can in effect convert signals from one radio into a protocol or a format that would be needed by another radio it is trying to talk to in order to permit those two to be able to have a communication. And, similarly, you can create conference calls, if that were the objective. Obviously, there are limits to the number of possibilities of different kinds that can be implemented.

The ultimate solution, I believe, will be to move into software defined radios, and a considerable amount of research work has gone on in that area. That would be a system in which new radios, as they are purchased, would permit people to communicate with one another based upon the radio itself being able to recognize the different types of communication protocols and accomplish that.

Senator BYRD. The SAFECOM money is not money for State and local governments.

Dr. MCQUEARY. That's——

Senator BYRD. SAFECOM is for standards setting. To actually fix the problem, State and local governments need money to buy the interoperability equipment.

Dr. MCQUEARY. Excuse me.

Senator BYRD. Yes.

Dr. MCQUEARY. I did not mean to imply that the $22 million that we have in our budget is to be used to purchase equipment. It is indeed the necessary effort to establish the standards. Of course, the State and locals will have access to grant money that will be provided by the Office of Domestic Preparedness. And what we will do, and have already done in some cases, is provide guiding standards by which we would expect them to purchase new equipment in the expenditure of that money. We see that as the vehicle to permit State and locals to be able to transition into having more interoperable capability.

Senator BYRD. The President is proposing a cut of over $700 million of first responder programs in the Department, and a cut of $1.5 billion for first responders government wide.

The interoperability problem is yet another reason why we should not be cutting funding to first responders. How does the Department justify cutting first responder grants when the short term solution that the Secretary announced will cost several million dollars to implement?

Dr. MCQUEARY. If you're proposing that to me, sir, I was not a participant in that, and therefore, I am not in any position to answer the question, but I am sure that my people will be pleased to provide an answer to the question that you proposed.

[The information follows:]

JUSTIFICATION FOR CUTTING FIRST RESPONDER GRANTS

The President's fiscal year 2005 request includes more than $3.5 billion to support ODP programs and activities. This represents a $3.3 million increase over the Fiscal year 2004 request. The fiscal year 2005 request includes funds to continue the Homeland Security Grant Program which includes the State Homeland Security Program at $1.4 billion; the Law Enforcement Terrorism Prevention Program at $500 million; and the Citizen Corps Program at $50 million. Funds are also provided for the continuation of the Urban Areas Security Initiative at $1.4 billion; the Fire Act Program at $500 million; the Emergency Management Performance Grants at $170 million; as well as for ODP's training, exercise, and technical assistance efforts.

The continuation of these efforts, and the $3.3 million increase in ODP's overall request, coupled with the President's request for a 10 percent increase in funding for DHS as a whole, provides ODP, and the entire Department, with the resources we require to help secure the Nation from acts of terrorism. The Administration and Department remain committed to providing our Nation's emergency prevention and response community the resources they need to continue to secure our Nation from future acts of terrorism.

UNIVERSITY PROGRAMS

Senator BYRD. Your budget request includes a $38.8 million reduction for Homeland Security University and Fellowship Programs. In fiscal year 2004, this subcommittee provided $69 million for this program, $60 million more than the President requested. The subcommittee expects the academic community to play a major role in identifying and solving problems facing the homeland.

The White House has criticized Congress for earmarking funds for Science and Technology, and so this subcommittee decided not to earmark funds last year. Instead of reinforcing this decision, the President is proposing to cut university research by over 50 percent. Could you tell the subcommittee what the rationale may be for such a drastic cut to this program in fiscal year 2005?

Dr. MCQUEARY. This is an area in which I can assure you we had considerable internal debate and discussion. I would have to hasten to say, sir, that at some point we all work for someone and it was time for me to salute and say, yes, sir, I will try to do as much as we possibly can with the proposed amount of budget, and that is what we will do.

Senator BYRD. Your budget justification notes that three Homeland Centers of Excellence will be selected by the end of fiscal year 2004. How does this funding reduction affect your ability to select other university centers of excellence.

Dr. MCQUEARY. First, the $30 million that's proposed is ample funding to support three University Centers of Excellence. We have, of course, selected one. And we plan to select two more this fiscal year. In fact, the necessary activity is well underway in order to accomplish that.

We fund the University Centers about $5 million each, minus a little bit of overhead associated with managing that process. The balance of $15 million is completely adequate to support not only

the hundred fellows and scholars that we have already approved. But also to add another hundred to that.

In summary, $30 million supports three Centers, as well as 200 scholars and Fellows.

Senator BYRD. So you're saying, are you, that there will be two additional centers selected at the President's funding level?

Dr. MCQUEARY. I am sorry, sir.

Senator BYRD. Are you saying that there will be two additional centers selected at the President's funding level?

Dr. MCQUEARY. Yes, sir, there will be two additional, bringing us to a total of three. One is in animal diseases. The other is in post-harvest food safety.

CHEMICAL DETECTORS

Senator BYRD. In your written statement you list as an accomplishment of your directorate that you worked with the D.C. Metro System to deploy chemical detectors in the D.C. subway system. This is an excellent system to give Metro the capacity to immediately determine that the subway has been exposed to a chemical agent, so it knows how to effectively respond to the attack.

I understand that this system is now in operation and you view it as an accomplishment. After the attacks of 9/11, the Senate approved $15 million for this pilot project. This funding was included at Congress's initiative, it was not requested by the President. In fact, the White House specifically objected to this funding, describing it as excessive.

Is there any funding in the President's request to either complete the D.C. chemical detector system, or to take advantage of the lessons learned from this pilot program to deploy the chemical detectors in other large subway systems around the country?

Dr. MCQUEARY. Well, at this time we have proven the concept of operation for that system, and it is something we are extremely proud to have been a part of, I can assure you. So, I compliment the Congress on appropriating the funding necessary to get it launched.

We do have the measurement system, both chemical measurement as well as video capability, tied into a central control station in downtown D.C., as you probably know, I am sure you know. We view it as a responsibility of Washington, D.C. to carry the program forward, for example, if there is a need or desire to expand to more stations within the Washington, D.C. area.

MANPADS SURFACE TO AIR MISSILE COUNTER MEASURES

Senator BYRD. Your budget includes $61 million to determine whether a viable technology exists to address the threat shoulder-fired missiles pose to commercial aircraft. This funding request followed $60 million approved by Congress in fiscal year 2004. The details of this threat are well documented. The Congressional Research Service estimates there are as many as 700,000 of these missiles globally. Some of which are on the black market, selling as low as $5,000 apiece.

CRS also estimates that there have been 29 instances in which civilian planes have been hit by shoulder-fired missiles, none of which occurred in the United States.

However, in May 2002, the FBI warned law enforcement agencies to be alert to the potential use of surface-to-air missiles against U.S. aircraft. If such a missile was fired at a commercial aircraft here in the United States, it would wreak havoc on our economy.

How soon do you believe that we can begin to outfit commercial aircraft with a system to counter surface-to-air missiles?

Dr. MCQUEARY. I believe that we expect by the end of calendar year 2005 the Administration and the Congress will be in a position to have scientific information from which to make a decision as to whether we should outfit planes, commercial aircraft, in this country.

Science and Technology, as an organization, will not be recommending one way or the other. Rather, that is a decision for the Administration and the Congress to make, we believe.

Senator BYRD. How realistic is it to convert to existing technology on military aircraft to our commercial fleet?

Dr. MCQUEARY. We believe that it is in the category of, what I would call, an engineering problem, rather than needing a scientific breakthrough in order to do this. There are really two or three issues that drive the commercial airline fleet. Of course, one is that certifications necessary to get approval to put anything on an aircraft is perhaps more stringent for commercial aircraft.

Also anything we do to an aircraft that would add air drag will increase fuel costs, and so there are multiple issues to be dealt with as one decides which technology would be appropriate. Regarding the technologies themselves, we do believe that it is eminently feasible to put them on commercial aircraft. And, we have three contractors that are in the early stages of studies that will lead to a down selection of one or two contractors to go into the development of such a system.

The other important factor is that reliability must be such that we can afford to have them on the planes. The military can actually carry its support system with it wherever the planes fly. But, if you consider all of the airports into which our planes go, just in this country alone, the idea of trying to have a support system at each one would be extremely expensive.

So the reliability of the systems need to be greater than what we are seeing with the military versions right now.

Senator BYRD. Do I have time for one more?

Senator COCHRAN. Senator Stevens has come in and we want to include him.

Senator BYRD. I shall desist.

Senator COCHRAN. Senator Stevens.

TSA DETECTION SYSTEMS

Senator STEVENS. Thank you very much.

I was enjoying the Senator's questions, as a matter of fact. I, gentlemen, have spent quite a bit of time with the aviation community trying to figure out where we're going in terms of some of the homeland security activities. And, I am impressed with comments that I have received from many of them that our systems are designed to deal with metal and not with substances. How would you answer that?

Dr. MCQUEARY. Our systems are designed to deal with——

Senator STEVENS. Metals rather than substances.

Dr. MCQUEARY. Metals rather than . . .? I'm afraid I don't understand the question, sir.

Senator STEVENS. Well, we're looking for guns, we're looking for knives, we're not looking for chemicals, we're not looking for biological weapons. We're zeroing in on what was used in 9/11 and not what the terrorists might be using in the future. Is that correct?

Dr. MCQUEARY. Now, I understand the question. Within the Science and Technology Directorate we do have some research work that we're funding this year to be able to make detections of explosive devices at range, if you will. This is in the very early stages, and I would not for a moment try to tell you that I think that we have a solution to that problem.

The Israelis have, of course, worked on this in great detail. We have had many interactions with them. It's a hard problem, but it is an area which we think is important towards being able to do the things necessary to make the airports, airlines and travel safer. It is a very important area.

Senator STEVENS. Well, over the past recess, I went through major airports, and I asked to be shown the TSA systems. And, I must say they are very impressive systems, but all of them are designed for what I said, to locate knives, to locate metals that might be in the baggage. Are we looking towards trying to ascertain the presence of chemical substances, bacterial substances, and explosive substances?

Dr. MCQUEARY. I will tell you, the area where I do not believe we have a satisfactory answer to in the bacterial area. It's very complex, very difficult, to deal with what a person can do to bring something in a handkerchief into the country. It would be very, very difficult to detect a bacterial substance, unless one were to get into some sort of invasive type of measurement system. So far, we have not chosen to get into that level. We as a country, have not chosen to go that far.

In chemicals, there are many different types of detectors that can indeed detect chemical components that would make up explosive systems or any kind of liquids that you might have. But you have to be able to get a sufficient signal, if you will, a sufficient amount of the chemical being put forth into the air so that it could be detected, unless we go to some kind of invasive system. And right now, our focus is on what we might be able to pick up from the air, if you will, the general air surrounding a passenger in that area.

Senator STEVENS. Well, Doctor what about the President's——

Dr. MCQUEARY. We are not ready to—I'm sorry.

Senator STEVENS. I beg your pardon.

Dr. MCQUEARY. Please continue.

Senator STEVENS. What about the presence of detonators? We're watching daily in Iraq bombs go off by someone dialing a cell phone.

Dr. MCQUEARY. Right.

Senator STEVENS. And alerting, you know, energizing a detonator. Are we trying to discover the presence of detonators in baggage?

Dr. MCQUEARY. I can't answer the question. I don't know off hand—I simply don't know. I should know the answer, but on that particular question, I don't know. I will be happy to look into it and find out exactly what we are doing for you.

[The information follows:]

DISCOVERING PRESENCE OF DETONATORS IN BAGGAGE

Reliable detection of detonators in baggage is important to the security of the transportation infrastructure. The responsibility for this security measure currently remains with the Transportation Security Administration. Additional information can be provided in a classified briefing.

Senator STEVENS. Alright.

RESEARCH AND DEVELOPMENT CONSOLIDATION

Let me shift to the Coast Guard, if I may. Are any one of you involved in the changes that are taking place in research and development funding. That's in the Science and Technology Directorate.

Dr. MCQUEARY. That's right.

Senator STEVENS. That's yours, is it Doctor?

Dr. MCQUEARY. Yes, sir.

Senator STEVENS. When we approved the transfer of the Coast Guard to the new Homeland Security Department, it was my understanding, and I think that it was in the basic law and in the report, that the department was to be left as a complete unit. I am informed now that the budget proposes to transfer the research and development funding in units of the Coast Guard to your directorate. Is that right?

Dr. MCQUEARY. That is correct. But, I need to be precise on what we mean by transfer. That unit will never lose its close ties with its parent organization. We will assume research and development oversight for it.

As you are probably aware, the Congress actually cut the research and development budget for the Coast Guard laboratory last year. So they entered this year with no money other than support for the people that are in that laboratory. They have had no research and development program in this fiscal year. We do have money in our Science and Technology budget for fiscal year 2005 to support the Coast Guard, not only the people at the laboratory, but also a modest research and development program.

SHIFT OF $13.5 MILLION FROM THE COAST GUARD TO THE SCIENCE AND TECHNOLOGY DIRECTORATE

Senator STEVENS. My information was that the budget proposes to shift $13.5 million from the Coast Guard to your directorate. Is that wrong?

Dr. MCQUEARY. No, that's not incorrect. The $13.5 million is basically the operational costs for the labs that are in Connecticut. And we're putting in another $5 million for research and development work.

Senator STEVENS. Are you taking over direction of it, and taking it from the Coast Guard?

Dr. MCQUEARY. That's harsher language than I would choose to use.

Senator STEVENS. The language. The legislation is very harsh. I drew it.

Dr. MCQUEARY. Okay. We have responsibility, we had responsibility in the Science and Technology Directorate to advise and direct the Coast Guard on what scientific work they needed. However, I would say directly, that in order to accomplish the determination of what we must do, we have Coast Guard people on our staff, we have a Coast Guard Captain who is in residence with my Science and Technology group. His job is to make sure that we're representing the needs of the Coast Guard in the scientific work that we undertake. And that's the same thing we do for each and every one of the operational units within the Department of Homeland Security.

We're not an independent island on research and development. We're a service organization intended to provide the very best science and technology to these operational units which stand at the ready each and everyday to do the job the Department of Homeland Security has to do.

Senator STEVENS. Well, it's a technicality I imagine, but when Congress declares war, the Coast Guard becomes a part of the Department of Defense.

Dr. MCQUEARY. Right.

Senator STEVENS. You're familiar with that?

Dr. MCQUEARY. Yes, sir.

Senator STEVENS. The legislation we passed to authorize the transfer of the Coast Guard to the Department of Homeland Security was done in a fashion so that, if that transfer to the Department of Defense was triggered, it would be a whole unit.

It appears to me that slowly but surely you're taking away from the Coast Guard the things that make it a whole unit, namely research and development.

Dr. MCQUEARY. I spent my entire career in research and development, and my experience tells me that small pockets of research and development can never be as effective as being a part of a larger research and development organization. We believe that by transferring the Coast Guard's research and development into the Science and Technology Directorate, and giving them more day-to-day interaction with the scientific work that is going on, that we will actually end up doing a better job, not only for the department, but also for the Coast Guard itself.

Senator STEVENS. Are you prepared to do that for the Department of Defense when it becomes a part of the Department of Defense?

Dr. MCQUEARY. I——

Senator STEVENS. I don't think you get my point. You have no authority to do that.

Dr. MCQUEARY. We have——

Senator STEVENS. I would urge you to check with your legal department and determine what authority you have to transfer anything from the Department of Defense, from the Coast Guard, without our approval.

Dr. MCQUEARY. Well, I am sure that if we don't have the authority to do it, we do not propose to do it without your approval, if that's the case.

Senator STEVENS. Sometimes people are ignorant of the law.

Dr. MCQUEARY. Well, that could very well be the case here, too.

Senator STEVENS. Well, I don't think.

Dr. MCQUEARY. But I can assure you that there is no intention——

Senator STEVENS. I don't mean to be abrupt with you Doctor, but I do believe that it is essential that if and when the Coast Guard becomes a part of the Department of Defense, it be a total unit.

Dr. MCQUEARY. Yes.

Senator STEVENS. An integral, operational unit that is just transferred and not leaving portions of it somewhere else. That was the debate that we had, and I hope that we will pursue that and you will take a look at it for us.

Now, let me ask you——

Dr. MCQUEARY. I will do that.

UNIVERSITY PROGRAMS/ENERGY SECURITY

Senator STEVENS. One other thing if I may. Well two really. I see that you have got these Homeland Security Centers of Excellence, and I congratulate you. The Senator from West Virginia was talking about one in terms of the Center for Excellence with regard to food programs. And one, I understand, will be combating animal related agro-terrorism, and the other focuses on post-harvest food security.

What about energy production and energy security. Are you focusing on that?

Dr. MCQUEARY. For the areas of energy production and energy security is a combination of General Libutti and myself, as well as the Department of Energy. I believe one of the Homeland Security Presidential Directives clearly spells out that the Department of Energy has responsibility for energy. So the work that we do would be to work with General Libutti from an infrastructure protection standpoint. And, perhaps I would let him comment rather than be presumptive about saying what he would be doing.

Senator STEVENS. General, are you pursuing that?

General LIBUTTI. Sir, the effort that we make in the main, in terms of our mission profile, is the risk assessment vulnerability piece of any part, large or small, of the national infrastructure. So in terms of chemical site security surveys, we are working with our friends at the Nuclear Regulatory Commission, working with other members in the inter-agency, and our job remains principally to advise relative to the threat.

We recommend preventive actions in concert with the rest of the community, that ought to be taken immediately or that have a long-term proposition relative to protecting America. So, we're about the threat, vulnerability and risk assessment piece of all of these programs. And we share that information with my friend, Dr. McQueary, and other members of Health and Human Services, Center of Disease Control, the Department of Agriculture, or the Department of Energy.

So we're a player at the table. I might add, and this is not a marketing piece, but we are the newest members of the National Intelligence community, and we are full players. We have connected very well with all the major elements within the Federal Govern-

ment, as well as State and local communities that deal with information sharing, analysis, and simply stated the threat.

I tell you that just for a sense of what our directorate is all about and how we interact with other members of the intelligence community, including TTIC, CIA, and the FBI, who principally has responsibility on the law enforcement side.

Senator STEVENS. Thank you.

I will be delighted to try and understand what you just said. For instance, in terms of our oil pipeline, do you review that pipeline for threat?

General LIBUTTI. We do when we gleam specific intelligence from looking at all of the sources, which indicates that it is a target set. We absolutely look at it in the broader infrastructure requirements that bring us to a situation which causes us to look at it with other members of that community.

Senator STEVENS. And do you——

General LIBUTTI. And we do that across all of the infrastructure.

Senator STEVENS. Do you review the ports through which we import 57 percent of our oil?

General LIBUTTI. Again, we work in concert with our friends in the Coast Guard and in the industry, the container shipping folks, to look very hard at the threat and the risk associated with that threat, in a specific port, city, or State.

So the answer is, yes, sir, we do.

Senator STEVENS. Okay.

ENERGY SECURITY

Well, let me give you one that I think you ought to take a look at then. And the Department of Commerce can verify this.

By 2015, we will be importing 40 percent of our natural gas in the form of LNG. We do not have a LNG port in the United States. We have authorization. Years ago we passed legislation to have offshore ports, but none were ever built. I think that in your department you ought to be looking at the planning for the future, how are we going to ensure the security of that, and how will it be relevant to the importation of oil and other substances.

Should we separate those ports from existing ports by having them all come into one port? Obviously, that would increase the possibility of the threat.

But, I haven't heard anyone talk about planning for the national security, or homeland security on the access of natural gas in liquefied form.

General LIBUTTI. Sir, you're absolutely right. When that is teeed up as a critical issue, and I think from your perspective we ought to be teeing it up right now, we would be very much involved in looking at that. Not from an engineering standpoint, or the physical lay-down standpoint, but from the threat perspective.

And you're absolutely right, we should be involved in that, and I will take your note back and we will take a look at it to see what we need to do right now.

Senator STEVENS. Don't put me down as an advocate, I would just assume bringing Alaska's gas down. But it seems that other gas is going to get here first, sir.

Thank you very much, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Stevens.

UNIVERSITY PROGRAMS

Let me follow up with a comment about a question Senator Byrd asked on the Centers of Excellence, the university programs that we were talking about with Dr. McQueary.

Last year, we appropriated about $69 million and it was intended to support these programs. Just because the Administration is requesting only half of that, $39, $30 million, doesn't mean that you shouldn't spend the $69 already appropriated. There are provisions for deferring expenditures or rescinding expenditures, but there is no provision for not spending it.

So, what I am suggesting is that money is in the pipeline and it may very well support more than three university centers.

Dr. MCQUEARY. If I may, it will support more than three universities. And in fact, what we have determined already, sir, is that we can create five universities when we reach the limit of the money that you have authorized us in fiscal year 2004. But, when that is gone, we would be faced with having to cut back to the three.

I have asked for a plan already as to how we would implement a total of five, recognizing that we could be faced with having to eliminate two of those at the end of their 3-year period, which is what we're looking at right now.

Senator COCHRAN. Thank you.

NOAA WARNING ADVISORY SYSTEM

I am going to yield, again, for questions from Senator Stevens. And then we will go back to you, sir.

Senator STEVENS. If I may just ask one.

I forgot to ask a question about the NOAA Weather Radio. We asked that the Department prepare a report by December 15, of last year, on the use of NOAA Weather Radio as a component of a national warning system measure to expand consumer access to the warning systems in efforts to inform and educate the public about national security.

Currently we rely upon the radio for the old national warning system. We have tried to expand so that all forms of communication would receive the warning, particularly of a terrorist event. And all portions of the country could be alerted to that immediately. As I said, currently, that would only go out by radio, but it does not use NOAA Radio. NOAA Radio hooks into almost every radio station, television, and weather program that there is in the country. I particularly would favor some national legislation to mandate carrying such messages, or to include putting them into the internet directly. But, that hasn't been done yet.

However, we did ask for the NOAA Weather Radio to be used as a component of the warning system. Who is working on that in your Department?

Dr. MCQUEARY. Sir, I don't know.

General LIBUTTI. Sir, we have the lead to look at that in terms of how it fits into our broad responsibilities, as I outlined in my presentation of information sharing and alert advisory systems. So we are indeed looking at that, and that is still a work in progress.

Senator STEVENS. Well respectfully, General, we asked in 2002 for a report by December 15, 2003. When will we see your report?

General LIBUTTI. Sir, I will take that on board as an action and get back to you and your staff.

[The information follows:]

NOAA ALERT SYSTEM REPORT

The congressional report has been cleared by OMB and the Department. The report was approved for transmission to the Hill on May 28, 2004, and delivered on June 1, 2004.

Senator STEVENS. Thank you very much.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Byrd.

General LIBUTTI. If I may, sir, as a continuation, I will get back to you as soon as I can within the next couple of days. But a staff note to me reminds me that we were going to come to grips with your question very, very soon. And I will define what soon means when I respond to you.

Senator STEVENS. Thank you very much.

General LIBUTTI. Yes, sir.

CRITICAL INFRASTRUCTURE PROTECTION

Senator BYRD. Thank you, Mr. Chairman.

Last year, General Libutti, I asked Secretary Ridge about the role of the Federal Government in protecting chemical facilities from terrorist attack. He said that he believes chemical companies should be conducting their own assessments and paying for security improvements.

At the Secretary's budget hearing last month, Senator Murray asked Secretary Ridge about port security funding. And the Secretary again held the view that port owners should be responsible for security investments.

Now General Libutti, if you were the CEO of a chemical company, your highest priority would, probably be creating a quality product at a price that would create profits. If you were the director of a private port, your first priority would, in all likelihood, be that of maximizing the number of containers or passengers that would use the port.

And so with all due respect, I have very little confidence that chemical company CEOs or port directors would have defending against a terrorist attack at the top of their list of things to spend money on. Yet, the Department clearly believes that, when it comes to protecting our critical infrastructure the private sector should bear the financial burden.

Can you provide the subcommittee, today, with any benchmarks that you have established to show the private sector is making the necessary investments to secure our critical infrastructure and key assets?

General LIBUTTI. Sir, I appreciate the question because, like you, chemical site security for the Nation is a priority for IAIP and the Department. I would tell that I believe the right answer to how we move forward with our chemical site partners in the private sector,

the Federal Government, and my Directorate is the key word partnership.

I think the industry overall needs to belly-up to deal with improved security across their industry, especially in particularly high-threat areas. As a subset of that, I would emphasize the high-threat areas near large populated areas across the country.

Over the last several months we have conducted site surveys where folks from my office have visited top priority target sets involving the chemical site areas. We have worked with them, and we have seen them demonstrate a great spirit of cooperation in dealing with assessing the risks of their facilities, and taking actions to improve the readiness of those facilities, in terms of both preventative and recovery activities.

I cannot, sir, tell you the kind of money that they have, as an industry, put toward this effort. I will look into that and provide you our best estimate and judgments. But I cannot answer that question right now.

I think what is important, I might add to share with you sir, is that during the visits we worked to improve readiness, we highlighted protective measures, standoff distances, buffer zones, cameras, and command and control systems, all which they took on in a very positive way.

We have also sent out to all sites, not just the sites that we have visited, several different documents or what I would call aids in improving their readiness. We have sent out the following: characteristics and common vulnerabilities of chemical sites/facilities; potential indicators of terrorists attack activities for chemical facilities; and buffer zone protection planning templates for chemical facilities.

We have really looked at this in the same way that you have. This is a critical priority because it is a critical target site for potential terrorist attacks.

We have looked at the highest areas of concern because of the relative impact on the community, if indeed an event occurred. And we have a plan over the next year to look at an additional 360 sites or facilities across the country. I might also add that the focus is to look at this in a realistic way not in terms of eliminating all threats, but dealing with this based on what I call risk management across our country. That is to say that we have to establish priorities, and indeed, the Federal Government in concert with our friends in the community have to attack this thing on a single front.

I didn't mean to be so long winded, but that captures my concerns and the actions we're taking.

Senator BYRD. Well General, could you provide the subcommittee with any benchmarks that you have established to show that the private sector is indeed making the necessary investments to secure our critical infrastructure and key assets?

In other words, Secretary Ridge says, it's up to the private sector. So have you established any benchmarks that show that the private sector is indeed making the necessary investments to secure this critical infrastructure and key asset?

General LIBUTTI. Sir, as I indicated earlier in my first statement of my presentation here, I don't have specifics relative to the finan-

cial investments. If my staff has those, I'll provide them as quickly as possible. If not, we will do the research to get that to you.

I would say, just spinning off the Secretary's comment, and based on my experience, since I have been on board from late June or early July, I have seen not only a willingness and spirit of cooperation, but an understanding on the part of the chemical site industry and other industries, which we call key critical industries, a willingness to move out smartly, to do what needs to be done to protect their equities, to improve the security to their physical sites, etcetera, etcetera.

So the attitude is there. We will continue to capitalize on that, and I will get you the information you have asked for, sir.

[The information follows:]

SECURING OUR CRITICAL INFRASTRUCURE AND KEY ASSETS

As part of a wide effort to facilitate rather than mandate, DHS continues its effort to develop "best practices" for industry by working with the private sector and professional associations. DHS believes that the private sector, which controls over 85 percent of the nation's critical infrastructure and key assets (CI/KA), must be involved in setting national protection standards. By partnering with associations and groups, DHS plans to create realistic, proactive protection practices to bolster the physical hardening of the nation's CI/KA.

One example of DHS working closely with industry is the ASME Guidance on Risk Analysis and Management for Critical Asset Protection. This important effort is intended to demonstrate that industry can not only provide DHS leadership with information, but can also help create industry-based guidance for risk analysis and risk management. This document will establish common terminology and a common basis for reporting the results of risk studies, helping the protection community and the private sector streamline and standardize risk analysis reporting. Such standardization provides government agencies and private industry a framework from which to collect, report, and respond to potential terrorist threats.

The ASME effort highlights how DHS is working closely with the private sector to develop baseline best practices and protective measures. Our plan is for these guidelines to mature into sector-wide protection standards that will be adopted industry-wide. The initial phase of the ASME effort is to focus on Nuclear Power Plants, Spent Nuclear Facilities, Chemical Plants, Petroleum Refineries; LNG Storage Facilities, Subway Systems (including bridges and tunnels), Railroad Systems (including bridges and tunnels) and Highway Systems (including bridges and tunnels). Depending on the success of the initial effort, it may be expanded to encompass other infrastructure categories.

Another important DHS initiative to assist private industry in the protection of their facilities is the preparation and distribution of analytic products such as Characteristics and Common Vulnerabilities and Potential Indicators of Terrorist Activities reports. These products identify those vulnerabilities and threat indicators that are sector-specific. Such information, when used by industry, allows intelligent investments to be made to eliminate or mitigate specific vulnerabilities. Furthermore, DHS is in the process of fielding a network of Protective Security Advisors and establishing regional offices that will assist State and local governments, as well as the private sector, in their protective planning efforts.

Senator BYRD. Alright.

As I said in my opening statement I will be asking the General Accounting Office to conduct an independent review of the private sector's role in securing our critical infrastructure.

It will be essential in assessing the need for investments, for Federal investments, to secure our critical infrastructure. So, it will be essential for Congress to have measurable benchmarks of private sector investments in such infrastructure, such as investments in chemical facilities, port security, and cyber security.

Do you agree that having this information would be useful to determine if the private sector is meeting its obligation to protect our critical infrastructure?

General LIBUTTI. I can't see how it wouldn't be supportive and an indicator of their commitment. But as I said earlier, this is a partnership in my opinion, sir. So the Federal Government needs to provide advice, and education, in concert with Dr. McQueary and his folks and other members of the inter-agency, and share with them best practices, and cutting-edge technology. That's all part of this movement forward. So I don't see how that could hurt.

I would be concerned if it became a weapon to be held up against them. Again, I think as we move forward we need to determine the right balance. But, I hear you loud and clear, and we will do our homework and get back to you, sir.

TERRORIST THREAT INTEGRATION CENTER (TTIC)

Senator BYRD. Alright, General.

One of the most important issues affecting the public's assessment of the Department of Homeland Security performance involves its record of sharing Homeland Security threat information with other Federal agencies, as well as with State and local governments, the private sector and the public.

The Gilmore Commission, in its December 15 report, noted that the Department of Homeland Security had "little power and capability to do this." In fact, the Commission concluded that the Department of Homeland Security faces significant competition from other agencies in disseminating information to State and local authorities, the private sector and other areas.

Part of the problem, the panel said, is that the CIA was granted control over the Terrorist Threat Information Center, or better known as TTIC, which opened in May as a central repository for information from the CIA, the Department of Defense, the FBI, the Department of Homeland Security, and other intelligence agencies.

But Congress, in writing the Homeland Security Act, envisioned giving the Department of Homeland Security the role of collecting, analyzing and sharing intelligence information. Putting TTIC at the CIA, the Gilmore Commission said, has largely sidelined the Department of Homeland Security and left it with a paucity—that's a good word—and left it with a paucity of competent intelligence analysts.

While intelligence professionals have been much more willing to go to the CIA, the Department of Justice, the Department of Defense, or the State Department, this seems to have caused confusion at all levels of government regarding the respective roles of the TTIC and the Department of Homeland Security.

CONCERN REGARDING TTIC BEING UNDER THE LEADERSHIP OF THE CIA

Could you explain please, how it came about that the CIA was given the leadership of this intelligence function. And second, how it is that our homeland is made more secure by having such a confusing hierarchy of intelligence sharing agencies?

General LIBUTTI. Sir, as always, you ask the toughest questions and the ones that strike at the heart of what we're all about. And

what we're all about, as I said earlier, is information sharing and infrastructure protection.

The instrumental organization within IAIP that is charged with the backbone, the nerve center, the communications channel for sharing information, is the Operations Center. And then in support of that separate calls, conferences, and meetings attended by General Hughes who runs the IA side, and Bob Liscouski who runs the IP side.

So, let me first say to you, we are very clear on what our mission is. I am very clear what my customer base is, it's the private sector, it's State and local authorities, extending beyond that, but not involved in, the police work. That's the FBI, and the people at the Department of Justice.

But having said that, let me now turn to TTIC, IAIP and what you elude to as being a challenging approach towards dealing with intelligence.

TTIC was established by the Administration and indeed by the President. It was done to integrate intelligence from overseas and foreign sources. It was done to incorporate intelligence and information that is provided by those who focus on intelligence/law enforcement within the domestic scene.

Now, what I am saying to you, or mentioning to you, involves the CIA, the FBI, and by extension the local police forces across the country that have tens of thousands of great cops, who do great things for their community and country everyday.

Now, I am going to try to draw a wiring diagram here, and if I miss the mark, I know that you won't hesitate to pull me back and let me talk in straight and plain English.

You have TTIC here, which is not controlled by CIA, but by the DCI. Now we don't need to, if I may sir, get into an argument about the differences between George Tenet's two hats, but he does indeed wear two hats. And the responsibility that the DCI has is to provide supervisory overview responsibility for TTIC. And indeed, the director at TTIC is a gentleman, who was, or is, in the CIA.

But TTIC is an organization to integrate, fuse, analyze and share domestic and overseas or foreign intelligence. IAIP is both a customer and contributor at TTIC. So is the FBI. So if you say to me, what about this TTIC group, I would say I am part of TTIC and it is sort of like in a religious setting when you talk about the body of Christ and the Catholic Church, that means every Catholic across the face of the globe. We are part of TTIC.

And indeed, on occasion, we challenge and task TTIC who then goes out to its customer base to look at requirements and collection efforts. I'll take a breath and try to move forward, and try to be as organized in my expression as possible.

So TTIC is here. Members of the Department of Homeland Security are part of TTIC. And by extension, that information in a very simplistic diagram, is passed to IAIP. It goes to General Pat Hughes, in the main, and to other members that are part of TTIC. For example, in Customs and Border Patrol, or whatever, it is shared with their parent unit as well. And that is all part of what we're trying to do. There should be an effort to take walls down and not put walls up.

Information comes from TTIC to IA, and IA shares it with IP, because IP can't do the threat assessment risk analysis piece looking at critical infrastructure unless they know what that intelligence picture indicates. IA in the Department of Homeland Security, my operational directorate, looks at sharing information with other members of the customer base; private sector leadership, and State and local authorities.

ORGANIZATION AND STANDUP OF THE TTIC AND ITS FUNCTION

I'm talking there about advisors to the Governors, the homeland security advisors to the Governors. They get that information as well as local authorities. What that means is mayors and their leadership in the intelligence/counter terrorist operations. In most cities across the country, those are the senior police chiefs.

I don't see, Senator Byrd, a conflict in the organization and standup of TTIC and its function. It's function is to integrate. My function and focus is on passing information to my customer base.

I support the FBI who is a partner in this national effort. And they're in the law enforcement business. Fueled by and supported by the same intelligence that's coming out of TTIC. I don't see a conflict. We're improving the way we communicate everyday, we're sharing databases everyday, at a very highly classified level. And we're working more in concert with one another than we ever have.

Leadership in the FBI, the CIA, and the leadership of my organization get it. They understand there needs to be a cultural metamorphosis in terms of information sharing. And we're going to keep working on that so young people in these organizations understand it is one team, one fight, as the Army says. And we need to understand that in terms of information sharing.

I don't see a problem with the current intelligence organization. As always, I work everyday to improve it.

Senator BYRD. Well, General, I understand plain English. But I am not sure that I understand everything that you have said here today. And I am not embarrassed to confess it.

Let me ask a simple question.

General LIBUTTI. Sir.

SECURITY OF THE HOMELAND

Senator BYRD. How is it that our homeland is made more secure by having such a confusing hierarchy of intelligence sharing agencies?

General LIBUTTI. I think that the homeland is much more secure. And I will talk only from my perspective in IAIP, Senator.

We have shared over 70 advisories and alert bulletins in concert with other members of the Homeland Security team. We get threat information from the agency, our friends in the FBI, and, out of TTIC. Then, we look at that, conduct competitive and comparative analysis.

Again, our focus is on our customer base, which includes other members of the Federal Government. So, we take that information, and we pass it on a secure backbone to customers that have clearances. For those who don't have clearances, we take the information that's classified, clean it up, and create what is called the tear line. Then, we coordinate the bulletin or advisory with our friends

in the other intelligence agencies, and we send it out through our Homeland Security Operations Center.

We have sent out many of those advisories. We normally follow up with phone calls to appropriate customers. We call industry leadership to amplify an important point. We send executive teams to places like New York, LA, and Las Vegas, as we did during the holiday period, to share with leadership what we know, and make recommendations on corrective action.

I think, again, as you know, sir, I am sure your staff has briefed you, after 30 years in the Marine Corps and a couple of months at the Department of Defense, I spent a year and a half, as the Commissioner for counter-terrorism in the NYPD. When I finished that job, I came down and was proud to take this job.

If it doesn't work on the streets of our great cities and small towns, it doesn't work for America. And I'm telling you now, sir, we have made a difference.

Senator BYRD. Alright, let us suspend while the reporter changes his tape.

May I ask him another question, Mr. Chairman?

Senator COCHRAN. Yes, sir.

VULNERABILITY ASSESSMENTS AND SECURITY: CHEMICAL INDUSTRY

Senator BYRD. The Department of Homeland Security continues to take a hands-off approach with regard to chemical security by relying on the chemical plant industries. So here we go again, to assess vulnerabilities and take protective actions. We know that the EPA has estimated that if attacked, over 100 plants located all over the country could affect over one million people each.

We know that the Department of Justice released a study in April of 2000, concluding that the risk of terrorists attempting in the foreseeable future to cause an industrial chemical release is both real and credible.

We know that in February 2003, the National Infrastructure Protection Center, which is now a part of the Department of Homeland Security, issued a threat warning that Al-Qaeda operatives also may attempt to launch conventional attacks against the U.S. nuclear, chemical, and industrial infrastructure to cause contamination, disruption, and terror.

When Secretary Ridge testified last year he said that the chemical industry was better suited to assess vulnerabilities and take appropriate security measures than the Federal Government.

Just last week, the General Accounting Office sounded another siren in testimony saying that, in spite of the industry's efforts, the extent of security preparedness at U.S. chemical facilities is unknown.

Do you maintain the position that the chemical industry is better suited than the Federal Government to assess vulnerabilities and take protective actions to secure chemical plants?

General LIBUTTI. It can't be done alone or independently, sir. It is back to the point that I made earlier, it has to be done in partnership. And I think the Federal Government, being gentlemanly in their approach, from time to time, needs to be also muscular. We need to demand standards and guidelines to be adhered to. We

need to be there, prepared to support them in developing their security programs that reinforce their safety programs.

I'm with you 100 percent, sir. I can only tell you that it's a combined effort and everybody needs to pull his or her own weight.

Senator BYRD. Does your budget request address this issue in any way?

General LIBUTTI. Yes, sir, it does.

Senator BYRD. It is so? You said it does. How much is in the budget for this?

General LIBUTTI. In terms of chemical sites security we're talking about $35 million.

Senator BYRD. And now you're talking about hardening security at chemical plants?

General LIBUTTI. Sir, I'm talking about visits, interaction, working to develop guidelines and the way ahead. We're talking about recommendations for how they can harden their target as we say in the military; standoff distances, excuse me, buffer zones, security plans. We're there to advise, educate, and help them develop their plants. As you know there are tens of thousands of these plants, large and small across the country. And as I said earlier, we looked at and visited over the last few months many of the facilities that we thought were key critical, meaning, if they were hit as centers of gravity, they would cause potentially the greatest impact in the surrounding area.

I am very comfortable that we're taking the right approach on this. And we're going to look at several hundred additional sites or facilities over the next year.

Senator BYRD. What more can you do to make sure that the chemical industry responds with a robust program to secure their plants?

General LIBUTTI. We need to demand excellence across the board. We need to be both their advocate and their coach relative to ensuring that they adhere to standards and best practices. We need to demand excellence in terms of security and should not let them off the hook.

Senator BYRD. You bet. We have lots of work to do in this area.

General LIBUTTI. Yes, sir, we do.

RESEARCH AND TECHNOLOGY INFORMATION DISSEMINATION

Senator BYRD. Now, Mr. Chairman, I shall have further questions perhaps.

Senator Inouye, who could not attend today's hearing, requested that the attached question be asked on his behalf. I ask that it be inserted in the record.

He is concerned that the Department of Homeland Security is charging outside groups that wish to attend a March 8, 2-day forum, that will provide industry with information about homeland security research and technology requirements.

For example, small businesses would be charged $525, and universities would be charged $425. Senator Inouye believes this information should be provided free of charge. I ask that his question be made part of the record.

Senator COCHRAN. That objective is so ordered.

Senator BYRD. And I thank both Dr. McQueary and General Libutti.

Dr. MCQUEARY. Thank you, Senator.

General LIBUTTI. Thank you, Senator.

NATIONAL INFRASTRUCTURE SIMULATION AND ANALYSIS CENTER (NISAC)

Senator COCHRAN. Senator Domenici is attending another meeting of his committee, the Energy Committee which he chairs, this morning. And he asked me to propound a question on his behalf. And it is this:

The fiscal year 2004 Homeland Security Appropriations Act had approximately $23 million for NISAC. That's the National Infrastructure Simulation and Analysis Center. Would you please give the subcommittee the status of the allocation of the fiscal year 2004 funding? I think that's to General Libutti.

General LIBUTTI. Yes, sir, it is.

I'll try to cut to the chase and cover the key points, sir. As you know this responsibility transferred the Department of Homeland Security from the Department of Energy in March 2003. Primary contractors are the Sandia and Los Alamos labs in New Mexico.

The Senate Appropriations Committee provided approximately $30 million in 2003, and the House provided $20 million. Extra dollars from the Senate were dedicated for NISAC building at Kirkland Air Force Base in New Mexico. The joint conference provided $27.5 million; but there was no specific language for building. But with respect to what the Senator and your colleague had asked for, what we have done most recently, is that we retained sufficient funds to complete the survey and selection process. The date of ground breaking will be dependent upon site surveys and identification of a suitable site for the NISAC.

So we're very attuned to the issue and concern of Senator Inouye. I am happy to provide additional details or perhaps visit with him to provide amplifying information.

Senator COCHRAN. We will submit questions in addition for the record, and if you could respond to those.

General LIBUTTI. I would be happy to, sir.

Senator COCHRAN. For the record, we would appreciate additional detail regarding the fiscal year 2005 budget request for NISAC and activities envisioned in the budget for that Center.

General LIBUTTI. I would add, sir, that our department is preparing a letter to the Department of Defense regarding building of a facility on the Department of Defense property, et cetera, et cetera. So, we'll be happy to provide response and detail.

Senator COCHRAN. Thank you.

MANPADS/AIR MISSILE COUNTERMEASURES

Following up on another issue that was raised by Senator Byrd. Is it feasible to accelerate the shoulder-fired missile defense program to make the technology available at an earlier date? Or, is the time line you have considered the most cost effective, or reasonable in terms of the needs for a cost efficient method of protecting commercial aviation?

Dr. MCQUEARY. We believe that the time line is a very aggressive time line, and in fact, we're certainly aware that there is great interest in the country about the very issue that you raised. When we met with each of the three contract winners, posed to them the following question: Would you like to come in and recommend a shorter schedule. None of the three agreed that they would be willing to take on, or would want to take on, a schedule that was shorter than the one that we had originally proposed.

So, I think it is an aggressive schedule, and I think a careful examination of what we have to do in the alloted time period would conclude that is the case.

Senator COCHRAN. Has there been any decision made or discussion of who's actually going to pay the costs of procuring and outfitting the airliners with this defense system? I understand that they estimated costs could be up to $10 billion.

Dr. MCQUEARY. There are a number of factors that go into that. We have not attempted to address, however, who would pay for it. We have attempted to address how much it would cost, though. So those decisions can be made. As I indicated earlier in the testimony, we view our responsibility as providing the scientific basis on which the Administration and the Congress can decide the approach the country will take in implementing such systems, if that is what we should do.

We put target costs in of about $1 million each, but that's up front hardware costs. And anytime you field large systems, operation and maintenance typically dominates the overall long term costs of such systems. And I would expect that is the case on this one.

CYBER SECURITY

Senator COCHRAN. We know that you have recently developed a national cyber alert system to acquaint home computer users, and business and government agencies, with ways to better secure their computer systems from viruses. How would you rate the performance of the new national cyber alert system's response to the most recent computer virus outbreaks?

Dr. MCQUEARY. That was done by General Libutti's organization. I'll defer to him if I may.

Senator COCHRAN. Sure.

General LIBUTTI. Sir, I would give you an estimate on a scale of 1 to 10, at 8.5 or 9. And that's a relative evaluation. Let me give you some additional information that perhaps would help understand where we are. This roll out of the alert system has just been done very recently.

We have over 250,000 subscribers. Those who have subscribed to that system, are working that system across industry, home users and government. We think, I believe, it is the first great move to educate, inform and make people aware in a pro-active way, of viruses that may be coming our way.

So I give it a pretty high grade, and we will continue to monitor that as time goes by, and improve on how we communicate with our customer base.

Senator COCHRAN. What's the relationship between the cyber security division and TTIC; if any? Is there any collaboration?

General LIBUTTI. I mean in terms of a wiring diagram, if I may, there is no direct linkage. There is always within the Federal Government, particularly the inter-agency, there's linkages and pathways that permit people who work in the cyber business to communicate with people who have that interest, or that particular functional area of responsibility within TTIC.

That is, there are people in TTIC who not only look at infrastructure protection from a threat perspective, but also can consider cyber concerns. The key point that I leave with you is, that the lead in terms of cyber security is within IAIP at the Department of Homeland Security.

If we have issues that present themselves, then we will orchestrate appropriate meetings. There was an initiative taken by some of my folks in the cyber world to take a hard look at what I call a lower level inter-agency grouping between the communication folks, the national communication security guys, or guys in cyber security, and the Department of Defense. They met on a regular basis to review potential threats, and to look globally at the kind of activity that needs, to in my words, give us a warning and indicator that we need to do something.

So we're trying to be as pro-active as possible, and we're trying to educate and make people aware of the threat to the cyberspace area.

CYBER SECURITY

Senator COCHRAN. How is the national cyber security division working with the private sector companies, such as Symantec, McAfee, and Norton, that specialize in anti-virus software and internet security.

General LIBUTTI. I think it's safe to say they're working very well with them. Briefings I have received have indicated no serious problems in terms of our linkage and cooperation with the business community overall.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. What law enforcement agency has primary jurisdiction in enforcing cyber crimes?

General LIBUTTI. I suspect again across law enforcement, and that's not my area of expertise, that it is both Secret Service and FBI.

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

QUESTIONS SUBMITTED TO THE SCIENCE AND TECHNOLOGY DIRECTORATE

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

BIOSURVEILLANCE SYSTEM

Question. Science and Technology's role in the Biosurveillance Initiative includes an increase of $65 million to expand environmental monitoring activities in cities determined to be at the highest risk of a terrorist attack.

Can you give further details about the chemical and biological warning activities currently in place in these cities?

Answer. The U.S. Department of Homeland Security's (DHS) BioWatch initiative has been successfully operating in approximately 30 of the Nation's urban centers

since early 2003. BioWatch is an early warning system that can rapidly detect trace amounts of biological materials in the air whether they are due to intentional release or due to minute quantities that may occur naturally in the environment. Routine air samples are collected on a daily basis and more frequently if necessary. To date, BioWatch has analyzed well over half a million samples. Several hundred specialized air sampling devices, developed by the Department, have been placed at key locations nationwide. The air samplers are supported by the infrastructure set up by the Environmental Protection Agency's (EPA's) Air Quality Monitoring Network sites in partnership with State, local and tribal environmental agencies. Additional partners in the program include the Centers for Disease Control and Prevention (CDC) and the Department of Energy (DOE) National Laboratories. The CDC provides technical expertise through its Laboratory Response Network on the laboratory analysis methods and serves as the liaison for laboratory analyses with State health departments. The DOE National Laboratories, specifically Los Alamos and Lawrence Livermore National Laboratories, provide technical expertise in biological sampling systems, laboratory analysis, and training assistance to State and local agencies.

Question. If the requested increase in funding is provided, will the monitoring be expanded to other cities that are currently being monitored or just in these high-threat areas? What about other high-threat areas designated under the Office for Domestic Preparedness grant programs?

Answer. The current planning calls for significantly increasing the number of air samplers in the top ten high-threat BioWatch cities only. Given availability of funds some modest addition of other cities may be possible in the future.

The Science and Technology (S&T) Directorate coordinates with the Office for Domestic Preparedness (ODP) to insure integration of BioWatch capability with cities listed on the Urban Area Security Initiative (UASI). The DHS S&T BioWatch Program fully funds the installation, operation, and sustainment of the BioWatch system in each city. The ODP grants program is complimentary to BioWatch and funds first responder initiatives and other local high priority requirements.

Question. What promising new advances do you anticipate with the requested increase in funding for the acceleration of research and development on next generation environmental monitoring systems?

Answer. Accelerated research and development on next generation detection systems fall into two categories: (1) outdoor wide area environmental monitoring (i.e., BioWatch replacement) and (2) indoor facility protection. Research and Development (R&D) programs for the wide area environmental monitoring focus on autonomous networked detectors. This is a self-contained on-site collection and analysis system. To address indoor facility protection the R&D plan calls for research to develop Rapid Identifiers—portable highly sensitive bioagent detectors with very low false alarm rates.

COUNTER MAN PORTABLE AIR DEFENSE SYSTEMS (MANPADS)

Question. The Science and Technology Directorate is currently in the early stages of a 2-year, $120 million program to develop countermeasures to protect against the threat of shoulder-fired missiles on civilian commercial aviation.

What progress is being made by the three teams selected for the Counter-MANPAD Program, and is the first phase on schedule to be completed this summer?

Answer. In early October, 2003, the Department of Homeland Security's Science and Technology Directorate released a solicitation announcing a "call for proposals" to address this potential threat. The solicitation is the first step in the Department's two-phase systems development and demonstration program for anti-missile devices for commercial aircraft.

Phase I began in January, 2004, with the selection of three contractors—BAE Systems, Northrop Grumman, and United Airlines. Phase I of the program will provide a detailed design and an analysis of the economic, manufacturing, operational, and maintenance issues needed to support a system that will be effective in the commercial aviation environment. This phase will last approximately 6 months and will end in the selection of one or two contractors moving on to the next phase.

The Counter-MANPADS program is on track. The DHS Special Project Office (SPO) conducted meetings with all three contractors in late January, 2004, and early February, 2004, to establish firm direction and expectations. The SPO completed System Requirements Reviews with all three contractors by March 18, 2004. An Interim Design Review will be conducted in early May, 2004. These reviews establish a firm baseline of requirements against which the contractors can apply their designs.

Phase I will conclude with a Preliminary Design Review in July, 2004, at which time the DHS will select one or two of the initial three contractors to proceed into Phase II.

Phase II will include development of prototypes, integration onto commercial aircraft, and demonstrations of system operation and performance. These prototypes will also be subjected to a rigorous test and evaluation process. Phase II will last approximately 12–18 months followed by a recommendation to the Administration and Congress.

Question. What obstacles do you face in safely applying technologies developed for and currently in use on military aircraft and adapting a countermeasure system to operate in the environments of civilian aircraft?

Answer. Technologies developed for military or other specialized purposes are currently incompatible with commercial air fleet operations. Although underlying military technologies will be leveraged, the systems must be adapted to meet commercial operational conditions and environments.

Military missile countermeasures exist in various stages of development and initial fielding. However, these technologies are generally utilized by military and Heads-of-State aircraft that have the operations and maintenance infrastructure to support such systems.

While it is conceivable that existing military countermeasures units could be re-engineered for civilian aircraft use, many technical and operational tradeoffs have not been previously performed to address risks of such approach. For example, there is an established military logistics infrastructure that serves airborne countermeasure equipment, spanning functions from pilot training and routine maintenance to spare parts and depot repair. A similar infrastructure would be costly and time-consuming to replicate in the commercial airline industry.

It would be premature to integrate currently available military countermeasures equipment aboard civilian aircraft due to numerous issues concerning aircraft modification and certification, maintenance and supportability, and operational employment. The current Counter-MANPADS Program aims to resolve such issues and to provide alternatives to the Administration for a decision on equipping commercial aircraft with Counter-MANPADS capabilities.

Additional details can be provided if desired in accordance with the appropriate security for the information.

Question. Is it feasible to accelerate the Counter-MANPAD Program in order to make the technology available at an earlier date, or is the timeline proposed the safest and most cost-efficient method?

Answer. Given the challenges of migrating Department of Defense (DOD) technology into the commercial aviation environment, the DHS program is the most cost-efficient approach to implementing an affordable system. The program is an aggressive 24-month analysis, prototype demonstration and testing program. At the conclusion, the Department of Homeland Security will provide the Administration and Congress with a recommendation for the most viable solution to integrate Counter-MANPADS technology into commercial air fleet operations.

CYBER SECURITY

Question. The Science and Technology Directorate serves a role in the Nation's cyber security efforts by addressing cyber threat characterization, cyber threat detection, and cyber threat origination.

With the large increase provided to the Science and Technology Directorate by Congress for cyber security research and development, what advances can we expect during this fiscal year?

Answer. The funding increase provided by Congress is enabling the Science and Technology (S&T) Directorate to undertake cyber security programs that would not have been possible otherwise. As fiscal year 2004 is the first complete fiscal year of the Department of Homeland Security's existence, funding investments this fiscal year emphasize infrastructure and foundational needs associated with cyber security. Because such needs are generally not associated with short-term problems, most of these investments will not result in deployable advances in the same year in which efforts are undertaken. However, several key areas are being addressed and are briefly described in the following text.

In order to address infrastructure needs identified in the National Strategy to Secure Cyberspace, the Cyber Security R&D Portfolio in the S&T Directorate has initiated activities aimed at securing some of the key basic communication protocols on which the Internet relies, but which are presently vulnerable to cyber attacks. A program focused on the domain name infrastructure is working to advance the diffusion and use of the Secure Domain Name System (DNSSEC) protocol as a replace-

ment for the traditional domain name infrastructure. A second program aimed at secure routing infrastructure is working to address vulnerabilities in Border Gateway Protocol (BGP), the protocol associated with the Internet's underlying routing infrastructure.

A second infrastructure need identified in the National Strategy to Secure Cyberspace involves the need for improving the security of process control systems, such as supervisory control and data acquisition (SCADA) systems and digital control systems (DCS). The Cyber Security Portfolio is coordinating planning for these areas with the Critical Infrastructure Protection Portfolio. These portfolios expect to initiate joint activities in this area later this fiscal year.

The S&T Directorate is also working to provide foundations for enhancing the capability of a variety of cyber security research communities. The Cyber Security R&D Portfolio is co-funding two multi-university test bed projects with the National Science Foundation (NSF). The first is a test bed project focused on creating a large-scale physical test bed network to support testing activities, and the second test bed project focused on developing a testing framework and conducting experiments on the physical test bed. These activities will result in the ability to conduct attacks, develop an understanding of those attacks, and test existing and new technological cyber security concepts, all in a large-scale operational network environment that is kept isolated from the "public" Internet.

A separate effort aimed at supporting cyber security research and development communities is a program that is working to develop large-scale data sets for cyber security testing. This will address the need that researchers and operational users have for realistic data that can be used to test the capabilities of current and emerging cyber security technologies. Although the S&T Directorate does not expect to play a role in the area of testing, evaluating, or certifying commercial technologies, the general approach to constructing and making available data sets for testing have the potential for secondary benefits by catalyzing the emergence of commercial testing services provided by and for the private sector.

Another area of emphasis is the area of economic assessment. This activity is focused on two important priorities. The first is developing a general model for assessing the economic impact of cyber events and attacks. We do not believe that widely touted figures (such as $38 billion for a single Internet worm attack) are realistic estimates of cost associated with those attacks. Unrealistic figures do the private sector a disservice because they do not allow people to make reasonable assessments of their security needs and associated investment requirements. The second area of interest is the development of tailored business cases aimed at different types of stakeholder communities. General awareness campaigns aimed at widespread improvements in cyber security have not been as successful as one would like. We believe that one of the reasons for this is that the rationale for supporting cyber security investments needs to be tailored to different types of stakeholder perspectives (large enterprises, critical infrastructure sector company, small businesses, home users, etc.). It is our hope that such tailored business cases will provide better rationale for technology investments both among today's commercial cyber security technologies, as well as those of the future.

The activities described above fit into a coherent plan for long term cyber security needs. It is our hope that the test bed/testing framework projects and the program focused on large-scale data sets will provide insights to support the development of cyber security metrics, although additional work in this area is expected to emerge from NSF-funded basic research programs. In the long term, the general areas of cyber security metrics and economic assessment models will provide two key components in developing a foundation for cyber security risk assessment, and risk-based decision-making in this field.

Although the emphasis of fiscal year 2004 activities is on infrastructure and foundational needs, this is not to the exclusion of other activities. We do have plans for a number of other focused activities, including conducting a pilot test of new-generation intrusion detection technology with participation from the banking and finance sector, and holding a workshop in the area of government needs for wireless security to gather input for future R&D activities. In fiscal year 2005, with the infrastructure and foundational programs already in motion, we expect to expand our activities aimed at more specific cyber security technology R&D needs.

Question. How will the Science and Technology Directorate coordinate its activities with the Information Analysis and Infrastructure Protection Directorate?

Answer. The Director of Cyber Security R&D in the S&T Directorate is working closely with counterparts in the Information Analysis and Infrastructure Protection (IAIP) Directorate to coordinate the Directorates' relevant activities in the important area of cyber security. The two components of IAIP that S&T has been working with are the National Cyber Security Division (working with the Director of the Division

and other senior staff members) and the National Communications System (working with the Chief of the Technology and Programs Division and other senior staff members).

Interactions between the two Directorates include an ongoing series of meetings between senior-level technical managers to provide a bi-directional flow of information between the organizations as well as coordination of technical activities. These meetings are aimed at ensuring that DHS operational requirements feed into S&T programs, and to help identify paths for diffusion of technology back out to end users, as outcomes of these programs begin to emerge. On a more ad hoc basis, the S&T and IAIP Directorates exchange invitations to attend meetings or workshops when they involve areas of common interest.

The IAIP Directorate has been developing a written document to identify its S&T requirements, and expects to provide this document to the S&T Directorate upon its finalization. In the longer term, a Science and Technology Requirements Council (SRC) is being established within DHS to provide a more formal avenue for IAIP and other DHS components to communicate requirements to the S&T Directorate across all of the technology portfolios.

Question. Have other agencies within the Department of Homeland Security, such as the Secret Service, the Coast Guard, and the Transportation Security Administration, begun to outline their cyber security requirements?

Answer. The Director of Cyber Security R&D has been informed of several information technology-related requirements related to the Secret Service's mission via IAIP and via the Secret Service Portfolio Manager in the S&T Directorate. While related to information technology, several of these requirements have been identified as having a law enforcement component being outside of the scope of cyber security.

The S&T Directorate has not been approached by the Coast Guard or the Transportation Security Administration (TSA) regarding their cyber security requirements. We have had discussions with the Federal Aviation Administration regarding their cyber security R&D priorities, which are focused on securing the aviation infrastructure (e.g., air traffic control networks), in contrast to TSA's focus on passenger and cargo security.

HOMELAND SECURITY CENTERS OF EXCELLENCE

Question. The Nation's universities have begun to join the Department of Homeland Security to combat terrorism with the selection in December of the first Homeland Security Center of Excellence which will focus on the risk analysis related to the economic consequences of terrorist threats and events. The process of selecting the next two Homeland Security Centers of Excellence to focus on agro-terrorism is currently in progress.

How many additional Homeland Security Centers of Excellence do you envision with the $69 million provided for fiscal year 2004 and with the $30 million requested in the President's budget to accompany the three mentioned?

Answer. Fiscal year 2004 funding for University Programs will include approximately $10 million for the DHS Scholars and Fellows Program, with the balance dedicated to University-based Homeland Security (HS) Centers. In addition to the risk analysis and agro-terrorism centers referenced in your question, we anticipate two more solicitations for University-based Homeland Security Centers this fiscal year.

Question. How will the Science and Technology Directorate coordinate the Homeland Security Centers of Excellence research and findings among each participating university?

Answer. Lead universities are required to develop a management plan that demonstrates that partners will be communicating and reporting results and findings on a regular basis. DHS requires regular written reports and assigns a program manager to each HS Center of Excellence. Additionally, lead universities are required to form Science Advisory Panels, to conduct progress meetings with their partners, and to participate in review meetings with DHS senior managers. As new HS Centers are added, DHS envisions a system of centers that it will coordinate. Findings from these centers will be coordinated and consolidated by DHS.

BIOLOGICAL COUNTERMEASURES

Question. In addition to the national biosurveillance initiative proposed in the President's budget in the biological countermeasures portfolio, additional funding is requested for infrastructure improvements at the Plum Island Animal Disease Center.

How is the Department of Homeland Security currently working with the United States Department of Agriculture to coordinate research being carried out in regard to biological diseases?

What countermeasures are being prioritized for agro-bioterrorism?

As this committee makes recommendations to fund infrastructure improvements at the Department's research facilities, what intentions do you see for the long-term use of Plum Island as part of Science and Technology's National BioDefense Analysis and Countermeasures Center?

Answer. DHS is totally committed to enhancing the Nation's agricultural security by complementing the mission of United States Department of Agriculture (USDA) and Food and Drug Administration (FDA), and bringing a new sense for urgency and investments to enhance the Nation's capability to anticipate, prevent, detect, respond to, and recover from the intentional introduction of foreign animal disease, especially scenarios of high-consequence. As defined in Homeland Security Presidential Directive-7 (HSPD–7) and HSPD–9, the Secretary of Homeland Security is responsible for coordinating the overall national effort to enhance the protection of the critical infrastructure and key resources of the United States, including the defense of agriculture and food.

Agriculture and food security are important priorities for DHS, as are its working relationships and interactions with key sector-specific agencies. DHS utilizes high-consequence reference scenarios for strategic planning for its programs and activities on biological and chemical countermeasures and these areas are most relevant to protecting the agriculture and food sectors. DHS works closely with the respective sector-specific agencies in planning and execution of its R&D programs for each scenario. Of seven scenarios currently under study, two of the four biological scenarios concern agriculture and food security: foreign animal disease (with an initial focus on foot-and-mouth disease), and bulk food contamination. We will be working extensively with the USDA on response to those scenarios.

A Joint DHS and USDA Working Group on Agricultural Biosecurity has developed a partnership and national strategy to provide the best possible protection against the intentional or accidental introduction of a foreign animal disease. The strategy builds on the strengths of each agency to develop comprehensive preparedness and response capabilities.

USDA's Agricultural Research Service (ARS) has traditionally excelled in basic and fundamental science and early disease discovery research. USDA's Animal and Plant Health Inspection Service (APHIS) has provided diagnostic services for a wide range of foreign animal diseases. In the partnership strategy, USDA will continue its basic and early discovery work in the areas of foot-and-mouth disease and other high priority foreign and emerging diseases, diagnostic development, and maintenance of the vaccine bank.

DHS's program at Plum Island Animal Disease Center will focus on strengthening the Nation's ability to predict and respond to the intentional introduction of a foreign animal disease into U.S. agriculture. DHS is focusing its efforts on:

—Advanced development which evaluates the efficacy of vaccines and therapeutics (antivirals) derived from ARS's discovery work and moves them into readiness for application in the event of an outbreak;

—Agricultural agent bioforensic analysis capability to support attribution, working in conjunction with APHIS's diagnostic laboratory and law enforcement agencies;

—Disease assessment capability to include risk, threat assessment, and epidemiologic resources to augment knowledge about specific strains of foreign animal diseases for use in decision making and predictive disease modeling; and

—Supporting the functions of the core scientific units such as pathology, microscopy, sequencing, animal studies, strain repositories, and bioinformatics.

The combined programs of DHS and USDA at Plum Island Animal Disease Center will enhance the Nation's defense by building on the strengths of each agency to increase capacities for both research and diagnostic technology development.

As part of DHS's extensive commitment to agricultural security, it is also establishing two University Homeland Security Centers in this area: one in foreign animal and zoonotic diseases and one in post-harvest food security. These new HS Centers were awarded to Texas A&M University and the University of Minnesota respectively. Additionally, DHS is coordinating with USDA on a review team for high-consequence reference scenarios for strategic planning for DHS's programs and activities on biological and chemical countermeasures. DHS is also conducting end-to-end system studies to help define the requirements for detection and surveillance for agricultural outbreaks and for the protection of critical nodes of high consequence in the food production chain.

DEPARTMENT-WIDE RESEARCH AND DEVELOPMENT

Question. Currently, Science and Technology provides mission support for several agencies within the Department of Homeland Security to coordinate research and development throughout the Department to prevent redundancies and to provide overall management and oversight of ongoing research. The President's fiscal year 2005 budget proposes further consolidation of research and development within Science and Technology.

How do you feel the consolidation of research and development of nearly all agencies in the Department of Homeland Security into Science and Technology will provide for better coordination of research and more efficient use of the funds provided?

Answer. Consolidation of the research and development functions of the Department's components will significantly improve the Department's overall ability to meet its mission. With consolidation, we can ensure that operational end-user requirements and needs are being met by the best science and technology that can be brought to bear on the problem, whether that expertise comes from internal or external sources. We will enhance our ability to avoid duplication of effort in the R&D areas, and we fully expect to find synergies develop: what is created to meet the requirements of one component may be able to be fielded to support the needs—stated or not yet recognized—of another.

Question. What examples can be given of different agencies benefiting from another agency's research that can be attributed to the centralization of these efforts?

Answer. The Department's consolidation process has truly just begun. Our experience to date has been in supporting other components of DHS at the portfolio level. We have staff in the S&T Directorate who are liaisons with other DHS components; specifically the Border and Transportation Security Directorate, the United States Coast Guard, the Emergency Preparedness and Response Directorate, the United States Secret Service, and the Information Analysis and Infrastructure Protection Directorate. These liaisons bring forward the requirements from these other components, which allows us to factor their needs into the S&T Directorate's RDT&E planning and budgeting and they also serve as a communication link at the portfolio level.

The consolidation of the Standards efforts earlier in DHS has already resulted in a more effective and efficient process to identify and implement standards relevant to the entire DHS mission. The results to date include:

—Created initial standards guidelines, with formal standards nearing completion, for radiation pagers, hand-held radiation dosimetry instruments, radioisotope identifiers and radiation portal monitors. These standards were developed under the auspices of the American National Standards Institute's Accredited American Standards Committee on Radiation Instrumentation.

—Adopted its first set of standards regarding personal protective equipment developed to protect first responders against chemical, biological, radiological and nuclear incidents. These standards, which will assist State and local procurement officials and manufacturers, are intended to provide emergency personnel with the best available protective gear. These standards result from an ongoing collaboration with the Office of Law Enforcement Standards at the National Institute of Standards and Technology.

—Published guidelines for interoperable communications gear. Common grant guidance has been developed and incorporated in the public safety wireless interoperability grant programs of both the Department of Justice and the Department of Homeland Security;

—Launched the SAFETY Act process for evaluating anti-terrorism technologies for potential liability limits.

Question. How does the Transportation Security Administration's laboratory coordinate its efforts with Science and Technology, and, more specifically, the High Explosives Countermeasures portfolio, and do you anticipate the consolidation of the Transportation Security Administration's research and development into Science and Technology?

Answer. For fiscal year 2004 the S&T Explosives Countermeasures Portfolio has initiated research, development, testing and evaluation (RDT&E) to counter the explosives threat to the general population and to critical infrastructure posed by suicide bombers and vehicle bombs, respectively. The Transportation Security Administration (TSA) is conducting RDT&E to counter the explosives threat to the transportation sector, including land and maritime transport as well as civil aviation. S&T and TSA keep each other aware of activities being performed; thus, redundancy is minimized. The activities are currently not coordinated, however, and priorities are set independently. Information exchange between the S&T Explosives Portfolio and the TSA laboratory is coordinated through the TSA office of the Chief Technology

Office. Each group calls upon the expertise of the other when warranted, including participation in selected project reviews and advisory panels It is anticipated that the RDT&E activities currently conducted within TSA will be consolidated within Science and Technology commencing in fiscal year 2005 following administrative actions and agreements that are in progress. Program planning documents for the Explosives Countermeasures Portfolio reflect an integration of current S&T and TSA mission areas, priorities, and funding profiles.

Question. How does Science and Technology prioritize research across all Departmental agencies?

Answer. The Science and Technology Directorate prioritizes its research and development efforts based on the directives, recommendations and suggestions from many sources, including:

—Homeland Security Act of 2002;
—The fiscal year 2004 Congressional Appropriations for the Department of Homeland Security;
—President Bush's National Strategy for Homeland Security, the National Strategy for the Physical Protection of Critical Infrastructure and Key Assets, the National Strategy to Combat Weapons of Mass Destruction, the National Strategy to Secure Cyberspace, and the National Security Strategy;
—President Bush's nine Homeland Security Presidential Directives;
—Office of Management and Budget's 2003 Report on Combating Terrorism;
—Current threat assessments as understood by the Intelligence Community;
—Requirements identified by other Department components;
—Expert understanding of enemy capabilities that exist today or that can be expected to appear in the future; and
—The report from the National Academy of Science on "Making the Nation Safer: The Role of Science and Technology in Countering Terrorism," and the reports from the Gilmore, Bremer and Hart-Rudman Committees.

Identifying and integrating the information contained in these sources has not been a small task, but the result, coupled with expert evaluation and judgment by our scientific staff, is the basis for determining the research and development needed to meet our mission requirements. As consolidation continues to occur, these same sources will be used to prioritize requirements and needs.

We will continue to improve our ability to garner customer requirements through the newly-formed Science and Technology Requirements Council (SRC). The SRC will vet RDT&E requirements from the other components of the Department and has Assistant Secretary level representation from those components.

INTERAGENCY COORDINATION OF HOMELAND SECURITY RESEARCH EFFORTS

Question. What type of coordination is occurring with other Departments in their research and development efforts, and how do you plan to expand this coordination in the future?

Answer. The Department of Homeland Security fully recognizes that many organizations contribute to the science and technology base needed to enhance the nation's capabilities to thwart terrorist acts and to fully support the conventional missions of the operational components of the Department. Congress recognized the importance of the research and development being conducted by numerous Federal departments and agencies, and in the Homeland Security Act of 2002, directed the Under Secretary of Science and Technology to coordinate the Federal Government's civilian efforts to identify and develop countermeasures to current and emerging threats.

We take this responsibility very seriously.

We have begun this coordination process by evaluating and producing a report on the research, development, testing, and evaluation work that was being conducted within the Department of Homeland Security but was not already under the direct cognizance of the Science and Technology Directorate. Where it is appropriate, the Science and Technology Directorate will absorb these R&D functions. In other cases, the Science and Technology Directorate will provide appropriate input, guidance, and oversight of these R&D programs.

We are now working to identify gaps in homeland security programs across all relevant Federal Departments and agencies. We are participating in—and in some cases, leading—committees, subcommittees, and working groups of the National Science and Technology Council (NSTC). Through formal and informal conversations at NSTC meetings, gaps are being identified and are starting to be addressed.

In addition, staff from the S&T Directorate are actively involved with the Counterproliferation Technology Coordinating Committee (CTCC). The CTCC's role is to look across the U.S. Government to identify counterproliferation activites, iden-

tify gaps and shortfalls, and make recommendations to address the shortfalls. Many of the technologies relevant to Counterprolifertion also are relevant to Homeland Security needs. The CTCC is co-chaired by the National Security Council, Homeland Security Council and Office of Science and Technology Policy.

The Office of Management and Budget (OMB) gives us budgetary direction and develops a yearly report on Combating Terrorism. This document is one of the sources cited above as guidance for program prioritization. We have frequent interactions with OMB for guidance in budgeting in accordance with identified priorities.

Question. The Office of Science and Technology Policy (OSTP) is one of our most important connections in the Administration. Our personnel meet with OSTP staff frequently on issues of interest to both groups. Most importantly, OSTP runs the National Science and Technology Council and its committees, subcommittees and working groups as mentioned above. These groups are instrumental in helping us achieve our goals of protecting the Nation and its infrastructure.

The Homeland Security Council, (HSC) which was stood up in October 2001, meets frequently to ensure coordination of all homeland security-related activities among executive departments and agencies and promote the effective development and implementation of all homeland security policies.

Has their been any thought given to creating a multi-agency initiative, or working group, perhaps under the auspices of the National Science and Technology Council (NSTC), to foster better coordination of Homeland Security Research efforts across government agencies (e.g. DOD, NIH, NSF, DOE, Transportation, EPA, USDA, Dept. of Justice, etc)?

Answer. As discussed above, the Science and Technology Directorate is working with the NSTC and the CTCC to look across the entire Federal Government at homeland security-relevant science and technology.

RAPID PROTOTYPING

Question. The Congress made $75 million available for fiscal year 2004 for the rapid prototyping and deployment of near-term technologies for the end-user, whether it is a Customs agent or a first responder, to have the best technology and equipment available to combat terrorism.

How do you propose to better streamline the process of working with industry to make technology available to the end-user in a more expeditious manner than currently available?

Answer. The Science and Technology Directorate actively promotes a close relationship with industry to produce the new, improved technologies that emergency responders will purchase. Since March 1, 2003, there have been four solicitations directly to industry in 63 high tech areas related to protection, equipment, sensors, and other gear for emergency responders, agents, detection and tracking systems. Industry sent in more than 4,500 responses to these solicitations. Our partner, the interagency Technology Support Working Group (TSWG) is awarding $60 millions in contracts now in these areas. Our Office of Systems Engineering and Development (SED) is already at work with three industry teams on technology for commercial aircraft to counter shoulder-fired missiles. The Homeland Security Advanced Research Projects Agency (HSARPA) has been able to shorten the time required for a complete, multimillion dollar competitive solicitation to just 120 days. HSARPA is also using "industry-friendly" Other Transactions for Research and Prototype contracting authority permitted by the authorizing legislation to speed award of contracts to companies that have not done business with the government before.

Question. Of the industry response to the Department's request for proposals, what technologies have proved to be the most beneficial to homeland security?

Answer. DHS S&T is in the earliest stages of research and development for almost all of these efforts and it would be premature to judge which of these technologies will be most beneficial.

Question. What future technology solicitations do you anticipate to better serve the end-user in protecting the homeland?

Answer. DHS S&T is actively pursuing additional technology solicitations in several areas relevant to protecting the homeland. Currently HSARPA has a solicitation entitled "Detection Systems for Radiological and Nuclear Countermeasures" which is now active and industry is responding. Eight other solicitations planned for this year:

—Bioinformatics and Assay Development Program
—Threat Vulnerability, Testing, and Assessment
—Automated Scene Understanding
—Advanced Container Security Device
—Bomb Interdiction for Truck and Suicide Threats

—Biological Warfare Architectures Study (Food & Agriculture)
—Biological Warfare Decontamination
—Low Vapor Pressure Chemical Detection System

Question. Of the funds provided for and the flexibility given to Science and Technology for rapid prototyping, how much is provided for the Technology Clearinghouse, and how much is provided for the Technical Support Working Group?

Answer. For fiscal year 2004, the Technology Clearing House will receive $10.5 million. For fiscal year 2004, DHS S&T provided $30.0 million to the Technology Support Working Group (TSWG) for Rapid Prototyping projects.

STANDARDS

Question. Congress transferred the development of standards from the Office for Domestic Preparedness (ODP) to Science and Technology and therefore expects all standards development in the Department to be centralized in the Science and Technology Directorate.

How is Science and Technology coordinating with the National Institute of Standards and Technology (NIST) in developing standards Department-wide?

Answer. The standards development work in ODP was managed by the NIST Office of Law Enforcement Standards (OLES). There has been a smooth transition of this program in fiscal year 2004 as NIST/OLES is still managing the program for the Science and Technology Directorate. The S&T Directorate is also working with NIST to coordinate development of additional standards in other areas, such as biometrics, cyber security and detection methods for weapons of mass destruction (WMD).

Question. How are the State Homeland Security Advisors providing input for the end-users in developing standards?

Answer. The DHS Office of State and Local will provide points of contact for specific standards development efforts. Also, the Conference of Radiation Control Program Directors (CRCPD) has been involved in user requirements for the first set of radiation detector standards.

Question. Do you anticipate Science and Technology will publish a "Consumers Report" on all technologies and equipment for Federal, State, and local users, such as the report that will be published for radiation and bioagent detection devices?

Answer. It is our intention to publish user guides to available technologies in something like a "Consumers Report" format for critical equipment for emergency responders. These guides will address personal protective equipment as well as detectors for chemical, biological, radiological/nuclear and high explosive agents.

THE WIRELESS PUBLIC SAFETY INTEROPERABILITY COMMUNICATIONS (SAFECOM) PROGRAM

Question. The problem of communications interoperability for first responders, so important since September 11th, remains a difficult nut to crack. How much will be needed to fund the solution? When will technical standards be completed? What should the States and locals do? The Science and Technology Directorate plays a lead role for the Federal Government for finding the way through all of the technical questions. The Wireless Public Safety Interoperability Communications Program—known as SAFECOM—is in the Science and Technology Directorate. Yet, no funds are directly requested in the Science and Technology Directorate budget for this very important program. All of the funding comes either from other Federal agencies or from the Department-wide Technology appropriations within the Department of Homeland Security.

Answer. There is no simple solution for communications interoperability. To ensure that our emergency responders' wireless communications are fully interoperable will require years of hard work on the part of the Federal Government as well as cooperation from State and local entities. The Wireless Public Safety Interoperability Communications Program, SAFECOM, is managed by the Department of Homeland Security's Science and Technology Directorate, allowing the program full access to the scientific expertise and resources needed to help our Nation achieve true public safety wireless communications interoperability.

Current estimates of total funding required for complete interoperable wireless communications run into the billions of dollars when procurement grants are included in these estimates. Full wireless communications interoperability is currently estimated to be complete by 2023.

Technical standards are critical to the development of interoperable systems. With input from the user community, portions of the Association of Public Safety Communications Officers (APCO) Project 25's existing, but still incomplete, suite of stand-

ards have been developed. However, adoption has been slow, and standards completed to date address only part of the problem.

SAFECOM will dedicate funding to the implementation of its standards plan, calling for a common set of standards, policies, and procedures to drive the migration of systems towards advanced, interoperable equipment and processes in the future. SAFECOM recognizes that the Nation cannot wait for a complete suite of standards. In the interim, local and State agencies must make investments that improve their communications and interoperability capabilities. To support the practitioner community in the short term, SAFECOM will begin a number of initiatives to better inform public safety agencies when upgrading or replacing current communications systems.

Question. Should the funding for SAFECOM within the Department of Homeland Security be appropriated directly to the Science and Technology Directorate?

Should funding be provided by Science and Technology for research being carried out for SAFECOM?

Should the funding provided by other agencies be permanently transferred to the Department of Homeland Security?

Answer. In an effort to coordinate the various Federal initiatives, SAFECOM was established by the Office of Management and Budget (OMB) and approved by the President's Management Council (PMC) as a high priority electronic government (E-Gov) initiative. As an e-Gov initiative, it is appropriate for funding to be provided by the partnering agencies that will benefit from the results of the initiative.

Question. The progress being made on setting the technical standards for various communications technologies seems to be progressing very slowly. Project MESA which will govern broadband technology is in its infancy, and Project 25 governing Land Mobile Radios has yet to complete even half of the standards necessary. What more can be done to ensure the speedy completion of these projects by the private industry and public safety community stakeholders?

Answer. At a strategic planning session in December 2003, public safety stakeholders from the local, State, and Federal levels convened to determine the most important next steps for the improvement of public safety communications and interoperability. These stakeholders felt that a process to promote standards is critical. To meet this demand, SAFECOM has developed a plan to accelerate the development of critical standards for public safety communications and interoperability, including the Project 25 suite of standards (P25). As mentioned above, SAFECOM will dedicate funding to the implementation of its standards plan, calling for a common set of standards, policies, and procedures to drive the migration of systems towards advanced, interoperable equipment and processes in the future. In addition, SAFECOM will fund the testing and evaluation of interim technologies that can assist public safety agencies in making existing legacy equipment interoperable with other neighboring systems.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question. What types of research and development support will the Science and Technology Directorate provide to the Coast Guard for its non-homeland security missions?

Answer. The Science and Technology Directorate and United States Coast Guard (USCG) are in the midst of preparing a formal agreement that will detail the coordination and funding mechanisms for USCG R&D capabilities. The foundation for that agreement will be the consolidation of funding requested in the fiscal year 2005 budget. For fiscal year 2005, the USCG R&D center facility, personnel and maintenance expenses will be funded through S&T in the amount of $13.5 million. In addition, S&T and the USCG have agreed upon a base level of additional project funding in the amount of $5 million that will be specifically targeted toward non-security related projects including maritime science and research. This funding will be designed to support USCG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-related programs will be prepared annually for S&T concurrence.

In addition, the USCG will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D portfolio detailing approximately $50 million in vital maritime security research initiatives. This portfolio has been validated by S&T portfolio managers and will be considered in the development of future spending priorities and commitments from S&T.

Question. Will the Department of Homeland Security develop a Homeland Security Center dedicated to energy production security and pipeline infrastructure protection?

Answer. The Department of Energy (DOE) is designated as the lead agency for security issues specific to the energy sector (except for commercial nuclear power plants, for which DHS and the Nuclear Regulatory Commission are designated as responsible lead agencies) in the National Strategy for Physical Protection of the Critical Infrastructure and Key Assets and in Homeland Security Presidential Directive-7 (HSPD–7).

DHS has the lead for transportation systems security which includes pipelines. DHS has overall homeland security responsibility and recognizes that the energy sector is especially vital to the quality of life and the economy of this Nation. DHS is sponsoring Critical Infrastructure Protection research and development programs in the energy and pipeline security area with emphasis on Supervisory Control and Data Acquisition (SCADA) and electronic control systems. These efforts will increase this fiscal year. In addition, DHS asked the National Academy of Science to host a workshop to provide DHS with advice and guidance on future University-based Homeland Security R&D Centers. The results of that workshop did not place energy production security and pipeline security infrastructure in the top three areas recommended as additional areas for potential University-based Homeland Security Centers. This result certainly does not imply these infrastructures and their security is are not important, and, as stated previously, work is being done to address their security. In addition, the Information Analysis and Infrastructure Protection (IAIP) Directorate in DHS does work closely with DOE and with the Energy Sector owners and operators on operational security issues and the Border and Transportation Security (BTS) Directorate in DHS works with the Department of Transportation to ensure that the Nation's pipelines are safe and secure.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

SCIENCE AND TECHNOLOGY FUNDING

Question. Secretary Ridge, the Department of Homeland Security has a significant research budget to develop new technologies to secure the United States against terrorist attacks. I know that the Department has made significant progress in setting up the mechanisms to allocate science and technology funding to industry, universities, and national laboratories. This is a vital mission of your Department.

I understand that the Department is still in the process of allocating fiscal year 2003 science and technology funding. What is the current time line for completing this allocation of funding?

Answer. The Science and Technology Directorate has "execution plans", that is identified scope of work, for all remaining fiscal year 2003 funds and fully expects to have all remaining funds allocated by the end of fiscal year 2004.

Question. The Department is now engaged in the allocation of fiscal year 2004 science and technology funding. How do you plan to allocate fiscal year 2004 funding in a more timely manner?

Answer. The Department of Homeland Security has existed now for just over a year. Like the rest of the Department, the Science and Technology Directorate has been working hard to develop effective and efficient procedures and policies, including those necessary for selection of performers of the work to be done and the subsequent contractual processes and allocation of funds. As these procedures get established, projects will be awarded and funded in a more timely manner. I am pleased to say that in the last 3 months, the Science and Technology Directorate has made significant progress in allocating its available funding into the hands of those researchers who are developing and transitioning the vital technologies and tools to make the Nation safer. Both the Under Secretary for Science and Technology and I will continue to monitor the status of project selection and funding, and expect to see continued progress.

Question. I note that this year, the Department's budget submission is improved over last year as one would expect. Although there are security considerations, could you describe your plans to ensure transparency in the Department of Homeland Security budget? Both the Departments of Defense and Energy make their supporting budget documents public. Will you follow suit?

Answer. The Science and Technology Directorate prepares its annual Congressional Justification in an open and unclassified manner and will continue to do so as long as programs do not move into the sensitive realm. In addition, the Science and Technology Directorate prepares its written testimony for the record for each

of its budget-related hearings in an unclassified document. This written testimony contains the supporting documentation for its budget request and becomes publicly available.

Question. One of the biggest challenges in the science and technology area has to be coordinating the allocation of funding between near-term and applied technology and basic, long-term R&D funding.

What level of coordination is being provided by your office, Mr. Secretary, to ensure an appropriate split between near-term and long-term R&D?

Answer. I have delegated the responsibility for determining the appropriate split between near-term and long-term research and development to the Under Secretary for Science and Technology and he keeps me and others informed, although the final responsibility is mine. In the approximately 1 year that this Department has been in existence, the Science and Technology Directorate has focused its initial efforts on near-term development and deployment of technologies to improve our Nation's ability to detect and respond to potential terrorist acts. However, we recognize that a sustained effort to continually add to our knowledge base and our resource base is necessary for future developments. Thus, we have invested a portion of our resources, including our university programs, toward these objectives. The following table indicates the Science and Technology Directorate's expenditures in basic research, applied research, and development to date, excluding construction funding.

SCIENCE AND TECHNOLOGY DIRECTORATE R&D INVESTMENTS

[In millions of dollars]

Fiscal year	Fiscal year 2003 (actual)	Fiscal year 2004 (estimated)	Fiscal year 2005 (proposed)
Basic	47	117	80
Applied	59	56	229
Developmental	398	608	643
Total	504	781	952
Percent basic	9.3	15.0	8.4

Our initial expenditures in basic research are heavily weighted by our investments in university programs. These university programs will not only provide new information relevant to homeland security, but will also provide a workforce of people who are cognizant of the needs of homeland security, especially in areas of risk analysis, animal-related agro-terrorism, bioforensics, cybersecurity, disaster modeling, and psychological and behavioral analysis. In addition, the Science and Technology Directorate is allocating a portion of its resources to high-risk, high-payoff technologies and expects to gradually increase its investments in long-term research and development to a level appropriate for its mission and the Department.

Question. What do you envision as the role of the Department of Homeland Security in investments in future R&D to meet homeland security requirements?

Answer. At the current time, the Science and Technology Directorate is working hard with available funds to fill critical gaps in our Nation's ability to prevent, protect against, respond to and recover from potential terrorist attacks; however, we are all well aware that it is only with a strong investment in long-term research that we can we feel confident we are maintaining a robust pipeline of homeland security technologies to keep us safe for the decades to come. Successful businesses reinvest 10–15 percent of their total budget in research and development; the Science and Technology Directorate will strive in future years to invest a similarly significant portion of its resources into long-term research.

INTERAGENCY COLLABORATION

Question. Mr. Secretary, the Department of Homeland Security combines the programs and personnel for many Federal agencies. Creating a culture as one department is a real challenge, but there are capabilities throughout the Federal Government that can assist your Department in meeting homeland security threats.

I would encourage the Department to develop strong positive relationships with other Federal departments and agencies where there is opportunity for collaboration and cooperation to make your job easier.

Is it correct that your Department has worked with both the Department of Energy and the National Nuclear Security Agency (NNSA) as it develops its programs to meet homeland security threats?

Answer. The Department of Homeland Security has worked very closely with the Department of Energy (DOE) and NNSA from the very early stages of the development of the Science and Technology (S&T) program. The DOE laboratories provided extensive technical expertise and advise regarding the S&T program development.

Question. How would you characterize these interactions?

Answer. The Department's interactions with DOE and NNSA have been very positive. The Department of Homeland Security's (DHS's) S&T staff has an open communication relationship with DOE senior managers as well as with the DOE field personnel. Since some of the S&T staff came from DOE, there are close ties and good relationships that facilitate developing the processes of how DOE and DHS work together. When issues arise, they are quickly elevated so that communication occurs between the appropriate parties in both Departments and a resolution achieved.

Question. What potential do you see for future collaborations?

Answer. The Department of Homeland Security fully expects to continue and enhance its collaborations with the DOE and NNSA, as well as other Federal agencies conducting work of relevance to homeland security. For example, the S&T Directorate is committed to utilizing the extensive capabilities of all DOE laboratories and to engage them in all aspects of our research, development, testing and evaluation (RDT&E) program. The Directorate's Office of Research and Development is developing an enduring RDT&E capability through stewardship of the homeland security complex. To meet the Federal stewardship goal, the DOE laboratories will play a significant role in assisting in the strategic planning of the threat-based programs such as radiological/nuclear and biological countermeasures programs. The DOE laboratories also have significant existing capabilities and facilities for addressing terrorist threats, thus DHS will contribute support for some existing DOE facilities and reach-back into these unique capabilities. In addition, the DHS University Scholars and Fellows program is working with the DOE laboratories to place students with DOE mentors.

Question. The science and technology directorate at the Department has had discussions with the DOE national laboratories in such areas as radiological and nuclear and bioterrorist threats. The labs have significant capabilities to assist the Department of Homeland Security. Do you envision these collaborations continuing? Are there any barriers to such activities? If so, can Congress assist in addressing these issues?

Answer. The Department's Science and Technology Directorate will continue to utilize the DOE laboratories to address S&T requirements including key threat areas such as radiological, nuclear and biological countermeasures. Collaborations between DHS and DOE have been very successful to date, and the Science and Technology Directorate plans to continue these collaborations well into the future. There are currently no barriers to these collaborations. If circumstances change, the Department will bring this to the attention of Congress.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

Question. Over the last couple of years, I have worked to provide funding to the Federal Air Marshals (FAMs) for an in-flight communications system. I believe that this system would provide the FAMs with the communications they need to safeguard our airlines and the millions of passengers who fly on them each year.

I know that you are constantly going through reorganizations over at DHS and I have learned that the Office of Science and Technology may be proceeding to equip only those airlines that already have seatback phones with these communications for the FAMs.

But it is my understanding that many airlines do not have seatback phones. How can we ask Americans to fly on these airlines if they don't have the same level of security that is being provided to others?

Answer. Current Status. With reference to "may be proceeding to equip only those airlines that already have seatback phones with these communications for the FAMS", the Federal Air Marshal Service (FAMS) currently has access to the commercially available Verizon Airfone service, only when FAMs fly on aircraft with such a system installed. Recent statistics indicate that this system is installed on approximately 40 percent of the aircraft on which FAMs fly. This limited access includes voice only, via a tethered handset and does not provide for data, wireless, or pre-emption of service during an emergency situation. While the FAMS will conduct tests utilizing this technology, additional testing will be performed on other developing technologies with other service providers.

Phase I—Commercially Available Field Evaluation

The Federal Air Marshal Service is on the verge of conducting a field evaluation, which will focus on foundational and component testing; as well as, evaluation of FAMS applications over a commercially available communication system.

The foundational testing will seek to determine the most appropriate wireless communication protocol(s) for the FAMS to use for the Air-to-Ground Communication System (AGCS). This test will look at IR (infra-red), RFs (radio-frequencies), 802.11x, and Bluetooth technologies. The test will evaluate all of the technical and security aspects of the protocols, as well as aviation related aspects such as, compatibility with aircraft systems. General market trends and industry's development of wireless communications protocols will also be studied.

The component testing will seek to evaluate the transmission and reception of voice and data across an existing commercially available communication system, and measure the ability of the system to handle the current FAMS applications—including the Surveillance Detection Report and other applications.

AGCS Strategic Planning

Additionally, the FAMS has been working in concert with the Department of Homeland Security, Science and Technology, to rigorously identify the needs, scalability, and interoperability of the future AGCS. As a result of joint efforts of DHS S&T and the FAMS, an AGCS strategic plan is scheduled to be completed in September 2004.

AGCS Working Group

At the request of Congress in HR 108–169, the FAMS is chairing an AGCS Working Group to develop a technical implementation plan, as well as, develop a business/government partnership for the implementation of this system.

To date, the FAMS have hosted two working group meetings, which were attended by: National Aeronautics and Space Administration (NASA), Glenn Research Center; Federal Aviation Administration (FAA), NEXCOM (Next Generation Communications) and FAA GCNSS (Global Communication, Navigation, and Surveillance System); the JPDO (Joint Planning and Development Office); U.S. Special Operations Command; U.S. Northern Command/NORAD/CONR; United States Air Force; Department of Homeland Security; and others.

Milestones

January 2003.—Air to Ground Charter signed by Adm. Loy, then TSA Administrator.

Jan–Mar 2003.—FAMs participate in multiple air to ground demonstrations.

September 2003.—FAMS managed services provider selected, work begun on air to ground field evaluation.

November 2003.—Managed services provider issues RFP's for AGCS field evaluation.

December 2003.—RFPs returned, scored—recommendations made.

April 2004.—FAMS issues AGCS field evaluation final recommendation. DHS S&T begins working with FAMS on long-term strategic planning. NASA offers strategic alliance with FAMS.

May–August 2004.—AGCS field evaluation conducted.

July 2004.— Aviation and communications industries invited to review draft AGCS strategic plan and participate in AGCS Working Group

September 2004.—AGCS Strategic Plan briefed to Congress

September 2004.—AGCS Strategic Plan completed.

Goals to be achieved

—FAMS finalize contract modifications in order to move forward on field-testing and evaluation.

—Attain FAA approval for FAMS in-flight wireless communications protocols.

—Attain FCC approvals for same, focusing on aviation and broadband technologies.

—Attain Airlines approval and determine investment strategy for in cabin-aviation communication (AGCS) system(s).

—Complete FAMS AGCS strategic plan.

—Agency review of field evaluation recommendations.

Program Summary.—The FAMS is evaluating currently installed technology for immediate application and use by operational FAMS while continuing to pursue a long-term solution to FAMS AGCS needs, which may include developing technologies not associated with current in-flight communications. This long-term solution is encompassed by the AGCS Working Group, law enforcement and aviation communities and promotes confidence in our Nation's civil aviation system to detect,

deter and defeat hostile acts targeting U.S. air carriers, airports, passengers, and crews.

SMALL BUSINESS CONTRACTING

Question. As I said in my statement, Colorado is home to a number of small companies that have developed cutting edge technologies to keep not only us safe, but law enforcement officials and first responders safe as well.

I am just curious as to the number of small companies, those with 100 or less employees, that you are working with to provide us with their technology?

Answer. The Small Business Innovation Research (SBIR) Program defines a small business as one with 500 employees or less. At the time of contract award, DHS determines if the winner is a small business under this size criterion, as well as checking other criteria of the program such as U.S. ownership, location in the United States, employment of principal investigator, etc. DHS does not keep records of actual company size under 500 employees.

The first DHS SBIR solicitation requested proposals from small businesses in eight topic areas. Altogether, 374 responses were received and 66 were selected to enter negotiations for contract award in the first Phase. Three of these businesses are located in Colorado.

Question. What percentage of your procurement dollars is being awarded to small businesses?

Answer. The Small Business Innovation Research (SBIR) program is funded at 2.5 percent of extramural R&D funds. This equates to $19.6 million in fiscal year 2004 for the Small Business Innovation Research Program, all with small businesses. In addition, small businesses are participants in our open solicitations, such as the one issued last fall for Detection Systems for Biological and Chemical Countermeasures. Among the 40 winning individual companies (or their teammates) in that fully competitive, $76 million solicitation, there were 35 small businesses.

Question. How do you define what is a small company?

Answer. DHS uses the SBIR definition of 500 employees or less.

Question. Can you discuss with me where we are with liability protections for all contractors?

Answer. As part of the Homeland Security Act of 2002, Public Law 107–296, Congress enacted the several liability protections for the sellers of anti-terrorism technologies. The Support Anti-terrorism by Fostering Effective Technologies Act of 2002 (SAFETY Act) provides incentives for the development and deployment of anti-terrorism technologies by creating a system of risk and liability management. The purpose of the SAFETY Act is to ensure that the threat of liability does not deter potential manufacturers or sellers of anti-terrorism technologies (ATT) from developing and commercializing technologies that could significantly reduce the risks or mitigate the effect of large-scale terrorist events. Therefore, the SAFETY Act creates certain liability limitations for "claims arising out of, relating to, or resulting from and act of terrorism" where a qualified anti-terrorism technology (QATT) has been deployed. The SAFETY Act does not limit liability from harms caused by an anti-terrorism technology when no act of terrorism has occurred.

The definition of a qualified anti-terrorism technology is very broad and includes products, equipment, services (including support services), devices, or technology (including information technology) that is designed, developed, modified, or procured for the specific purpose of detecting, identifying, preventing, or deterring act of terrorism, or limiting the harm that such acts might otherwise cause.

Sellers of ATTs may apply for SAFETY Act protection on line at www.safetyact.gov, or they may submit their application electronically or in hard copy. Each application will be reviewed in accordance with the criteria set forth in the SAFETY Act to assess its technical capabilities and to determine if SAFETY Act protection is necessary in order to deploy the technology more broadly. To date there are 19 full applications in various stages of review as well as 61 pre-applications. The pre-application process is optional and is designed to provide early feedback to the applicant regarding whether the technology would be considered for SAFETY Act protection.

QUESTIONS SUBMITTED BY SENATOR LARRY CRAIG

Question. I believe that you have heard from Members of Congress from Illinois, New York, and Idaho about their concerns in excluding DOE national laboratories in those three States from playing on the same field as your designated "intramural" laboratories. I was under the impression that DHS had understood Congress's desire in creating your department, that DHS would approach the DOE

national labs on a level playing field. When visiting with you prior to your confirmation, I had felt I had your assurance to that effect.

I have made clear to you my concerns about the process your office used in establishing the intramural/extramural laboratory system. I have concerns about the validity of this approach and its outcome for both the country and the extramural laboratories. These concerns include: The reduced ability of DHS to bring the best talents and capabilities to bear on some of our most significant national security threats. The practicality and propriety of setting up a system that not only encourages, but requires the extramural laboratories to compete against industry and universities in order to contribute to the solutions of important homeland security challenges. This is of particular concern since the work designated for HSARPA and SED is work that your staff has already indicated can be performed without unique capabilities that exist in the national laboratories. The thin reasoning and basis that has been put forward by DHS as a rationale for selecting the intramural labs just doesn't appear to hold up.

Please provide the precise criteria used for selection of intramural and extramural labs. Also provide the explanation of why Argonne National Lab, Brookhaven National Lab, and Idaho National Engineering and Environmental Lab do not meet the criteria for being intramural laboratories.

Answer. The Department of Homeland Security, through Section 309 of the Homeland Security Act of 2002, is provided access to the national laboratories and sites managed by the Department of Energy to carry out the missions of DHS.

The DHS Science and Technology Directorate, wishing to make the best use of each of these laboratories and sites in consonance with statute, regulation, and policy, asked laboratories and sites to make a decision regarding their desired mode of interaction with the Directorate—to participate in S&T's internal strategic planning and program development processes, or, if otherwise permissible under applicable law, regulation, contract, and DOE policy, to respond to certain types of S&T solicitations open to the private sector.

On March 31, 2004, the following national laboratories and sites communicated their decision to Under Secretary McQueary to participate in S&T's internal strategic planning and program development processes: Argonne National Laboratory, Bechtel Nevada, Brookhaven National Laboratory, Idaho National Engineering and Environmental Laboratory, Lawrence Livermore National Laboratory, Los Alamos National Laboratory, Oak Ridge National Laboratory, Pacific Northwest National Laboratory, and the Sandia National Laboratories.

A consequence communicated to the national laboratory directors in advance of their decision is that, as a result of such participation, a national laboratory will be ineligible to participate in open solicitations to the private sector for a period of 3 years after it ceases engagement in the S&T strategic planning and program development processes.

S&T will give the laboratories access to internal DHS strategic planning information. DHS policy is that if any non-DHS entity, including a national laboratory, receives that kind of information, DHS considers that entity to have an "organizational conflict of interest" that makes the entity ineligible to participate in any solicitations open to the private sector issued by S&T.

Question. Do you think that it is appropriate for national labs to be in direct competition with universities and industries for HSARPA work?

The Homeland Security Advanced Research Projects Agency (HSARPA) solicitations seek to the maximum extent possible to capture the best ideas and solutions. To achieve this end, Broad Agency Announcements (BAAs) are used. Under a BAA, teams are not in direct competition; each team is judged on the basis of the unique ideas proposed to solve the broadly defined technology challenge. DOE Order 481.1B provides the guidance DOE uses for the national laboratories regarding participation in BAAs with universities and industries.

The DHS Science and Technology Directorate, wishing to make the best use of each of these laboratories and sites in consonance with statute, regulation, and policy, asked laboratories and sites to make a decision regarding their desired mode of interaction with the Directorate—to participate in S&T's internal strategic planning and program development processes, or, if otherwise permissible under applicable law, regulation, contract, and DOE policy, to respond to certain types of S&T solicitations open to the private sector.

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National Laboratory, Oak Ridge National Laboratory, Pacific Northwest National Laboratory, and the Sandia National Laboratories.

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Should we assume that cost will not be a primary factor in selecting winners for HSARPA and SED contracts? If it is a primary factor, do you expect any national laboratories to be able to compete on a cost basis?

Answer. The Homeland Security Advanced Research Projects Agency (HSARPA) and the Office of Systems Engineering and Development (SED) consider other criteria, such as technical approach, performance improvement if successful, value to the DHS user, program management strategy, and capabilities of researchers to perform proposed work, more important than the total cost of the research. The S&T Directorate looks at the total cost of the research to confirm that it is reasonable, but it is only a deciding criterion if the costs are too high or too low. The eventual cost of the fielded system and its operation are frequently considered under the value to DHS user criterion; this should differ by technical approach, but not by category of proposer.

Costs can also enter the final evaluation of proposals in a determination of "best overall value to the government." Under best value, all factors are simultaneously evaluated looking to create out of the family of selected proposals the best diversified programmatic solution for the government against the total available funding.

S&T program solicitations seek to the maximum extent possible to capture the best ideas and solutions. To achieve this end, Broad Agency Announcements (BAAs) are used. Under a BAA, teams are not in direct competition; each team is judged on the basis of the unique ideas proposed to solve the broadly defined technical challenge.

Question. Wouldn't it be reasonable to have a system where all of your critical R&D requirements were met through competitive processes in order to assure access to the broadest array of talent in a cost efficient way? Do you believe that this is what Congress intended?

Answer. DHS recognizes the unique talents at each of the DOE national laboratories, and is committed to maximizing opportunities for all the DOE laboratories in support of homeland security. We believe that by allowing the national laboratories to support S&T either through programmatic partnerships or project-based work, maximum efficiency in resource utilization may also be achieved.

S&T conducts full and open competitions for a majority of its research, development, testing and evaluation programs through Broad Agency Announcements. The Office of Research and Development will continue to conduct performance-based work with the national laboratories.

Question. Knowing that Congress debated and rejected proposals for folding one or more national labs into DHS when it was creating the new department, under what authority does DHS now proceed with this same concept, but administratively instead of legislatively?

Answer. The research, development, testing and evaluation capabilities needed to support the missions of the Department of Homeland Security are being defined and institutionalized within the Department. Support of those needs now and in the future requires the establishment and support of an enduring capability that includes scientists and engineers who are well-versed in the requirements and technologies associated with homeland security, and dedicated to the mission of the Department, as well as physical facilities that support their efforts. The legislation creating the Department of Homeland Security and the Science and Technology Directorate recognized that many of these needed capabilities exist within the Department of Energy's laboratories and sites and provided for access to them in support of the Department's mission.

The existing DOE laboratories have critical mass and expertise across multiple disciplines to perform the necessary threat assessments and, thus, to participate in DHS's and the S&T Directorate's internal systems and analyses, associated trade studies, and long-range planning that will form the basis for the architectures that are ultimately developed and deployed to secure the homeland. These scientists will be intimately involved in assisting the S&T Directorate in setting research goals and requirements and formulating the research and development roadmaps.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

R&D CONSOLIDATION

Question. The fiscal year 2005 budget request proposes to consolidate R&D budgets from the Coast Guard, Emergency Preparedness and Response Directorate, and from the Immigration and Customs Enforcement bureau. Other research budgets, such as $154 million for the Transportation Security Administration were not included in this consolidation. What plans are there to consolidate all the Department's research budgets within the Science & Technology Directorate? If so, what is the timeline for completing the consolidation? What are the benefits of consolidating R&D budgets under one Directorate? What savings are anticipated by consolidating the Department's research budgets under one roof?

Answer. We have begun the consolidation process by evaluating and producing a report on the research, development, testing, and evaluation work that was being conducted within the Department of Homeland Security but was not already under the direct cognizance of the Science and Technology Directorate. Where it is appropriate, the Science and Technology Directorate will absorb these R&D functions. In other cases, the Science and Technology Directorate will provide appropriate input, guidance, and oversight of these R&D programs. We expect to have this process completed by the end of fiscal year 2004 in accordance with the Congressional directive.

Consolidation of the research and development functions of the Department's components will significantly improve the Department's overall ability to meet its mission. With consolidation, we can ensure that operational end-user requirements and needs are being met by the best science and technology that can be brought to bear on the problem, whether that expertise comes from internal or external sources. We will be able to enhance our efforts to avoid duplication of effort in the R&D areas, and we fully expect to find synergies develop: what is created to meet the requirements of one component may be able to be fielded to support the needs—stated or not yet recognized—of another. The specific cost savings expected will be identified as part of the process of R&D consolidation.

DETECTION TECHNOLOGY

Question. When Secretary Ridge testified before the subcommittee in February, he said that if a passenger wanted to board a plane with a biological weapon, the Department does not currently have the capacity to detect it. He said that acquiring such a capability is a top priority for the science and technology directorate. How does your budget address this issue?

Answer. The Biological Countermeasures portfolio in the S&T Directorate is currently initiating systems studies to better define needs and options for detection of a biological agent release aboard an aircraft. Detection of a biological pathogen during the passenger security screening process remains a difficult problem, but we are also investigating potential detection options. It is possible that modifications to current technology can provide interim capability while the detection efforts described above can provide an improved future capability.

UNIVERSITY CENTERS OF EXCELLENCE

Question. In fiscal year 2004, Congress appropriated $68.8 million for University programs under the Science and Technology Directorate. When Under Secretary McQueary testified on March 2, he said that the 3 centers would be selected in fiscal year 2004 and the fiscal year 2005 budget request would be sufficient to maintain three centers. How many centers would be selected in fiscal year 2004 and fiscal year 2005 if the budget request maintained the current level of funding instead of cutting the program by $39 million?

Answer. In addition to the risk analysis and agro-terrorism centers already selected in fiscal year 2004, we anticipate two more solicitations for University-based Homeland Security Centers this fiscal year. If the fiscal year 2004 level of funding were maintained for fiscal year 2005 and beyond, an additional five Centers could be selected. SAFECOM

The budget request for SAFECOM is $22.105 million. The Department's budget justification states that this program is a cost-share program and anticipates receiving $12.5 million from within DHS and $9.55 million from other Federal departments. Please provide the specific contributions from each DHS component and from each of the other Departments contributing to this program.

Question. How much was anticipated for SAFECOM in fiscal years 2003 and 2004 versus the amount reimbursed from other agencies? Please provide the specific con-

tributions from each DHS component and from each of the other Departments contributing to this program.

On February 23, the Secretary said that "the Department has identified technical specifications for a baseline interoperable communication system." Please describe these technical specifications and how it will benefit first responders. What is the timeline to implement these specifications? What is the cost impact of these specifications? Will the Department establish a separate funding mechanism to assist first responders pay for this short-term solution?

Answer. The chart below outlines the funding for SAFECOM expected for fiscal year 2003 and fiscal year 2004, and the actual amount collected by the program in fiscal year 2003. It is the current expectation that all fiscal year 2004 funding provided by DHS is from the Chief Information Officer's wireless account.

SAFECOM FUNDING

[In millions of dollars]

Agency	Actual fiscal year 2003 Funds Contributed	Anticipated fiscal year 2004 Funds Contributed
USDA	1.431	1.520
DOD	3.345	1.770
DOE	1.431	1.430
HHS	1.431	1.520
DHS		12.520
DoI		2.951
DoJ		4.312
Treasury	9.500	
Total	17.138	26.023

The Department will require certain minimum specifications relating to interim interoperable solutions, such as cross-band repeaters and patching units. These specifications will allow public safety practitioners to clearly articulate what technical requirements must be met by vendors of communications equipment so that purchases made in the short term are successfully targeted at equipment that meets their immediate needs. Since many commercial units are already capable of meeting these requirements, the cost of these units should be unaffected.

The Department is still exploring options for funding and will release an implementation timeline accordingly.

GRANTS & CONTRACTS

Question. Of the funds appropriated in fiscal year 2004, provide a table that shows the number of grants provided, the amount for each grant, the recipient, and the purpose. Provide the same information for contractual agreements.

Answer. See table below.

Type	Amount	Project Title/Purpose	Performer	Procurement Agent
BAA	$30,000,000	Technical Support Working Group, Rapid Prototyping	Multiple Awards Pending	Naval System Management Activity
BAA	6,045,595	Fund for RA 03–01, Detection Systems for Biological and Chemical Countermeasures (DSBCC), TTA–3 and TTA–5.	Multiple Awards Pending	Ft. Detrick, USAMRAA
BAA	5,710,000	Scene Understanding (NRL BAA 55–03–02 Artificial Intelligence Technologies & BAA 55–03–05 Advanced Intelligence Technologies).	Multiple Awards Pending	Navy Research Lab
BAA	5,230,000	Threat Vulnerability, Intelligence and Information Analysis, and Warning Capabilities of DHS (BAA 04–02).	Multiple Awards Pending	Navy Research Lab
BAA	6,196,909	Detection Systems for Biological and Chemical Countermeasures (RA 03–01 TTA–4).	Multiple Awards Pending	Ft. Detrick, USAMRAA
BAA	2,070,000	Domain Name System Security (DNSSEC) (Air Force Research Lab/Information Grid System BAA 03–18–IFKA Cyber Defensive & Offensive Operations Technology).	Multiple Awards Pending	Air Force Research Lab
BAA	54,589,000	Funds for BAA 04–01 (Rad/Nuc Countermeasures Systems Architectures Analysis) and BAA 04–02 (Rad/Nuc Detection Systems),.	Multiple Awards Pending	U.S. Navy Space and Air Warfare Center (SPAWAR)
BAA	2,050,000	Large Scale Network Security Test & Evaluation Datasets Program (DOI/NBC BAA 03–05–FH).	Multiple Awards Pending	DOI/NBC
BAA	10,000,000	Fund for RA 03–01, Detection Systems for Biological and Chemical Countermeasures (DSBCC), TTA–5.	Multiple Awards Pending	Ft. Detrick, USAMRAA
BAA	102,000	Evaluation Plan for BAA 04–02, Detection Systems for Radiological and Nuclear Countermeasures (DSRNC) HSARPA Review Support.	Oak Ridge National Laboratory	DOE
BAA	7,000,000	Phase II B Funding for RA 03–01, Detection Systems for Biological and Chemical Countermeasures (DSBCC) TTA–2.	Multiple Awards Pending	Ft. Detrick, USAMRAA
BAA	896,600	Live Agent Testing Evaluation (RA 03–01 TTA 3/4/5—Portable High-Throughput Integrated Laboratory Identification System, Lightweight Autonomous Chemical Identification System, Autonomous Rapid Facility Chemical Agent Monitor).	Multiple Awards Pending	Ft. Detrick, USAMRAA
BAA Total	129,890,104			
Contract	6,000,000	Counter MANPADS Development and Demonstration Phase.	Awards Pending	DHS

Contract	60,000	Support for Model OT Agreement Analyses	Logistics Management Institute (LMI)	DHS
Contract	4,678,601	Counter MANPADS Program Support	SRS Technologies	Ft. Detrick, USAMRAA
Contract	859,873	Operational and Support Staffing for Office of Weapons of Mass Destruction (WMDO).	ANSER Corp	DHS
Contract	208,750	Enhancing International Travel Security	Organization for Economic Cooperation and Development.	Department of the Interior National Business Center/Fort Huachuca
Contract	5,058	Additional Funding for Goods Used ISO Biowatch	VWR International	CoastGuard
Contract	371,440	Bio Watch Operations Support	Booz Allen Hamilton	Department of the Interior National Business Center/Fort Huachuca
Contract	57,120	Unmanned Aerial Vehicle Analysis Support	SRA International	Department of the Interior National Business Center/Fort Huachuca
Contract	90,000	ORION—GPS Integration	Orion Electronics (Award Pending)	Department of Interior, Gov Works
Contract	900,000	Support of Civil Aviation Security Systems Engineering Study.	Center for Naval Analysis Corporation (CNAC)	DHS
Contract	282,951	Programmatic and Technical Management Support to the Director, ORD.	SPARTA, Inc	Ft. Detrick, USAMRAA
Contract Total	13,513,793			
Grant	3,310,826	DHS Scholarship/Fellowship Program	Oak Ridge Institute for Science and Education (ORISE).	DOE
Grant	4,000,000	University of Southern California—University Programs Grant.	University of Southern California	DHS/FEMA
Grant Total	7,310,826			
RA	270,000	IDA Chemical Hazard Analysis	Institute for Defense Analysis (IDA)	DOD Washington Headquarters Service (WHS)
RA	161,998	South Florida Hawkeye Project fiscal year 2004, BTS	Coast Guard HQ	DHS/USCG
RA	1,131,679	DHS Cyber Security Testbed	UC Berkeley, USC, UC Davis, Penn State, Purdue, ICIR.	National Science Foundation (NSF)
RA	2,300,000	South Florida Hawkeye Project fiscal year 2004, BTS	United States Coast Guard	DHS/USCG
RA	230,000	Study of Emerging Threats and Evolving Technologies	Institute for Defense Analysis (IDA)	DOD Washington Headquarters Service (WHS)
RA	390,750	Recognizing Emotion In Speech	Columbia Univ	National Science Foundation (NSF)
RA	382,500	Automated Intent Determination (AutoID)	Dr Mark Adkins, Univ of Arizona	Department of the Interior National Business Center/Fort Huachuca
RA	624,196	VACIS Image Processing and Projection (IPP)	SAIC	DHS
RA	64,600	Perimeter Security System	NAVSEA	NAVSEA

Type	Amount	Project Title/Purpose	Performer	Procurement Agent
RA	500,000	Border Gateway Protocol (BGP) Security Analysis and Evaluation of Large Scale BGP Attacks.	National Institute of Standards and Technology (NIST).	National Institute of Standards and Technology (NIST)
RA	2,500,000	Surveillance—RODS Decision Enhancements for The BioWatch System.	RODS–U of Pitt	NAVSEA
RA	3,000,000	Surveillance—ESSENCE Implementation of ESSENCE Biosurveillance Systems.	Johns Hopkins	NAVSEA
RA	200,000	Technical Advisory Group (TAG) to HSARPA on Bioaerosol sensor testing and evaluation methodology.	Multiple Awards Pending	Edgewood Chemical and Biological Center
RA	10,853,444	PSITEC, technology clearinghouse	Public Safety and Security Institute for Technology	U.S. Navy Space and Air Warfare Center (SPAWAR)
RA	390,750	Recognizing and Understanding Emotion in Speech Columbia University.	Navy Research Lab.	
RA	382,500	Automated Intent Determination (AutoID)	University of Arizona	Navy Research Lab
RA	3,450,000	Bioinformatics and Assay Development Program	Multiple Awards Pending	Ft. Detrick, USAMRAA
RA	6,000,000	Rapid Prototyping	Multiple Awards Pending	Navy Research Lab
RA	50,000	Provides funding for Evaluation Plan for BAA 04–02, Detection Systems for Radiological and Nuclear Countermeasures (DSRNC).	Sandia National Laboratory	DOE
RA	76,000	Evaluation Plan for BAA 04–02, Detection Systems for Radiological and Nuclear Countermeasures (DSRNC).	Lawrence Livermore National Laboratory	DOE
RA	6,888	Office of Weapons of Mass Destruction—Computer Equipment.	DHS/GSA Schedule	DHS
RA	2,500,000	Evaluation of a Deployed Biosurveillance System	Potomac Institute	Department of the Interior National Business Center/Fort Huachuca
RA	539,720	Port Authority NY/NJ Testbed—PNNL	Pacific Northwest National Laboratory	DOE
RA	500,000	Port Authority NY/NJ Testbed—SRTC	Savannah River Technology Center	DOE
RA	1,000,000	Port Authority NY/NJ Testbed—EML	Environmental Measurements Laboratory	DOE
RA	506,452	DHS Industry Forum	Center for Technology Commercialization (CTC)	DOJ, Office of Justice Programs
RA	412,988	Port Authority NY/NJ Test Bed PNNL: Sys Analysis	Pacific Northwest National Laboratory	DOE
RA	13,000,000	Radiological /Nuclear Test and Evaluation Complex	Bechtel Nevada	DOE
RA	175,000	Weapons of Mass Destruction (WMD) and Nuclear Assessment Training.	Camp Peary AFETA	Armed Forces Experimental Training Activity (AFETA)—Camp Peary
RA	66,570	Office of Weapons of Mass Destruction—Secure Portable Phones.	DHS	DHS
RA	5,000	DHS Facilities/GSA Support of S&T, letterhead, etc.	General Services Administration	DHS
RA	250,000	Interagency Board	Battelle supporting Interagency Board (IAB)	DHS
RA	13,244,400	Bio Watch Operations Support	Environmental Protection Agency	EPA

RA	262,500	Unmanned Aerial Vehicle Analysis of AssumptionGeneral Services Administration.	GSA.	
RA	41,680	Second Intelligence and Security Informatics Symposium (ISI 2004).	National Science Foundation (NSF)	National Science Foundation (NSF)
RA	2,500,000	DHS Facilities/GSA Support of S&T Relocation	General Services Administration	DHS
RA	8,500,000	Homeland Security Institute	Award Pending	Ft. Detrick, USAMRAA
RA	103,079	TDY Support to Chemical Countermeasures Portfolio U.S. Army Edgewood Center.	U.S. Army.	
RA	5,000,000	USCG Research & Development	U.S. Coast Guard	USCG
RA	80,000	Point Defense Against Aircraft Attack	Institute for Defense Analysis (IDA)	DOD Washington Headquarters Service (WHS)
RA	18,965	John Rein 90 Day Extension	NETC	Naval Education and Training Center
RA	489,322	Strategic Planning	Award Pending	Gov Works
RA	170,500	Professional & Engineering Services	Award Pending	Department of Interior, Gov Works
RA	480,000	Support for Planning Documents	Touchstone Corp	Department of the Interior National Business Center/Fort Huachuca
RA	2,601,000	Border Safe Integrated Feasibility Experiment Phase II	Corporation for National Research Initiatives (CNRI)	Department of the Interior National Business Center/Fort Huachuca
RA	25,000	Support of International Meeting of Biometrics Experts	National Institute of Standards and Technology (NIST).	National Institute of Standards and Technology (NIST)
RA	100,000	Enhanced International Travel Security Support	Asian Technology Information Program (ATIP)	Office of Naval Research
RA	100,000	DHS Canada Collaboration	Sandia National Laboratory	DOE
RA	86,400	Radiological Dispersal Device (RDD) Workshop	Sandia National Laboratory	DOE
RA	216,250	Chemical Biological National Program (CBNP) Continuation Program—ANL.	Argonne National Laboratory	DOE
RA	5,820,000	Chemical Biological National Program (CBNP) Continuation Program—LLNL.	Lawrence Livermore National Laboratory	DOE
RA	2,589,500	Chemical Biological National Program (CBNP) Continuation Program—LANL.	Los Alamos National Laboratory	DOE
RA	2,188,750	Chemical Biological National Program (CBNP) Continuation Program—SNL.	Sandia National Laboratory	DOE
RA	598,875	Chemical Biological National Program (CBNP) Continuation Program—PNNL.	Pacific Northwest National Laboratory	DOE
RA	567,500	Chemical Biological National Program (CBNP) Continuation Program—LBNL.	Lawrence Berkeley National Laboratory	DOE
RA	75,000	Chemical Biological National Program (CBNP) Continuation Program—ORNL.	Oak Ridge National Laboratory	DOE
RA	62,500	Chemical Biological National Program (CBNP) Continuation Program—INEEL.	Idaho National Engineering and Environmental Laboratory.	DOE

Type	Amount	Project Title/Purpose	Performer	Procurement Agent
RA	4,215,475	Plum Island Animal Disease Center (PIADC)—First Quarter fiscal year 2004 Continuation Funding.	Plum Island Animal Disease Center (PIADC)	DHS
RA	10,166,544	Plum Island Animal Disease Center O&M	Plum Island Animal Disease Center (PIADC)	DHS
RA	1,060,400	Environmental Measurements Lab	Environmental Measurements Laboratory	DOE
RA	6,930,000	Threat Vulnerability Integration Systems Pilot (TVIS)—LLNL.	Lawrence Livermore National Laboratory	DOE
RA	3,870,000	Threat Vulnerability Integration Systems Pilot (TVIS)—PNNL.	Pacific Northwest National Laboratory	DOE
RA	1,480,050	Yarrow Behavioral Analysis Technical Support Nuclear Assessment Program.	Lawrence Livermore National Laboratory	DOE
RA	250,409	PNNL Support to Emergency Preparedness and Response Program.	Pacific Northwest National Laboratory	DOE
RA	800,000	Weapons of Mass Destruction—Nuclear Assessment Program (NAP).	Los Alamos National Laboratory	DOE
RA	100,000	Weapons of Mass Destruction—Nuclear Assessment Program (NAP).	Oak Ridge National Laboratory	DOE
RA	4,525,000	Nuclear Assessment Program, Credibility Assessment	Lawrence Livermore National Laboratory	DOE
RA	320,000	Nuclear Assessment Program, Forensic Tech Support	Pacific Northwest National Laboratory	DOE
RA	1,900,000	EPR Scientific Support to FEMA	Lawrence Livermore National Laboratory	DOE
RA	2,229,225	ARS Plum Island Animal Disease Center (PIADC) Scientific Support.	Plum Island Animal Disease Center (PIADC)	DHS
RA	45,980	ARS Plum Island Animal Disease Center (PIADC) Admin Support.	PLUM/Plum Island Animal Disease Center (PIADC)	DHS
RA	1,200,000	Developing a Critical Infrastructure Protection Decision Support System (CIP/DSS).	Los Alamos National Laboratory	DOE
RA	1,200,000	Developing a Critical Infrastructure Protection Decision Support System (CIP/DSS).	Argonne National Laboratory	DOE
RA	400,000	Developing a Critical Infrastructure Protection Decision Support System (CIP/DSS).	Pacific Northwest National Laboratory	DOE
RA	1,200,000	Developing a Critical Infrastructure Protection Decision Support System (CIP/DSS).	Sandia National Laboratory	DOE
RA	1,500,000	BioWatch—Orange Alert Expanded Sample Analysis	Lawrence Livermore National Laboratory	DOE
RA	1,514,000	RadNuc Countermeasures—PNNL	Pacific Northwest National Laboratory	DOE
RA	3,313,000	Rad-Nuc Countermeasures PEP—LANL	Los Alamos National Laboratory	DOE
RA	101,900	NRC Workshop Conference	National Research Council (NRC)	DOE
RA	700,000	Advanced Scientific Computing—SNL	Sandia National Laboratory	DOE
RA	4,776,000	Advanced Scientific Computing—LLNL	Lawrence Livermore National Laboratory	DOE
RA	85,811	Advanced Scientific Computing—ORNL	Oak Ridge National Laboratory	DOE

RA	2,500,000	National & Regional Visual Analytics Centers	Pacific Northwest National Laboratory	DOE
RA	250,000	Environmental Measurements Laboratory Second Qtr Funding for fiscal year 2004.	Environmental Measurements Laboratory	DOE
RA	1,298,500	CBNP fiscal year 2003 Continuation and New Start Funding.	Los Alamos National Laboratory	DOE
RA	4,833,500	CBNP fiscal year 2003 Continuation and New Start Funding.	Lawrence Livermore National Laboratory	DOE
RA	1,500,000	Photofission-Based Nuclear Material Detection and Characterization.	Idaho National Engineering and Environmental Laboratory.	DOE
RA	1,600,000	(Tri-Lab) Threat-Capability Assessments—LANL	Los Alamos National Laboratory	DOE
RA	1,600,000	(Tri-Lab) Threat-Capability Assessments—LLNL	Lawrence Livermore National Laboratory	DOE
RA	1,600,000	(Tri-Lab) Threat-Capability Assessments—SNL	Sandia National Laboratory	DOE
RA	15,300,000	First Responder CBRNE Protective and Operational Equipment Standards Development Program.	National Institute of Standards and Technology (NIST).	DHS
RA	280,000	RADNUC Attribution Advisor	Lawrence Livermore National Laboratory	DHS
RA	255,000	Border Safe Phase II	SPAWAR	DHS
RA	2,257,098	Plum Island Animal Disease Center (PIADC) O&M Services Contract—Remainder of funding.	Plum Island Animal Disease Center (PIADC)	DHS
RA	1,199,370	ORISE Merit Review for HS Centers	Oak Ridge Institute for Science and Education (ORISE).	DOE
RA Total	186,199,518			
SBIR	17,170,000	Small Business Innovation Research Program (SBIR)	Multiple Awards Pending	Department of the Interior National Business Center/Fort Huachuca
SBIR Total	17,170,000			

QUESTION SUBMITTED BY SENATOR DANIEL K. INOUYE

Question. I continue to have constituent businesses contact my office to ask for information about grant opportunities from the Department of Homeland Security. My staff has requested a briefing from the Science and Technology Directorate. However, the requested briefing has so far not been provided. Upon researching on the website, my staff came upon an invitation to attend a Department of Homeland Security Industry Forum. Mr. Chairman, I request that a copy of this notice be placed in the record.

I would like to quote from this announcement:

This two-day forum will provide industry the opportunity to hear, first-hand, what technology needs and requirements DHS will have in the coming years. DHS staff will provide detailed briefings on technology R&D and T&E requirements for the Department, as well as, where and when to apply for DHS funding.

A brief itinerary and list of speakers, including several members of your staff, is attached. This sounds like a great forum that my staff and constituents would be interested to attend. However, a list of registration fees is also included. The fees range from $425 for members of the government to $625 for private industry. I was surprised to learn of the high cost to attend this government briefing. Why are government employees required to pay $425 to learn about these funding opportunities? Why is DHS charging other entities for this information?

Answer. Fees for this conference were maintained at levels as low as we believed feasible. In accordance with standard government practice, fees were set to help offset the costs of conducting a public forum rather than supporting the conference with public funds.

QUESTIONS SUBMITTED TO INFORMATION ANALYSIS AND INFRASTRUCTURE PROTECTION

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

BIODEFENSE COUNTERMEASURES (BIOSHIELD)

Question. The President's budget proposes to transfer the Strategic National Stockpile back to the Department of Health and Human Services but not project Bioshield. IAIP's role in the project BioShield is to make the threat assessments necessary to determine proper BioShield investments which is the rationale for the Department of Homeland Security having responsibility for this program.

What assessments have been carried out by Information Analysis and Infrastructure Protection of our vulnerabilities to biological attacks to guide decisions as to the investments which should be made to develop, produce and pre-purchase vaccines or other medications from BioShield?

Answer. The Department of Homeland Security has been assigned a role in several bioterror initiatives. One such initiative, Project BioShield, specifies DHS work with the Department of Health and Human Services (HHS) and several other Federal agencies to ensure resources are available to combat a sudden chemical or biological attack. The central premise for this program is the government must prepare for such attacks by acquiring the best vaccines/drugs for pathogens such as smallpox, anthrax and botulinum toxin. To do so, current Project BioShield guidelines require DHS evaluate likely biological/chemical threats and identify promising bioresearch R&D to best address such an attack.

DHS is currently involved in an initiative designed to protect the Nation against bioterrorism. This initiative, known as the Bio-Surveillance Program, has been in operation since 2003. This program not only enhances on-going surveillance in areas such as human health, hospital preparedness, State and local preparedness, vaccine research and procurement, animal health, food and agriculture safety and environmental monitoring but will integrate these data streams with intelligence data in a comprehensive fashion.

IAIP's role in the Bio-Surveillance Program is developing a real-time system for harvesting data on the health of our population, animals, plants, and food supply, as well integrating this information with environmental monitoring and intelligence data. This integration can enable better decision-making and a more rapid Federal, State, and local response. Coordination between DHS and the Department of Health and Human Services and the Department of Agriculture is ongoing. This data exchange will help DHS, HHS, and other Federal agencies evaluate potential health threats and guide bioterrorism preparedness resource investments.

CYBER SECURITY

Question. The National Cyber Security Division, as part of the Information Analysis and Infrastructure Protection Directorate, recently unveiled the National Cyber Alert System which intends to deliver information to home computer users and technical experts in business and government agencies to better secure their computer systems from the latest computer viruses.

What progress has been made by the National Cyber Security Division to prevent the spread of this computer virus as well as future virus and worm outbreaks?

Answer. The lynch pin to preventing the spread of computer viruses and worm outbreaks is a robust and mutually beneficial relationship with the private sector. Cyber security is often a reactive process because the initiative rests with hackers and malicious agents. Developing and maintaining a partnership with the private sector is therefore a crucial means to both responding quickly to emerging threats and taking proactive measures to forefend against potential threats. The DHS/US–CERT Partner Program is composed of members that recognize their responsibility to their organizations and the Nation to improve the current and future state of cyber security. Members collectively and individually realize the need to take action and abide by principles and practices that are appropriate as critical infrastructure operators, communities of interest, vulnerability researchers, educators, and software vendors. The Partner Program consists of participants from various sectors of the cyber community who must agree to meet certain criteria in order to achieve the designation of DHS/US–CERT partner. These criteria are designed with the aim of preventing occurrences such as the spread of computer viruses and worms and other malicious activities.

Another important tool for the prevention of worms and viruses is the National Cyber Alert System. Americans are exhibiting a keen interest in the alert system. On day one of the National Cyber Alert System launch, we had more than one million hits to the US–CERT website. Today, more than 250,000 direct subscribers are receiving National Cyber Alerts to enhance their cyber security. Through the alert systems, Americans are able to receive information that is accurate and actionable. It is our goal to inform the public about the true nature of a given incident, what the facts are, and what steps they can and should take to address the problem. The offerings of the National Cyber Alert System provide that kind of information. To date, we have issued seven security tips, six security bulletins, ten technical alerts, and six non-technical cyber alerts in response to cyber security incidents through the National Cyber Alert System. We strive to make sure the information provided is understandable to all computer users, technical and non-technical, and reflect the broad usage of the Internet in today's society. As we increase our outreach, the National Cyber Alert System is investigating other vehicles to distribute information to as many Americans as possible.

Question. What is the relationship of the National Cyber Security Division with the Terrorist Threat Integration Center (T–TIC) on combating computer viruses by terrorists?

Answer. NCSD, in partnership with DHS/IAIP/IA works intensively with the law enforcement and intelligence communities including the TTIC in order to develop a comprehensive threat, risk, attribution assessment and response capability.

Question. What law enforcement agency has primary jurisdiction in enforcing cyber crimes?

Answer. No single law enforcement agency has primary jurisdiction in the investigation of cyber crime. The FBI and Secret Service are the most visible, pervasive agencies, but other organizations, such as the IRS' Office of the Inspector General or ICE's Cyber Smuggling Division, have specialized areas of responsibility in the areas of enforcing cyber laws.

HOMELAND SECURITY ADVISORY SYSTEM

Question. The Homeland Security Advisory System has evolved from a nationwide threat level status to more specific targeted areas since the latest threat level decrease in January. While the threat level is currently at an "Elevated Condition", or code yellow, specific cities and the aviation sector remain at the "High Condition", or code red. This more targeted threat level status helps focus limited resources on the most credible threat areas and at the same time allows law enforcement and first responders in other parts of the country to "stand down" while remaining vigilant. In recent testimony, Secretary Loy testified that the Department was "very close" to unveiling a system that would allow specific threat warnings to about a dozen economic sectors.

With the improvement of intelligence that has included detailed specific terrorist threats for certain metropolitan areas and specific sectors of industry, what further enhancements do you envision for the Homeland Security Advisory System?

Answer. With each raising and lowering of the Homeland Security Advisory System (HSAS), the Department of Homeland Security learns new lessons and improves its notification process. As the system has evolved, it has come to reflect the need for certain metropolitan areas and/or specific areas of industry to be notified at different times or at different levels than others. As such, DHS has become adept at providing information to such specific audiences as states and sectors through Homeland Security Information Bulletins and Advisories. Additionally, Department officials speak personally with representatives and officials of threatened States and industries, when the need arises. This personal communication, along with the ability of the system to allow DHS to communicate to certain areas what their alert level should be embody the enhancements that have been needed this far.

Question. Are you looking to enhance or improve upon any of the eight existing Federal warning systems that are currently being operated nationwide?

Answer. Yes. With the $10,000,000 provided to IAIP in last year's Homeland Security Appropriations Conference Report (108–280) we plan to enhance and upgrade NOAA Weather Radio and the Emergency Alert System (EAS), and possibly other systems. A few vital efforts have been identified for immediate funding. Those include improving the coverage and survivability of the EAS by (1) installing a satellite-based message delivery capability and (2) by adding EAS stations to all 50 States (to include State Emergency Operations Centers) and U.S. territories. Also, there are pilot projects planned to: (1) examine how reverse 911 can be used to help disseminate alert and warning information; and (2) demonstrate how new technologies such as digital TV broadcasts/datacasting using spectrum offered by public TV can be used to improve our ability to alert the American public. These three projects represent a portion of the $10,000,000, but the bulk of the funding will be allocated after completion of a study of available and planned alert and warning systems to develop integrated, capabilities-based architecture recommendations. This study will be completed by the end of summer.

HOMELAND SECURITY INFORMATION NETWORK

Question. Another enhancement being made by the Department in the area of information sharing is the new Homeland Security Information Network which will be able to disseminate threat information to Federal, State and local law enforcement agencies.

Is the Department on schedule to complete the first phase of the network this summer, and what is the targeted deadline to complete the flow of real-time information to all relevant end-users throughout the country?

Answer. The Department is on schedule to meet the summer deadline. We plan to begin expansion of HSIN to the county level, in conjunction with the each State's individual rollout plans, by the end of year. By the beginning of next year, we plan to be actively engaged with other homeland security partners, such as the private sector, to support further real time, secure collaborative information flow.

Question. How will the Homeland Security Information Network be different from the Joint Regional Information Exchange System and Regional Information Sharing Systems which are already in place and in use?

Answer. The Homeland Security Information Network (HSIN) is the overarching network for the Department of Homeland Security (DHS) to provide information exchange and real time collaboration between Federal, State, and municipal authorities. Within the initial program there will be four HSIN areas: HSIN/DM (Decision Maker-used by Federal, State and Urban area homeland security advisors); HSIN/EOC (used primarily by Federal, State and urban emergency operations centers); HSIN/NG (used primarily by the NGB and the State adjutant generals); and the HSIN/JRIES (used primarily by law enforcement and intelligence agencies). This summer, other areas within HSIN, like the Secret and DHSInfo areas will be activated. HSIN is the umbrella program under which all of these virtually private networks are contained.

While there is a need to be able to disseminate intelligence information across the full spectrum of the HSIN system, the primary HSIN tools to be used for intelligence dissemination will be the HSIN/JRIES (Law Enforcement and intelligence information) area and the HSIN/Secret network (JRIES at the Secret level). This will initially run on the National Guard (SIPRNet) backbone then migrate to the HSDN network once the DHS classified system becomes operational.

The goal of HSIN is to have an integrated system that uses the same tools and applications. These applications will run on separate areas of the HSIN network de-

fined by the user group's clearance, need to know, and need to act as approved by DHS.

CYBER SECURITY

Question. The Department's new initiative "Live Wire" will test civilian agencies' security preparedness and contingency planning by staging cyber attack exercises to evaluate the impact of widespread computer disruptions. Recent instances, such as the power outages in the Northeast this past August, are an example of how an attack on our critical infrastructures, such as a cyber attack by terrorists on our Nation's utility industry, could cascade across a wide region if the proper precautions are not taken immediately.

What was learned from previous simulated terrorist attacks on the Nation's cyber infrastructure, and how will "Live Wire" build upon current programs?

Answer. Strategically, Livewire demonstrated the impact of a cyber-based attack on critical infrastructures. The exercise highlighted the interdependencies among our critical infrastructures and underscored the requirement for enhanced cross-sector cooperation. At the tactical level, Livewire demonstrated the need to enhance processes for communicating cyber protection information to the public and for two-way information sharing with the private sector. Livewire prompted us to enhance our vulnerability identification and reduction capabilities. This drove us to create the Cyber Interagency Incident Management Group (Cyber IIMG) to coordinate intergovernmental preparedness and response operations. It also spurred us to expand the reach of emergency communications capabilities using a technologically advanced, secure network. In addition, we launched the National Cyber Alert System as a dissemination mechanism to provide the broadest population of public stakeholders with accessible, relevant, actionable alerts and information.

Question. How do you coordinate "Live Wire" exercises with private industry to test their cyber infrastructure vulnerabilities, and what gaps in coordination have been revealed between government agencies and the private sector?

Answer. Whereas the first responder and emergency management communities have been exercising at national, regional, and local levels for many years, the cyber response community has only formed over the past decade or so. There have been very few cyber-focused exercises at any level. Efforts to coordinate an effective cyber response capability across State and local jurisdictions and economic sectors are only beginning.

The Federal Government cannot by itself defend cyberspace from current or future threats. Acknowledging this, NCSD collaborates with industry and public-sector stakeholders across the country to define, develop, and exercise the major elements of a national cyber-space security response system. Its goals for the National Exercise Program (NEP) are to:

—Sensitize a diverse constituency of private and public-sector decision-makers to a variety of potential cyber threats including strategic attack;
—Familiarize this constituency with DHS' concept of a national cyber response system and the importance of their role in it;
—Practice effective collaborative response to a variety of cyber attack scenarios, including crisis decision-making;
—Provide an environment for evaluation of inter-agency and inter-sector business processes reliant on information infrastructure;
—Measure the progress of ongoing United States efforts to defend against an attack;
—Foster improved information sharing among government agencies and between government and industry;
—Identify new technologies that could provide earlier warning of attacks;
—Sort roles and responsibilities of government agencies and industry.

NCSD's involvement in the NEP will be guided by two principles: (1) Cyber is only one element of a multifaceted NEP; cyber elements must be closely coordinated with other elements of that program to ensure efficient use of limited resources and the most effective return on exercise investments; (2) Cyber exercise elements must not be sidelined or relegated to an "afterthought" category within the NEP.

Although the NEP is the responsibility of the Office of Domestic Preparedness (ODP), the NCSD will retain overall responsibility for planning and execution of adequate cyber response exercises. The NCSD shall identify a NEP cyber exercise program manager, ensure adequate resources are available for cyber elements of the NEP, including personnel, define NEP cyber exercise objectives and metrics, prioritize NEP cyber exercise events, solicit Federal agency and department participation in cyber-focused elements of the NEP, and initiate or approve Statements of Work for contracted cyber exercise activities.

Wherever appropriate, the NCSD will coordinate ODP on funding and personnel issues.

The NCSD requires a set of cyber-focused exercises that build grassroots cyber response capabilities quickly while also elevating the concept of strategic cyber attacks and maturing a national cyberspace security response system capable of dealing with them. Cyber-focused exercises must include a series of regularly scheduled "Building Block" exercises followed by a culminating, nationally scoped exercise similar to Livewire, also the continuation of tabletop events hosted by the USSS (Electronic Crimes task Forces).

We also require that cyber be included as an important element in targeted NEP events that do not have a cyber focus. Examples are TOPOFF, FEMA (EP&R) readiness exercises, and policy-focused seminars for senior officials. Each of these exercise events should include cyber scenarios and cyber responders.

NATIONAL CRITICAL INFRASTRUCTURES

Question. Recently published was the interim final rule for the voluntary submittal of critical infrastructure information by private industry to the Department of Homeland Security with assurances that the proprietary data submitted would be safe from public disclosure.

What level of cooperation with private industry do you anticipate as you gather information on the Nation's critical infrastructures?

Answer. It is difficult to forecast the extent to which private industry will voluntarily share critical infrastructure information with DHS. We only know that private industry has consistently stated in the past that two barriers to sharing information with the government were concerns that (1) the information would be released to the public under the Freedom of Information Act and (2) the disclosure could create a civil liability for the company sharing the information. The Critical Infrastructure Information Act of 2002 and the Interim Final Rule which implements it, we believe, removes these two barriers to information sharing with the government.

Question. How will the publishing of this rule help the Department in its effort to safeguard the country's privately-held critical infrastructures?

Answer. The CII Act and implementing regulations provide private industry assurances that critical infrastructure information they voluntarily share with the government will be protected from release to the public and from use in civil litigation. We believe the PCII Program will enable the Department to receive critical infrastructure information that would not have previously been available to the government, thereby allowing for a better understanding of threats.

Question. What incentive is there for private industry to volunteer information to the Federal Government?

Answer. Private industry realizes they can assist in efforts to improve homeland security by volunteering information. What was needed was a means for them to share information that is usually considered proprietary and shielded from competition here and abroad. With the protection from FOIA disclosure offered by the CII Act, we believe the private sector can now share sensitive and confidential information that we can be analyzed to identify threats and vulnerabilities. Such analysis will provide the basis not only for developing measures to deter the threats and mitigate the vulnerabilities to which the critical infrastructure is exposed, but also for improving Federal, State, and local governments' emergency preparedness posture to respond to any attacks more effectively.

Question. In December of last year, a Homeland Security Presidential Directive was issued to produce a comprehensive, integrated National Plan for Critical Infrastructure and Key Resources Protection for all Federal departments and agencies to outline national goals, objectives, milestones, and key initiatives to be completed within 1 year.

With various departments and agencies previously conducting assessments of their vulnerabilities, do you believe this directive can be completed earlier than the deadline of December of this year?

Answer. The President intends that we meet the requirement to develop the NIPP by December 2004, but, given the urgency of the need, we will complete it earlier if possible.

Question. Has funding been requested in other departments' and agencies' budgets outside of the Department of Homeland Security to carry out the Presidential directive, or will the Department of Homeland Security be requested to assist other agencies in the assessment of critical infrastructures?

Answer. Under HSPD–7, Sector-Specific Agencies shall, among other things, "conduct or facilitate vulnerability assessments" of their respective sectors in accordance

with guidance provided by the Department of Homeland Security. Each department and agency will need to budget for efforts to carry out their HSPD–7 responsibilities and provide that information to the President and the Congress.

Question. The Congress made available over $343,000,000 for Remediation and Protective Actions for fiscal year 2004 for critical infrastructure identification, to conduct vulnerability field assessments of critical infrastructures, and to create a database of vulnerabilities affecting the highest priority terrorist targets in order to develop better security measures for the protection of facilities and national assets.

What is the timeline of your Directorate for identifying our Nation's critical infrastructures, and what progress has been made in field assessments of the critical infrastructures that have already been identified?

Answer. We have built the National Asset Database (NADB). It is a comprehensive database designed to catalogue the Nation's critical infrastructure and key assets (CI/KA). The central purpose for constructing this database is to identify assets that may be attractive targets to terrorists so measures can be taken to help mitigate risk. There are now approximately 33,000 sites listed on the NADB, and DHS continues to receive additional nominees from States and territories. We view the NADB as a living database, therefore sites will be added or removed as warranted by ongoing assessments. Inputs continue to be received and from private industry as well as Federal, State and local governments.

In regards to field assessments of identified critical infrastructures, over the past 6 months DHS has conducted approximately 89 Site Assistance Visits (SAVs) for the highest priority sites and produced 25 Characteristics and Common Vulnerabilities (CCVs) reports on vulnerabilities for specific classes of CI/KA.

We anticipate completing another 74 CCVs by the end of the fiscal year and conduct any necessary SAVs.

Question. Who will retain the database of vulnerable critical infrastructures, and who will have access to it?

Answer. DHS will retain the NADB. As we receives additional input from States, territories, and other Federal agencies it will update/maintain the NADB and share asset information with other DHS entities, such as the Office for Domestic Preparedness (ODP), to help prioritize resource allocation for the implementation of protective measures to safeguard our Nation's critical infrastructure and key assets. State-specific information will also be shared with State Homeland Security Advisors as appropriate both to solicit comments and to identify State priorities. Appropriate access will be and is grant to private industry concerning their data and assets.

Question. What type of security procedures for our Nation's identified critical infrastructures have been implemented?

Answer. As priority assets are identified, we conduct risk analyses and consequence of attack analyses to help determine which sites are at greatest risk. PSD then develops plan templates and other tools to assist owners and operators in developing Buffer Zone Protection Plans (BZPPs) and site security protection plans. The BZPP helps develop effective preventive measures that make it more difficult for terrorists to conduct surveillance or launch attacks from the immediate vicinity of a possible target.

OFFICE FOR DOMESTIC PREPAREDNESS USE OF DATABASE INFORMATION

Question. In recent testimony, Secretary Ridge cited that the "maturity and growth" of the Information Analysis and Infrastructure Protection Directorate is allowing for better targeting of resources for the Office for Domestic Preparedness in the decision-making process for the distribution of grants to high threat areas across the country.

What improvements have been made over the past year by the Information Analysis and Infrastructure Protection Directorate to assist the Office for Domestic Preparedness in making sure that Federal funds are going to the areas where the threat of a terrorist attack is the greatest?

Answer. IAIP assisted ODP in the identification of a set of critical assets from the NADB that most warranted additional resources to enhance their security for fiscal year 2004. This resulted in the identification of approximately 1,700 assets onto a fiscal year 2004 list of assets warranting special attention for fiscal year 2004 funds.

Future development of the NADB and our efforts to identify and prioritize national critical infrastructure and key assets will, we believe, help us ensure the best protection of critical infrastructure and best use of Federal resources.

Question. How will the Information Analysis and Infrastructure Protection Directorate work to share information catalogued in the database of critical infrastruc-

tures with the Office for Domestic Preparedness to target grants to the country's highest threat areas?

Answer. Similar to fiscal year 2004, an analytical framework will be used to identify and prioritize assets on the expanded NADB, and this information will be shared with ODP to help develop its lists of assets that may require grant assistance in fiscal year 2005.

Intelligence capabilities 10. The President's budget proposes a $19,300,000 decrease in funding for the Information Analysis and Infrastructure Protection Directorate in order to centrally fund the Terrorist Threat Integration Center (T–TIC) with other intelligence programs and also to centrally fund the Federal Bureau of Investigation's (FBI) Terrorist Screening Center with Department of Justice programs.

Question. Without the contribution of funding that the Department of Homeland Security currently makes to the Terrorist Threat Integration Center, do you believe that the Department will have an adequate intelligence presence in T–TIC?

Answer. Yes. The Department of Homeland Security (DHS) will provide 10 percent, or 30 personnel, to the Terrorist Threat Integration Center's (TTIC's) end goal of 300 personnel. This, as well as the close working relationship that TTIC and the DHS Office of Information Analysis (IA) have developed ensures an initial intelligence presence at TTIC.

Question. What will the Information Analysis and Infrastructure Protection's role be in the Terrorist Threat Integration Center and the Terrorist Screening Center without providing any funding of its own?

Answer. Per the explanation above, the DHS Information Analysis and Infrastructure Protection (IAIP) Directorate's role in both TTIC and the Terrorist Screening Center is the physical presence of personnel at each location. DHS analysts will inform the TTIC's work. Conversely, TTIC analysts will inform DHS' analysis. In addition to analytical personnel, DHS senior leadership will retain their presence at each center.

Question. How do you prevent a duplication of intelligence gathering and intelligence analysis with the Terrorist Threat Integration Center?

Answer. Terrorism analysis is a complex issue. It is an area where a certain amount of multiple analyses from different perspectives is preferred. To ensure no vital piece of intelligence is missed, the analysis of terrorist information is a shared responsibility.

DHS' Office of Information Analysis (IA) analytical intelligence mission is to protect the American homeland against terrorist attack. To do so, IAIP maps terrorist threats and capabilities against assessed vulnerabilities. IA also communicates information to State, local, tribal, major city, and private sector officials. TTIC's primary responsibility is the analysis of all international terrorism threat information whether collected domestically or abroad.

Question. Without a request for funding within the Department of Homeland Security for the integration of the multiple terrorist watchlists, how will the Department of Homeland Security participate in consolidating various agencies' terrorist lists?

Answer. The Department of Homeland Security is participating in the Terrorist Screening Center (TSC) through physical location of personnel in the center.

Question. Please distinguish the functions of T–TIC from the intelligence functions of the Information Analysis and Infrastructure Protection Directorate.

Answer. As a Directorate, IAIP enables, develops, and sustains the capability to continuously identify, assess, and prioritize current and future threats to the homeland, map those threats against vulnerabilities, issue timely warnings, provide the basis from which to organize protective measures to secure America, and assist in coordinating the response and restoration of critical infrastructure functions. Currently, IAIP is moving forward in carrying out our statutory responsibilities which include:

—Providing the full range of intelligence support to senior DHS leadership and component organizations and to State and local and private sector respondents.
—Mapping terrorist threats to the homeland against assessed vulnerabilities to drive our efforts to protect against terrorist attacks
—Conducting independent analysis and assessments of terrorist threats, including competitive analysis, tailored analysis, and "red teaming"
—Assessing the vulnerabilities of key resources and critical infrastructure of the United States
—Merging the relevant analyses and vulnerability assessments to identify priorities for protective and support measures by the Department, other government agencies, and the private sector

—As a full member of the Intelligence Community, the Office of Information Analysis partnering with other IC members, TTIC, law enforcement agencies, State and local partners, and the private sector, as well as DHS' components to manage the collection and processing of information involving threats to the Homeland into usable, comprehensive, and actionable information.

—Disseminating time sensitive warnings, alerts and advisories to Federal, State, local, and tribal governments and private sector infrastructure owners and operators

TTIC is an interagency joint venture of its partners. The TTIC members include, but are not limited to, the Department of Justice/FBI, DHS, CIA, National Security Agency, National Imagery and Mapping Agency, Defense Intelligence Agency, and the Department of State. Through the input and participation of these partners, TTIC merges and analyzes terrorist threat-related information, collected domestically and abroad, in order to form the most comprehensive possible threat picture, and disseminate such information to appropriate Federal Government recipients. TTIC draws on the particular expertise of its participating members—such as DHS' focus on homeland security and CIA's focus on terrorism information collected overseas—thereby ensuring that the terrorist analytic product takes advantage of, and incorporates, the specialized perspectives of relevant Federal agencies. TTIC provides comprehensive, all-source terrorist threat analysis and assessments to U.S. national leadership.

Currently, DHS representatives are located at TTIC, working day-in-day-out, participating in processing and analyzing terrorist threat-related information, developing, shaping, and disseminating TTIC products, assessing gaps in the available information, and ensuring that TTIC products reach appropriate DHS Headquarters elements. Through DHS, the necessary information, including threat descriptions, suggested protective measures, and locations of additional information, then reaches the appropriate State, local, tribal, major city and private sector officials. Analysts assigned to TTIC ensure that TTIC's work directly supports DHS' unique mission to protect the homeland. The threat information integration and analysis that is the beginning, not the end, of DHS' protective mission, will most effectively be carried out, as Congressional and other reviews have recommended, when all terrorism threat-related activities of the U.S. Government work together seamlessly.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

NATIONAL INFRASTRUCTURE SIMULATION AND ANALYSIS CENTER

Question. Mr. Libutti, the Department of Homeland Security has taken ownership of the National Infrastructure Simulation and Analysis Center, or NISAC. NISAC was developed by Sandia and Los Alamos National Laboratories to simulate and analyze various events and the cascading effects on critical infrastructure in the United States. Following the September 11th terrorist attacks, NISAC took on added importance as the Administration and Congress focused on homeland security. The fiscal year 2004 Homeland Security Appropriations Act had approximately $23,000,000 for NISAC. Would you please give the Subcommittee the status of the allocation of the fiscal year 2004 funding?

Answer. The Homeland Security Appropriations Act of 2004 did not contain a specific line item for services to be provided by the National Infrastructure Simulation and Analysis Center (NISAC). However, the Department has set aside $20,000,000 in October 2004 for NISAC programmatic efforts to be performed by Los Alamos National Laboratory ($10,000,000) and Sandia National Laboratory ($10,000,000). Some of the planned NISAC activities include chlorine industry studies, analyses of rail system and electric power disruptions, assessments of Hurricane Isabel impacts on infrastructure, port and inland waterway modeling, as well as urban infrastructure modeling.

Question. How much is in the President's fiscal year 2005 budget request to support activities by NISAC?

Answer. The fiscal year 2005 request for the NISAC is $27,000,000.

Question. What are some of the activities envisioned in the fiscal year 2005 budget for NISAC?

Answer. NISAC fiscal year 2005 activities are expected to include expansion of the Center's developing National and Regional Tools into additional regions and cities of the Nation. Additionally, NISAC will begin developing consequence analysis and decision support tools to support the following:

—Expansion of the urban infrastructure suites models for transportation, telecommunications, water, public health and energy to additional high threat urban areas.
—Expansion of the dynamic simulation models to selected east and west coast ports.
—Expansion of the interdependent energy infrastructure simulation system.
—Expansion and testing of the waterways asset prioritization tool in concert with the U.S. Coast Guard and Army Corps of Engineers.
—Continued expert analysis and support to short term actions for the Department's primary missions using the Center's developing infrastructure models.

One of the items that transferred from the Department of Energy to the Department of Homeland Security with NISAC was an appropriation of $7,500,000 for the construction and equipping of a NISAC facility at Kirtland Air Force Base in Albuquerque, New Mexico, which is adjacent to Sandia National Lab. Those funds have not been released for their intended purpose.

Question. What is the delay in moving forward on this important facility?

Answer. IAIP continues to move forward with the plans to build the facility, giving full consideration to the elements of the program and our obligation to comply with NEPA and other Federal statutes applicable to Federal construction projects.

Question. What is the status of the $7,500,000 appropriation specifically for the NISAC facility? Are those funds being held for the intended purpose?

Answer. IAIP continues to move forward with the plans to build the facility, giving full consideration to the elements of the program and our obligation to comply with NEPA and other Federal statutes applicable to Federal construction projects.

Question. When can the Subcommittee expect the Department of Homeland Security to break ground on the NISAC facility in New Mexico?

Answer. IAIP continues to move forward with the plans to build the facility, giving full consideration to the elements of the program and our obligation to comply with NEPA and other Federal statutes applicable to Federal construction projects.

QUESTION SUBMITTED BY SENATOR LARRY CRAIG

Question. Gen. Libutti I would like to compliment you on your approach to working with the national laboratories. It is clear that your management team is committed to using the best capabilities available in the most efficient way. In that vein, I would like to invite you to visit the Idaho National Engineering and Environmental Laboratory to learn more about how INEEL can contribute to your engineering, testing, and evaluation needs. The INEEL is in the process of standing up its national Critical Infrastructure Protection Test Range. Your organization is now using some of the resources that exist there. I think you will find it valuable to learn first hand the breadth of capabilities they have to offer your organization and their abilities to help you accelerate the implementation of many of your programs.

In the longer term, I presume that testing and evaluating technologies before deployment by IAIP will be an important part of your mission.

How much value do you see in having a national critical infrastructure protection test range available to you to accomplish your mission?

Answer. I see great value in a facility that gives DHS the ability to test and evaluate infrastructure protection Technologies. As you noted, the Idaho National Engineering and Environmental Laboratory (INEEL) provides just such a Test and Evaluation (T&E) and modeling capability to DHS to help guide the development of critical infrastructure protection systems.

INEEL has functional electrical grids, nuclear power plants and chemical processing facilities on its premises. INEEL engineers have been using this facility to conduct vulnerability and risk assessments on critical infrastructure for years. Furthermore, the test range itself is located in a remote and isolated area, giving the INEEL staff the freedom to conduct real world, hands-on vulnerability assessments without placing a local population at risk.

As you may know, the Protective Security Division (PSD) of IAIP already is working with INEEL to address the vulnerabilities of our Nation's critical infrastructure by developing a National SCADA Testbed and a Process Control Security and Vulnerability Reduction Center. This new and important partnership between DHS and INEEL will help protect the Nation's critical infrastructure systems from both inadvertent failures and malicious attacks.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

CRITICAL INFRASTRUCTURE PROTECTION

Question. The budget for remediation and protection of critical infrastructure includes the identification of critical infrastructure and assessing vulnerabilities in addition to implementing remediation and protection measures. For fiscal years 2004 and 2005, please estimate, by critical infrastructure sector, the amounts actually spent or planned to be spent on identifying critical infrastructure and assessing vulnerabilities versus the amount spent on remediation or protection of critical infrastructure. For protective measures, please distinguish between investments made for "buffer zones" versus investments made to harden security "on site."

According to the Department, 85 percent of the critical infrastructure is owned by the private sector. In assessing the need for Federal investments to secure our critical infrastructure, it will be essential for Congress to have measurable benchmarks of private sector investments in such infrastructure, such as investments in chemical facilities, port security, and cyber-security. Please provide the subcommittee with any benchmarks that have been established that show the private sector is making the necessary investments to secure our critical infrastructure and key assets.

Please explain in detail how the $19,900,000 appropriated in fiscal year 2004 and the $19,900,000 requested in fiscal year 2005 will be spent for "Protective Security Centers." How many centers have been established or planned to date and where are they located? How much funding is needed for each center? What purpose does each center serve?

Answer. As a result of a mid-year review, two Protective Security Centers are planned for fiscal year 2004; one is linked to NYPD and another to LAPD. These centers, at a total cost of $10 million, will assist DHS to (a) identify critical assets in metropolitan areas for inclusion in national databases; (b) create partnerships between the police departments and protective security officials in the private sector to focus on combined protective activities; (c) reinforce Federal-State-local incident management procedures; and (d) develop training and exercise programs focused on protection vice response. Additional centers may be established in fiscal year 2005 and strategically located across the country to best serve law enforcement agencies. Funds are being used for the physical build-out and furnishing of the Centers with required infrastructure, computers and other necessary equipment and supplies. The respective police departments will staff the Centers.

CHEMICAL PLANT SECURITY

Question. The General Accounting Office recently testified that "despite the industry's voluntary efforts, the extent of security preparedness at U.S. chemical facilities is unknown."

Explain IAIP's role in assessing vulnerabilities and taking protective at chemical security plants? How much of IAIP's fiscal year 2004 and fiscal year 2005 budget, respectively, is dedicated to chemical plant security. For each fiscal year, please specify the amount spent or planned for vulnerability assessments, the number of chemical plants IAIP will provide vulnerability assessments for in fiscal years 2004 and 2005, and provide the amount planned for protective actions. Please specify, in detail, the protective actions IAIP will take in fiscal years 2004 and 2005 to secure chemical plants. Provide the amount of funding that is being spent to secure the area surrounding chemical plants versus funding being spent to harden security at the chemical plants themselves.

Due to the dynamic threat environment combined with the ongoing effort to identify and prioritize the Nation's critical infrastructure and key assets (CI/KA), IAIP budgets reflect efforts to reduce vulnerabilities across all sectors to maximize flexibility in responding to emerging threats. That said, in fiscal year 2004 over $38.5 million of PSD's budget was dedicated to collecting, cataloging, and analyzing vulnerability assessment information across all sectors. The President's fiscal year 2005 budget has dedicated $38.7 million towards these efforts, enabling us to continue to reduce the vulnerabilities of our Nation's CI/KA.

DHS has conducted approximately 19 Site Assistance Visits (SAVs) specifically to chemical facilities to assess their common vulnerabilities. The data collected during these site-specific visits is used to produce tools to help critical infrastructure owners and operators bolster protective measures.

One such tool is the Characteristics and Common Vulnerabilities (CCVs) report series on vulnerabilities for classes of critical infrastructure and key assets (CI/KA). A CCV report for chemical facilities and a separate CCV for chemical storage facili-

ties have been produced by PSD, and both are available to owners and operators of these facilities.

Answer. We also are assisting State and local authorities, as well as private industry, in developing Buffer Zone Protection Plans (BZPPs) for areas immediately adjacent to the "fence line" of critical infrastructure. The approximately 1,700 BZPPs completed by the end of 2004, included roughly 360 chemical sites warranting special attention. For fiscal year 2004 we allocated up to $50,000 per CI/KA site for vulnerability reduction. A data call is currently underway to support the identification of sites for attention in fiscal year 2005 and Protective Security Division (PSD) is excepting to complete roughly 2,000 BZPPs next year.

Building upon a program initiated in fiscal year 2004 (funded at $3.25 million), the DHS fiscal year 2005 budget request has approximately $10.8 million dedicated to the acquisition of web cam monitors for the chemical sector. These monitors will be installed adjacent to designated critical chemical sites to extend their buffer zones and enhance protective measures. DHS' plan is to provide this equipment to local law enforcement agencies to install on public right of ways to monitor the security of these facilities.

DHS also has established a protection, training, and planning program for State homeland security personnel, local law enforcement, chemical facility operators and site security personnel. Periodic drills among the protective community will be conducted to exercise chemical facilities' response plans in case of a terrorist attack. PSD will continue to work with the Office for Domestic Preparedness to incorporate chemical plant security into national exercises.

We are also in the process of developing plans for and deploying Protective Security Advisors (PSAs). Each PSA will have responsibility for a specific region of the county and will maintain a close relationship with the chemical plant owners and operations in their specific area of responsibility. PSAs will facilitate information sharing, organize protective security training, assist in emergency coordination, and represent DHS in the communities in which they are posted. Security Augmentation Teams (SATs) are also being developed. SATs will consist of about 25 personnel who are drawn primarily from major urban SWAT units. These SATs will focus on protecting high-value sites, including critical chemical facilities, will develop working relationships with the site's permanent protective security team, and will become familiar with the site's specific vulnerabilities. The PSA and SAT programs, still in their early stages and are being actively pursued.

The activities described above in fiscal year 2004 and continued in fiscal year 2005 will not only greatly increase chemical site security and across all other sectors, but will increase our Nation's general protective capacity.

INTEGRATED TERRORIST WATCH LIST

Question. What resources, if any, are being used in fiscal year 2004 and planned for fiscal year 2005 to integrate lists of terror suspects held by different agencies? What is the timeline for having a fully functional integrated watch list? What role will IAIP play in the Terrorist Screening Center?

Answer. The Department of Homeland Security is allocating approximately $8,000,000 to the Terrorist Screening Center (TSC) for fiscal year 2004. In fiscal year 2005, DHS will not contribute funds to the TSC, but will provide personnel detailed from DHS to the center. Information Analysis and Infrastructure Protection (IAIP) Directorate personnel will continue DHS' contribution to this effort by maintaining ongoing communication and coordination with the center. The Terrorist Screening Center (TSC) is fully operational now. On December 1, 2003 the TSC began 24/7 call center operations, coordination of the U.S. Government response, ensuring information collected was distributed to the appropriate entities, and established a process for addressing outdated and erroneous terrorist records and misidentifications. The database, TSDB, is currently limited to use at the TSC and will undergo several enhancements between now and the end of the (calendar) year. At that time, agencies will be able to electronically query the TSDB directly and get a systematic response within seconds. Because the TSC now maintains the terrorist information in the multiple systems used, it can ensure all the information appropriate for these systems is included.

IAIP STAFFING

Question. According to information the IAIP directorate provided to the subcommittee, only 263 of 729 authorized positions were on board at the end of February, 2004. IAIP projects that only 543 positions will be filled by the end of fiscal year 2004. It would appear that IAIP will be lapsing millions of dollars that Congress approved for staffing. Do you intend to send the Committee a plan for reallo-

cating these funds? If so, provide a detailed plan for spending these excess funds in fiscal year 2004.

Answer. A memorandum requesting reprogramming/transfer actions has been submitted to congressional committees. This request notifies the committees that IAIP will redirect $23,500,000 from salaries object classes to other object classes for securing space to meet IAIP requirements.

OBLIGATED FUNDING

Question. On March 1, the IAIP directorate provided the subcommittee with an estimate of $426,077,292, which represented the amount of fiscal year 2004 appropriated funds that either have been obligated or committed. Please provide the amount obligated versus committed. In addition, provide the amount of funding planned to be spent via contract in fiscal years 2004 and 2005 versus in-house.

Answer. As of March 1 (February 29 accounting report), IAIP obligations were $199,255,217. The remainder of $226,822,073 was commitments on March 1 that are not yet signed contracts. As an update to this answer, IAIP obligations as of March 31 were $364,419,840, and as of April 30 were $382,475,764.

All of the IAIP Assessment and Evaluation funding of $711,085,630 will be spent via contract or intergovernmental payment. In house salaries and expenses are in a separate Salaries and Expenses appropriation.

SUBCOMMITTEE RECESS

Senator COCHRAN. Let me thank both of you for your cooperation with our subcommittee and your attendance at the hearing this morning. We hope that we will continue to be able to work closely with you as we work our way through the budget process, and that we provide the funds you need to do your job and carry out your mission successfully.

I don't think we have any more important responsibility in government than what we're doing here in the Department of Homeland Security and in this subcommittee that provides the funding for these activities.

We will stand in recess until the next hearing of our subcommittee when we will continue our review of the 2005 budget request. We will have a hearing on March 9, in this same room. Our witness at that time will be the Under Secretary for Border and Transportation Security, the Honorable Asa Hutchinson.

Until then we stand in recess.

[Whereupon, at 11:47 a.m., Tuesday, March 2, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 9.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

TUESDAY, MARCH 9, 2004

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

The subcommittee met at 10:09 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Gregg, Byrd, and Leahy.

DEPARTMENT OF HOMELAND SECURITY

STATEMENT OF ASA HUTCHINSON, UNDER SECRETARY, BORDER AND TRANSPORTATION SECURITY DIRECTORATE

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The hearing will please come to order. Today we continue our review of the President's fiscal year 2005 budget request for the Department of Homeland Security. We're specifically considering at this hearing the programs and activities within the Border and Transportation Security Directorate. Our objective is to provide the resources the Border and Transportation Security Directorate requires to manage its responsibilities and to carry out its mission successfully.

The President is requesting a total of $14.4 billion in discretionary funding for programs and activities managed by the directorate, which includes the US VISIT project, Customs and Border Protection, Immigration and Customs Enforcement, the Transportation Security Administration, and the Federal Law Enforcement Training Center.

I'm pleased to welcome to this hearing the Under Secretary for Border and Transportation Security, Mr. Asa Hutchinson. Before calling on him, I'm happy to yield to Senator Byrd and other senators who may wish to make opening statements. Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you. Mr. Chairman, you are very kind to delay the hearing until I arrived, and I say this with respect to the other senators as well. I have a problem some mornings in getting to my station on time. I hope that in the future you will not delay the hearings on my account. Please go ahead, and I will understand. You are always punctual, and I would prefer that you not delay hearings on my account.

Welcome, Mr. Under Secretary. Last week, the Department of Homeland Security celebrated its first anniversary. Much has been accomplished. The integration and restructuring of the 22 agencies continues. The hard-working men and women of your Department continue to perform their important jobs. But I remain concerned that there are real vulnerabilities facing this Nation that require immediate responses.

Last December, Secretary Ridge said, quote, "The strategic indicators, including al Qaeda's continued desire to carry out attacks against our homeland, are greater now than at any point since September 11th." So Mr. Chairman, I would think that the Administration would want to address such a threat with a robust front line of defense. Yet, as I review the budget, I find numerous examples of a defense that relies more on paper, more on studies, more on reports, rather than on the layered defense that the President and the Secretary often describe in their homeland security speeches.

Let me just give a few examples. More than 5.7 million containers are brought into this country each year through our ports. Yet, we inspect only 5 percent of these. Most American air passengers would be shocked to learn that, while they and their baggage are subjected to often rigorous inspections, the vast majority of the cargo carried in the belly of the plane in which they are flying is not inspected. The Department claims that they have a so-called known-shipper program that is secure for air cargo, but this is a paper process. TSA personnel review paperwork from the shippers rather than the actual cargo.

TSA has yet to even initiate a pilot program for air cargo inspection. We approved funds last September to hire 100 air cargo inspectors to carry out real inspections and yet, 6 months later, very few inspectors have been hired.

On January 5, 2004, the new visa tracking system known as US VISIT began operations at 115 airports and 14 seaports. As envisioned when first mandated in 1996, this system is supposed to track the entry and exit of visa holders and other visitors to our country. It has been declared a success by the Department, except few realize that, while we are capturing data on people entering this country at the 115 airports, we are getting voluntary information on people exiting the United States at only one airport. We need to do a better job in order to know exactly who is exiting, as well as entering, the United States.

At the same time, we need to ensure that sufficient funds are provided to integrate the various existing biometric databases. We need to make sure that the US VISIT system and the Border Patrol IDENT system are compatible with the FBI's Integrated Automated Fingerprint Identification System.

Last year, pursuant to the Maritime Transportation Security Act, U.S. ports were required to submit security plans to the Department. But to actually make this country safer, money must be provided to help the ports implement those plans. Instead, the President is proposing to cut port security grant funding by over 60 percent.

The Federal Air Marshal Service did not have sufficient resources this year to maintain the number of air marshals on tar-

geted domestic and international flights, and because the Administration has proposed no increase for next year, a bad problem could become worse next year.

I want to make sure that this subcommittee and this Congress provide real homeland security to the American people, not just assurances on paper. The President has told his agencies not to seek supplemental appropriations this year, but I don't think that homeland security can wait. To this end I will be sending a letter to the Secretary today urging him to propose a reallocation of existing resources from nonessential pay accounts to increase funding for port security grants and for the Federal Air Marshals Program right away. I will be discussing these issues today and I'm looking forward to hearing from our witness on these and other issues.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Byrd. Senator Leahy.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman. I know I've served with both of you for well over a quarter of a century on this committee, and I couldn't help but think at the beginning of it, it's nice to know that there are a few of us who still show senatorial courtesies, and both the senior senator from Mississippi and the senior senator from West Virginia constantly show those courtesies, and I appreciate that.

Mr. Secretary, I enjoyed chatting with you this morning earlier. Sometimes people forget that, along with all the serious matters, we have even more serious matters, like how are the children, how are the grandchildren, and a lot of things like that to catch up on. And of course, I see the Under Secretary both in this committee and also in the Judiciary Committee. And I told you before, you have one of the most challenging jobs in the Department of Homeland Security, and I am grateful for your accessibility to Congress during the Department's first year. There were some who thought when you formed the new department you would no longer want to be accessible, and I think your own experience here on the Hill does you well, because you have always been accessible.

I told you when you first took the job you were lucky because you would be inheriting a number of fine employees in my home State of Vermont where we have a very substantial presence. You told me at that time you would make good use of them, and you have kept your word. I am particularly pleased that you and Michael Garcia, who also traveled with you to Vermont, have recognized the tremendous value of the Law Enforcement Support Center, LESC, in South Burlington, Vermont. This LESC provides information to State and local police departments throughout the Nation regarding immigration status and identities of aliens suspected, arrested or convicted of criminal activity, and operates 24 hours a day 7 days a week.

I was over there after a large snowfall and someone said, what do you do in a case like this where you have close to 3 feet of snow that fell in the last 24 hours. And they said, well, you know, what do you do about getting to work? And they said what do you mean, this shift comes in at this time and this shift comes in at this time. I think it took them a while to realize that the people from out of

State were asking what do you do about the snow. Well, you shovel it and you go to work. But, the other thing that was most interesting was that they accept the dedication and responsibility for the country, and I know it makes me very happy and I'm sure it does you and the others.

I joined Mr. Garcia last August to announce expanding capabilities in the LESC and I look forward to continue working on this project.

I have a couple concerns and I will submit some questions on the record. I'm concerned about the Department's response to those who fled Haiti in recent weeks. I think Haitians intercepted at sea receive entirely different screening. All interdicted Cubans are individually interviewed regarding fear of persecution. I understand that only those Haitians who loudly protest, the so-called shout test, receive such an interview. And when you see on the television news every night Haitians being shot down in the street, you have to have some concern. I understand also the Department intends to continue regular deportation proceedings against Haitians in the United States, notwithstanding the strife and basic lack of law and order in Haiti. I join with Senators Kennedy and Durbin and will have some questions on that.

Secondly, I know Congress has set an October deadline for Nations who take part in the visa waiver program to include biometric identifiers in their passports. It is a very helpful thing to have but I understand that only a small handful of the 27 countries that are participating in the program are expected to meet the deadline. As a result, visitors from these countries will need to either obtain visas, which would dramatically increase the workload here and abroad for our officials and certainly would dramatically impact tourism, and might lead to reciprocal action against American travelers. One of my questions will be whether we should extend that deadline, or whether you think such an extension would compromise our security.

And lastly, I know that you're working to meet another deadline that Congress has established, the December 31st deadline for screening travelers in our 50 busiest land port of entries. Many worry whether that can be done, and whatever you want to add on to that I would appreciate.

Mr. Chairman, as I mentioned, very soon I have to go to another committee, but again, the Under Secretary has always been responsive in questions and so with your permission, I will insert something for the record.

Senator COCHRAN. Without objection, it will be printed in the record. We appreciate you being here and your work for this committee.

The subcommittee has received statements from Senators Campbell and Hollings which will be placed in the record.

[The statements follow:]

PREPARED STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Thank you Mr. Chairman and I'd like to thank our witnesses for taking the time to come talk to us today.

My constituents and the entire Nation are looking to this Committee to provide the necessary funds to protect those who travel our country's skies, seas, rails, and roads. It is your directorate that is responsible for making sure that law enforce-

ment officials and first responders have the technology they need to ensure our country's safety.

This country is the world leader in technology development and that is to our advantage when protecting the nation. But as I fly back to Colorado every weekend, and wait in line at the baggage screeners and walk through the metal detectors, I wonder if these procedures really ensure my safety. I wonder if we are really using the best technology available.

Colorado is the home of many small technology companies that, in my view, have developed a number of cost-effective, time saving, and life saving technologies that I am certain have not yet gotten into the right hands. I have done my best to send them to meet with your directorate, but I don't know the extent of their success. I hope that you will elaborate on how you work with small technology firms.

I also know that with some of the technology chosen, that you are doing your best to watch the bottom line. But when you are doing the job of equipping those who protect us, shouldn't they have the best technology available, not just the cheapest?

I support every dollar that Congress has given to the Department of Homeland Security. I believe that we have made great advancements quickly by upgrading security procedures, response plans, and better training personnel to react and respond in times of need. But I think that we need to pay more attention to whether this money is being put to the best use possible.

Again, thank you, Mr. Chairman. I look forward to hearing the testimonies of our guests and I will have a number of questions to ask at the appropriate time.

PREPARED STATEMENT OF SENATOR ERNEST F. HOLLINGS

I am pleased that the Department of Homeland Security has taken administrative control of the Federal training facility in Charleston. As you know, a temporary overflow training facility for basic training of Border Patrol recruits started in 1996 at the old Navy Base in Charleston. Legislation we passed here in Congress drastically increased the Border Patrol training needs, as it significantly increase the number of agents deployed to protect our borders. The Charleston facility was due to close in 2004, but through the fiscal year 2003 Commerce, Justice and State Appropriations Bill, we officially designated Charleston as a permanent Federal training center.

We also secured funding—over $14 million—for the Charleston Border Patrol Academy to improve the infrastructure for the training center. After we committed to these improvements, the Department of Homeland Security took ownership of the facility through the Federal Law Enforcement Training Center (FLETC), which suited me.

After a year of cooperation, coordination and our support the Coast Guard Maritime Law Enforcement Academy was officially established in February 2004 at FLETC-Charleston by the Coast Guard Commandant. We have been able to direct some important functions to Charleston, and this is one of them.

Senator COCHRAN. Mr. Secretary, we have your prepared statement, which we appreciate your submitting to the committee. It will be printed in the hearing record, and we invite you to make any remarks you think will be helpful to the committee's understanding of this budget request. You may proceed.

STATEMENT OF UNDER SECRETARY ASA HUTCHINSON

Mr. HUTCHINSON. Thank you, Mr. Chairman, and Senators Byrd and Leahy, thank you for your gracious comments this morning. We appreciate what I view as a partnership with this committee, your counsel, advice, and admonitions from time to time are helpful, and certainly we receive those with appreciation. I also want to thank the committee for most recently approving the US VISIT fiscal year 2004 spend plan that allows us to move forward. Thank you for your prompt action on that request and again, the admonitions that you gave.

With your support, I believe we have made some significant progress toward meeting our congressional mandates for homeland security and for meeting the expectations of the American people.

The $16 billion budget request for BTS marks a 10 percent increase over the 2004 budget and is a reflection of this President's commitment to border security, transportation security, and other areas of enforcement within my arena.

BTS, as you know, has a number of agencies within it. It comprises the largest directorate with 110,000 employees that are doing an outstanding job day in and day out. If you look back over the last year, one of the major initiatives that we have carried out would be strengthening our border security through the one face at the border initiative—training officers to perform three formerly separate inspection functions. We've also expanded the container security initiative, and the Customs-Trade Partnership Against Terrorism program provides security in the global supply chain.

I believe that we have increased the safety of air travel by increasing the effectiveness of the Federal Air Marshal program, establishing a Federal flight deck officer program, increasing the baggage screening efforts, developing a comprehensive air cargo security plan, and new requirements in that regard. We have developed new technologies such as US VISIT and the SEVIS, or the program that identifies and tracks foreign visitors and students. We have pursued and increased our investigatory capabilities for identifying, apprehending and removing those who violate our immigration laws, illegally employ undocumented workers, and traffic in human cargo.

So, we have done a number of things through the last year, including increasing our training capabilities through the Federal Law Enforcement Training Center. If you look at the 2005 budget that the President has submitted, it continues to build upon this foundation by increasing our efforts to secure our borders and our transportation systems.

Under the Customs and Border Protection budget we seek an overall increase of $223 million, including a $25 million increase for the container security initiative that allows us to do a more expansive job of prescreening cargo before it reaches our shores. It provides for a $15 million increase in the Customs-Trade Partnership Against Terrorism program. A $20 million increase for improvements in the National Targeting Center, which has been a very effective risk assessment tool for arriving international air passengers and shipment of goods to our country. Our US VISIT program will continue to work to complete the first increment of US VISIT, as well as expand its capabilities to the 50 busiest land ports, and the budget that has been submitted for fiscal year 2005 is consistent with the development of that program.

To date, the program has had a significant amount of success in increased security with 125 criminal watch list alerts, 51 criminal apprehensions, and we have processed over 2 million visitors since January 5.

Across BTS agencies over $100 million has been requested for detection systems between our ports of entry, including expansion of the P–3 aircraft which provide important detection and monitoring capabilities. We've continued to build on our aviation security with a TSA budget that has an increase of $892 million, which is 20 percent over the comparable 2004 level, and includes $20 million for credentialing systems such as the transportation worker identifica-

tion card, hazardous materials transporters, and foreign student pilots. It includes funding for the CAPP II program and very importantly, $159 million to enhance the training programs for our screener personnel.

I'm very pleased with the submission on the ICE budget that provides an increase of $300 million over 2004 that will allow us to enhance our enforcement efforts, including $10 million to support the new Visa Security Unit program that will help us overseas to add a security perspective to the visa issuance in working with the State Department. We've enhanced by $23 million our capability for investigations performed by special agents devoted to immigration enforcement, including establishing stronger work site enforcement, consistent with the President's proposal for a temporary worker program. It also includes $100 million for increase in detention and removal of illegal aliens, a very important part of our efforts.

PREPARED STATEMENT

Finally, the Department's infrastructure is supported by the investment in the Federal Law Enforcement Training Center to support our security and training programs, not just for homeland security agencies, but for a broader range of Federal law enforcement agencies that utilize its services. The budget request provides for a $5 million increase in funding for that agency.

So with that outline, Mr. Chairman, I look forward to the discussion this morning and look forward to the continued cooperation with this committee.

[The statement follows:]

PREPARED STATEMENT OF ASA HUTCHINSON

Mr. Chairman, Senator Byrd and Members of the Subcommittee: I am honored and pleased to appear before the Committee to present the President's fiscal year 2005 budget for the Border and Transportation Security (BTS) Directorate. I want to thank you for your strong support of BTS components, especially for the resources you provided in fiscal year 2004, and look forward to working with you in the coming months on our fiscal year 2005 budget.

The $16 billion BTS request represents a 10 percent increase in resources over the comparable fiscal year 2004 budget, and reflects the Department's strong and continued commitment to the security of our homeland. The fiscal year 2005 budget is a $1.5 billion increase over fiscal year 2004, and it includes funding for new and expanded programs in border and port security, transportation security, immigration enforcement, and training.

The Border and Transportation Security Directorate made great strides during the first year of operations. Over 110,000 employees and a budget of $14 billion were reassembled and brought under BTS. The Directorate was quickly established and successfully began operations on March 1, 2003—bringing together the legacy agencies and programs that now make up BTS—Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), Transportation Security Administration (TSA), Federal Law Enforcement Training Center (FLETC), and the United States Visitor and Immigrant Status Indicator Technology (US VISIT) program. Customs, border, immigration, transportation security and training activities have been rejuvenated under their new agencies, increasing the effectiveness of our dedicated employees. BTS continues to create new ways to enhance security by sharing information and intelligence and by coordinating operations within the Department among levels of governments, and horizontally across agencies and jurisdictions. Through the hard work of our dedicated and talented employees, America is more secure and better prepared than we were 1 year ago.

In addition to the stand-up of the Directorate, we have achieved many results since our creation, including:

—providing fused and enhanced security coordination among our components and other Federal, State and local security providers and stakeholders, especially during Operation Liberty Shield and the recent holiday season, including the establishment of the Transportation Security Coordination Center (TSCC) to coordinate intelligence sharing and command and control activities for our national transportation sector;
—strengthening border security through the "One face at the border" initiative, which is cross-training officers to perform three formerly separate inspections—immigration, customs, and agriculture—allowing us to target our resources toward higher risk travelers;
—expanding the container security initiative (CSI) and Customs-Trade Partnership Against Terrorism (C–TPAT) to provide improved security to the global supply chain;
—instituting new cutting edge systems, like US VISIT, to identify and track foreign visitors and students, recording the entry and exit of foreign visitors to strengthen our immigration system;
—safeguarding air travel from the terrorist threat by: increasing the presence of Federal Air Marshals, establishing a Federal Flight Desk Officer program, instituting 100 percent checked baggage screening, issuing new regulations for enhanced air cargo security, expanding the use of explosives detection canine teams, checking names of master cockpit air crew lists, and streamlining and training Federal passenger and baggage screeners deployed at airports across the Nation;
—eliminating potential weaknesses in security by suspending transits without visa (TWOV);
—negotiating an agreement with the European Union with respect to Passenger Name Record (PNR);
—negotiating a memorandum of understanding with the Department of State to ensure a coordinated and increasingly effective visa issuance process; and
—establishing a visa security office to provide oversight and guidance on Section 428 of the Homeland Security Act, including establishing two offices in Saudi Arabia to review 100 percent of visa applications;
—standing up a SEVIS tiger team to process foreign students during the summer 2003 back-to-school season; and
—effecting improvements in security capabilities, capacity, training, and infrastructure.

Fiscal Year 2005 Budget Request

The fiscal year 2005 budget for the Directorate builds upon the significant investments and accomplishments effected and in progress.

Strengthening Border and Port Security

Securing our border and transportation systems continues to be an enormous challenge. Ports-of-entry (POE) into the United States stretch across 7,500 miles of land border between the United States and Mexico and Canada, 95,000 miles of shoreline and navigable rivers, and an exclusive economic zone of 3.4 million square miles. Each year more than 500 million people, 130 million motor vehicles, 2.5 million railcars, and 5.7 million cargo containers must be processed at the border and POE.

In fiscal year 2003, CBP processed 412.8 million passengers and pedestrians arriving in the United States—327 million at land borders, 70.8 million at international airports, and 15 million at sea ports. The fiscal year 2005 CBP budget seeks $2.7 billion for border security inspections and trade facilitation at ports of entry and $1.8 billion for border security and control between ports of entry.

During fiscal year 2005, we will continue to strengthen our border and port security. The CBP budget seeks an overall increase of $223 million to maintain and enhance border and port security activities, including the expansion of pre-screening cargo containers in high-risk areas and the detection of individuals attempting to enter the United States illegally.

Specifically, the budget includes an increase of $25 million for the Container Security Initiative (CSI) which focuses on pre-screening cargo before it reaches our shores, and an increase of $15.2 million for Customs Trade Partnership Against Terrorism (C–TPAT). C–TPAT focuses on partnerships all along the entire supply chain, from the factory floor, to foreign vendors, to land borders and seaports. As of late January 2004, nearly 3,000 importers, 600 carriers, and 1,000 brokers and freight forwarders are participating in C–TPAT, surpassing the Department's original goal of participation of the top 1,000 importers.

As well as continuing development for secure trade programs, the budget also seeks an increase of $20.6 million to support improvements for the National Targeting Center and for multiple targeting systems that focus on people, cargo and conveyances. These systems use information from diverse sources to provide automated risk assessments for arriving international air passengers, shipments of goods to our country, and land border passenger traffic.

The United States Visitor and Immigrant Status Indicator Technology (US VISIT) program's goals are to enhance the security of our citizens and our visitors; facilitate legitimate travel and trade across our borders; ensure the integrity of our immigration system; and respect the privacy of our welcomed visitors. US VISIT represents a major milestone in our efforts to reform our borders. We deployed the first increment of US VISIT on time, on budget, and met the mandates established by Congress, including biometric capabilities ahead of schedule. The budget seeks a total of $340 million in fiscal year 2005, an increase of $12 million over the fiscal year 2004 level for the program. As of late February, over 1.5 million foreign nationals had been processed for entry, generating 125 watch list alerts, and resulting in 51 criminals apprehended. The 2005 funding will further strengthen border security, and enable modernization of border management systems and capabilities. Specifically, funding will be used to expand the entry system to 115 land POEs, beyond the busiest 50 that will be covered by the US VISIT program in fiscal year 2004. Funding will also be used to expand implementation of an exit solution at our air and seaports. Alternatives are being developed and tested, and will be implemented at 80 airports and 14 seaports in fiscal year 2004.

Within the BTS component budgets, over $100 million is included for detection systems, a critical element in the war on terrorism. The CBP budget seeks an increase of $64.2 million to enhance land-based detection and monitoring of movement between ports, and $10 million to deploy and operate unmanned aerial vehicles. In order to protect the homeland against radiological threats, the CBP budget seeks $50 million for radiation detection monitors and equipment. The ICE budget request includes an increase of $28 million to increase the flight hours of P–3 aircraft by 200 percent. In addition to providing vital detection and monitoring capabilities in the source and transit zones containing mountainous terrain, thick jungles and large expanses of water, the P–3 provides an important capability for domestic airspace security missions.

Improving Aviation Security

We have made great strides in rebuilding and reinvigorating of our aviation transportation security system. We have made significant investments in baggage screening technology—over $2 billion to purchase and install Explosives Detection Systems machines (EDS) and Explosives Trace Detection machines (ETD) to the nation's airports—and established a robust technology research and development program. We have deployed 45,000 Federal passenger and baggage screeners at the Nation's airports, expanded the National Explosives Detection Canine Team program, and trained pilots to be Federal Flight Deck Officers.

The fiscal year 2005 TSA budget seeks an increase of $892 million to enhance transportation security, a 20 percent increase over the comparable fiscal year 2004 level. Specifically, to strengthen interwoven, concentric layers of transportation security, the budget requests increases of $20 million for credentialing systems (i.e., Transportation Worker Identification Credential, Hazardous Materials transporters, and foreign student pilots); $25 million for operating the Computer Assisted Passenger Prescreening II System; and $113 million to and improve screener performance through training and the deployment of information technology. A substantially improved air cargo security and screening program was implemented last year, and the $85 million request sustains funding to continue program enhancements and associated air cargo screening technology research and development. We are providing another $400 million for EDS equipment to improve airport operational efficiency.

Enhancing Immigration Security and Enforcement

The ICE budget request of $4 billion, which is an increase of $300 million over the fiscal year 2004 level, seeks to strengthen immigration security and enforcement. Comprehensive immigration security and enforcement extends beyond efforts at and between the ports-of-entry into the United States. It extends overseas, to keep unwelcome persons from arriving in our country, and removing persons now illegally residing in the United States. Pursuant to section 428 of the Homeland Security Act, and the Memorandum of Understanding between the Departments of Homeland Security and State, the ICE fiscal year 2005 budget request of $14 million includes an increase of $10 million to support a new visa security unit (VSU).

The BTS personnel stationed at overseas posts, including Saudi Arabia, will continue to work cooperatively with U.S. Consular Officials to enhance security and the integrity of the visa process.

As announced on January 7, 2004, the Administration is committed to enhanced immigration integrity and border security. My Directorate will be working to implement a program that meets those goals, while benefiting the economy. Current ICE immigration enforcement programs and the enhancements in the fiscal year 2005 ICE budget request support and are consistent with a number of elements in this initiative, particularly worksite enforcement. Specifically, the fiscal year 2005 request includes an increase of $23 million to more than double the number of investigations currently performed by ICE—providing an additional 200 investigators. With these resources, ICE will be able to facilitate the implementation of the President's temporary worker program initiative by establishing a traditional worksite enforcement program that offers credible deterrence to the hiring of unauthorized workers.

The request also includes nearly a $100 million increase for the detention and removal of illegal aliens. Detention and Removal of illegal aliens present in the United States is critical to the enforcement of our immigration laws, and the requested funding will expand ongoing fugitive apprehension efforts, the removal from the United States of jailed illegal aliens, and additional detention and removal capacity.

As part of our overall immigration enforcement strategy, ICE will continue to analyze data generated through the Student and Exchange Visitor Information System (SEVIS) and US VISIT program to detect individuals who are in violation of the Nation's immigration laws and pose a threat to homeland security. The fiscal year 2005 budget requests $16 million to support these compliance efforts.

Immigration fraud poses a severe threat to national security and public safety because it enables terrorists, criminals, and illegal aliens to gain entry and remain in the United States. An aggressive, focused, and comprehensive investigations and prosecutions program will detect, combat and deter immigration fraud. The $25 million included in the fiscal year 2005 budget will provide stable funding to the benefits fraud program by replacing funding previously provided through the Immigration Examinations Fee Account.

Building Departmental Infrastructure

The fiscal year 2005 request includes an increase of $5 million for the Federal Law Enforcement Training Center to support our security program enhancements and capability sustainment. The FLETC not only serves Federal client groups, but also provides training to State and local law enforcement providers. In addition, to enhance global law enforcement efforts, FLETC develops and offers a curriculum that includes international applications.

Conclusion

Our homeland is safer and more secure than it was a year ago, thanks in part to the dedicated and talented team we have in BTS which excels at coordinating and effecting cross-component activities. Through their efforts, and with the support of our partners in government and the public and private sectors, we will continue to substantially improve our nation's security. I thank the Congress for its support, which has been critical to bringing us to this point. With your continued support for our fiscal year 2005 budget, we will continue to improve the security of our nation.

I am grateful to be here today to outline our efforts for a safer and more secure America. Thank you for inviting me to appear before you today, and I look forward to answering your questions.

US VISIT

Senator COCHRAN. Thank you very much, Mr. Secretary.

Last week President Bush met with President Vicente Fox of Mexico and announced that citizens of Mexico who hold border crossing cards and are frequent visitors will not have each entry recorded into the US VISIT database. Can you tell us more about how this new policy will be implemented by your directorate?

Mr. HUTCHINSON. Thank you, Mr. Chairman. I would emphasize that for those who have a border crossing card, we already have their fingerprints in our database and they have undergone a terrorist screen or a security screen in order to be able to receive this

border crossing card. And, if they would utilize this card for long-term visa purposes they would be enrolled in US VISIT just like our visitors are at the airports. It will take us a little bit longer to develop a program in which we can record each entry and exit and we hope to utilize radio frequency technology to pilot and to develop that capability. Our concern, of course, would be that with over 100 million crossings of Mexicans using this laser visa or border crossing card, it would be difficult to enroll each one of them in US VISIT under the current circumstances. So, that is the consideration for not tracking them in that fashion but rather, using it as we have at our airports and seaports, for those who would utilize it as a regular visa to stay in our country for a longer period of time.

Senator COCHRAN. The budget states that an exit capability is expected to be deployed at up to 80 airports and 14 seaports this year. Can you give us a report on the exit pilots that are currently running as a part of US VISIT?

Mr. HUTCHINSON. Yes, Mr. Chairman, and before I answer that specifically, I want to emphasize that we have an exit capability for all our airports and seaports through the APID or advanced passenger information database, transmitted from the airlines. So, we have a record of the departure of those people who would be foreign citizens leaving our country. Therefore, we could track whether they have overstayed their visas or not. So we have that capability biographically. What we are piloting in the Baltimore International Airport is an exit capability that will also biometrically confirm their departure from this country.

It is being piloted in Baltimore and thus far, it has been a very successful program. I heard testimony from the airport director there who applauds the program and the cooperation we have had, and particularly the fact that we have personnel there that will help a foreign visitor to utilize the system.

We are piloting other different ways to implement an exit procedure. Those will be developed and put into place by June of this year, so by the end of this year we hope to have a complete evaluation of what is the best exit procedure for our airports that would expand upon our current biographical capability.

Senator COCHRAN. The US VISIT program office is reviewing the proposals for the prime integration contract. What are the plans to meet the deadline for deploying the entry and exit capabilities to the 50 busiest land ports by the end of this calendar year?

Mr. HUTCHINSON. We do anticipate that the integrator contract would be awarded in the May time frame. That still leaves us a significant amount of time to utilize their capabilities. But in the meantime, through our US VISIT program office we're able to continue to deploy to the 50 busiest land ports our exit solution that would be used as secondary, similar to what we're doing at our airports. And so a great deal of work can be done to fulfill the mandate this year even before the integrator is brought on board. What they will primarily focus on would be looking at the radio frequency technology and how that can be used to quickly track the entry and exit without clogging those borders. We have some preliminary ideas, but the integrator support will be very critical in developing a final solution on that.

Senator COCHRAN. Senator Byrd, I'm prepared to yield to you for any questions you have. I noticed the presence of the distinguished senator from New Hampshire. Before proceeding, I was wondering if you could yield to him for any opening statement.

Senator BYRD. Yes, I would like to hear his opening statement.

Senator GREGG. I have no opening statement, Mr. Chairman.

Senator COCHRAN. Senator Byrd.

TSA

Senator BYRD. Thank you. Mr. Secretary, your TSA budget proposal for 2005 requests just $143 million out of a total request of $5 billion for non-aviation related activities. The Aviation and Transportation Security Act requires that the TSA protect all modes of transportation, not just aviation. Take mass transit for an example.

On February 6, individuals opposed to policies of the Russian government exploded a bomb deep inside a tunnel of the Moscow subway system, killing more than 40 people. The Tokyo subway was attacked with sarin gas in 1995. Subsequent analysis of the attack concluded that up to 8,000 deaths could have occurred if the attack had been executed as planned. We should not focus all of our attention on the threats posed by the 9/11 attacks. There continues to be significant threats to the New York City Subway System, the Washington Metro, the Chicago Transit Authority, and other mass transit systems.

In testimony to the Senate Intelligence Committee on February 24, FBI Director Mueller stated that our transportation systems across the country, particularly the subways and bridges in major cities, as well as airlines, have been a continual focus of al Qaeda targeting. Despite this reality, there is a huge disparity between what you have requested for aviation, compared to what you have requested for the other modes of transportation.

You have made no proposal for mass transit security grants, no request for bus security grants, no request for truck security grants, and port security grants, have been reduced from the $124 million which Congress provided to only $46 million, and the Department proposed to transfer away from TSA that remaining grant program to an agency with no transportation security expertise.

Now, how can you fulfill the mandate of protecting all modes of transportation without requesting funds for this purpose? Given what you are proposing, how do you intend to be accountable to the American people for ensuring transportation security?

Mr. HUTCHINSON. Thank you, Senator Byrd, and we agree with your concerns about the other modes of transportation and that they should not be neglected. We are looking at a different type of relationship and solution for the other modes of transportation versus our 100 percent inspection regime, a focus in aviation security. And so at TSA, we do have a relationship with the different modes of transportation. We are working on assessments and standards setting. We're working with other directorates and other agencies to accomplish the security that you highlighted.

For example, the subways, that is a transportation system with a number of players in that arena, including the IAIP directorate,

or Information Analysis and Infrastructure Protection directorate, and our Science and Technology directorate, looking for some technological solutions to help detect and prevent those type of harmful attacks. And so we are coordinating our efforts with them, as well as working with our TSA officials who have that standard setting responsibility. We will continue to develop that relationship and seek additional funding as is necessary to expand that mission.

Senator BYRD. Mr. Secretary, you haven't answered my question. I'm concerned about the lack of funding for the security of those other modes of transportation. I listened very carefully, but I didn't get an answer to my question.

Mr. HUTCHINSON. Would you like me to proceed again, Senator Byrd?

Senator BYRD. Yes. Would you like me to ask the question again?

Mr. HUTCHINSON. I think I got the gist of the question. We have a staff at headquarters of 120 inspectors. They are charged with the responsibility of looking at these other modes of transportation, working with local communities, setting standards for them, and working with other agencies—for example, the Department of Transportation. We are protoneuron with the industry stakeholders as well for information sharing with regards to threats to these different modes of transportation. We are looking to the Science and Technology Directorate to identify the security threat and developing the technology that would help detect those hazardous materials threats to our subway systems. And the same is true for the other modes of transportation that you mentioned.

Senator BYRD. I don't think I got the answer yet. I'll ask the question again. You may not want to answer it, and I say this respectfully to you.

Your TSA budget proposal for fiscal year 2005 requests only $143 million out of a total request of $5 billion for non-aviation related activities. The Aviation and Transportation Security Act requires the TSA to protect all modes of transportation, not just aviation. How can you fulfill the mandate of protecting all modes of transportation without requesting funds for this purpose? Given what you are proposing, how do you intend to be accountable to the American people for ensuring transportation security?

I believe it is a mistake to weaken the non-aviation functions of TSA. On February 25, Congressman Sabo and I wrote to Secretary Ridge and urged him not to transfer the TSA grant programs, port security grants, truck security grants, bus security grants, and Operation Safe Commerce, as well as FEMA's Emergency Management Performance grants from TSA to the offices of State and local government coordination. The deadline for making that transfer could be as early as March 26th, and I want to personally make the same points to you. I urge you and the Secretary to give serious consideration to the concerns expressed in our letters.

Mr. HUTCHINSON. And Senator Byrd, I very respectfully agree with your concerns and clearly you could look at this as a comprehensive solution to security, we're looking at a shared responsibility in that regard, and not exclusively that of TSA. And we are still sorting through some of that division of responsibility. But we believe that the budget allows sufficient support from a headquarters level of the standard setting, the regulations that need to

be looked at, and the partnership that we might have with the Department of Transportation and with the Coast Guard, who has a major role in the mission of port security.

Now, I realize that there has been some concern expressed about the transfer of the grant programs from TSA to the State and local administration within the Department, but I have been assured and feel confident that we are implementing the steps necessary to make sure that the TSA expertise on port security is utilized for the administration of those grants.

Senator BYRD. Mr. Chairman, may I ask another question at this point or do you wish to proceed?

Senator COCHRAN. Senator Byrd, we've taken up just about between 10 and 15 minutes in this round, and I was going to recognize Senator Gregg for any questions, and then we have a chance for another round.

Senator BYRD. Thank you.

Senator COCHRAN. Senator Gregg.

US VISIT

Senator GREGG. Thank you, Mr. Chairman, and thank you, Senator Byrd, for your courtesy. Mr. Secretary, the US VISIT program is obviously the core to your effort to try to get some control over who's coming into the country and you have already explained the program. As I understand the program, basically there will be two fingerprints taken, the thumb and——

Mr. HUTCHINSON. Two index.

Senator GREGG. The index fingers of both hands, and that will be electronically and digitally taken. And here's my question. We spent in another committee, CJS, which I chair, and it's a fabulous facility up in West Virginia, a huge amount of money, literally hundreds of millions if not billions of dollars on developing a fingerprint database for the Nation called IAFIS, which is under the control of the FBI. It's my understanding that the US VISIT fingerprints will not be compatible with that database, that the manner in which the fingerprints are being taken is not compatible, without a significant amount of increased work load. In other words, the turnaround time on an IAFIS fingerprint is very brief. If you're fingerprinted under the IAFIS system it's almost an instantaneous turnaround time. If you're fingerprinted under your system it's 35 times longer, assuming you can do the workload at all to get that fingerprint confirmation back, and really the two systems aren't compatible, they simply aren't compatible.

I guess my question to you is why would we set up—I can understand that you don't want to make getting into and out of the country too complicated and that's why you probably went to the two-finger fingerprinting and a flat screen versus a rolled approach, which is what the IAFIS was built on. But why did we spend all this money to create this database if you folks aren't going to structure a system that takes advantage of it?

Mr. HUTCHINSON. Thank you, Senator Gregg. And first, I have had numerous conversations with the FBI and the head of their fingerprint division, and we certainly want to move in coordination with each other. But for example, the IAFIS system has 44 million prints in it, most of them of U.S. citizens, many of them whose

crimes have expired, and just a whole host of reasons that they might be in there. As our US VISIT program is developed, it is not designed for U.S. citizens but for foreign visitors. So we take a slice of what is in the IAFIS database and put it in our IDENT system so that it can be checked, so there is that limited capability. Now as we expand our program, hopefully there will be more connectivity there.

But in addition right now, to connect to IAFIS you have to have 10 rolled prints, and we cannot have 10 rolled prints at our ports of entry because of processing time as people come in. As the technology develops so that we can perhaps have 10 or 8 scanned prints in a quick fashion, then we hope to be able to gravitate to that, so we can then interconnect with the IAFIS. But it is a problem not just for the US VISIT, but also the State Department, because they have deployed technology overseas for the two index fingers since that was the agreement between the Attorney General, the Secretary of State, and the Secretary of Homeland Security.

So it is a process issue because of the time constraints. It is a systems issue in terms of what it takes to interact with the IAFIS program. And it's a technology problem that we hope technology will be able to help us with in the coming years. In terms of the processing time, it takes us 8 seconds for our two digital fingerprints to get a response from our system. It would not be any different if we were connecting it to the IAFIS system. And if there is a question where we connect with secondary, where we can connect with IAFIS, we can take the rolled prints as to any additional information that we need from them.

Senator GREGG. What you're saying is that we're building from scratch a new system which is going to be essentially independent of IAFIS in that they won't be able to access IAFIS directly. Yes, there are 44 million fingerprints in IAFIS, which is one heck of a database, and obviously the vast majority of them are American citizens who have somehow come into a position where they would be subject to that scrutiny. But a huge percentage, a huge number are international fingerprints, and I just, it's going to be hard for me as a legislator if we have an event in this country and an individual comes into this country who went through the US VISIT program, got fingerprinted, but didn't show up because your program doesn't have a big enough database yet to pick the person out. We find out after the person has done some destructive event in this country that that person's fingerprints are sitting there at IAFIS and we knew that he was a bad guy.

So I understand the technology problem. I understand the practical problem of having to roll everybody coming into the country. And I can see where you made the decision and that you know, you're going to have to start from scratch building a database. But there's got to be a better answer here to getting these two converged. If it takes dollars in order to do the technology conversions in order to get IAFIS to a digital capability where it can handle your type of needs, we'll do it. Because quite honestly, your issue is a heck of lot bigger than any other issue the FBI has today.

That fingerprint database of 44 million should be used to protect this country against terrorism. That should be its primary purpose today. Granted, it was created to protect us and deal with criminal

events in this Nation, but that isn't what it should be used for. It is a huge resource sitting there that should be used to protect us from people coming into this country to do us harm, and it should be integrated with your system, totally integrated.

And so, I guess your answer to me was, well, we can't integrate because we're not there yet. My question to you is what do we need to get there and how quickly can we get there?

Mr. HUTCHINSON. And that's the right approach to it, Senator. We, first of all, are wanting to gravitate to 8 scanned prints, which would be, I believe compatible for entry into the IAFIS system. That will take us some time because that's something the State Department has to work on as well, and we have to partner with them on the technology.

Senator GREGG. We can bring the State Department along.

Mr. HUTCHINSON. The other suggestion that I would have is that we utilize the services of the National Institutes of Standards, NIST, that evaluated our system, what its capabilities were, and I think that their counsel would be helpful in not just looking at what we need to do to make these compatible, but who needs to make some adjustments. For example, should IAFIS develop a system that does not just simply have to take 10 rolled prints. Can they develop a system that is interacting to the 8 scanned prints or the 10 scanned prints. I hope they would look at that solution as well.

Senator GREGG. That's fine, NIST is a wonderful technical agency and I suppose we could hold a hearing on this, we could have CJS and maybe do a joint hearing, and bring all the different parties to this fingerprint issue together and try to get movement. But we shouldn't have to do that. This administration should have a game plan which is in place and which is signed off on by the three key parties, State, yourself and the FBI, and which says this is the time frame, this is the technology changes we have to make, and this is what it's going to cost us. You should be coming to us with that plan so that we can fund it and we can hold you accountable to that time frame. Saying that we should call NIST and say well, NIST, will you tell FBI to straighten out, IAFIS is not the answer. The answer is that you folks, because you are the administration, should be doing this. I mean, that's what administrations do. Congresses shouldn't have to do that.

And I'm really discouraged about this. We spent so much time getting this—database up and running and now it's being marginalized in the most singly important thing we have to do as a country, which is defend ourselves from people coming in who are our enemies. It's just very hard for me to figure out why we aren't more aggressively pursuing a resolution of those issues, rather than you're going your way setting up your database and saying well, we can't get into IAFIS because we can't roll 10 prints, and the FBI is out there saying they can't do it with digital and they aren't going to do two prints, and they aren't going to convert their system because it's too expensive and too complicated for them to do it. And then we're supposed to go call NIST up and say really, who has the answer here. You guys should have the answer and it should be given to us.

So what I'm going to ask you for is for you to gather the Secretaries of Homeland Security and State and the Attorney General, and get us a statement of policy as to how you're going to get the FBI fingerprinting databases coordinated so that they all are integrated and can communicate with each other in a time frame that's going to occur before we're attacked again.

Mr. HUTCHINSON. Thank you, Senator. That's a fair request and we will certainly be delighted to work and develop that joint strategy.

Senator GREGG. Thank you.

Senator COCHRAN. Mr. Secretary, just as a way of following up on Senator Gregg's questions, I'm curious to know what funds the Department intends to dedicate to this project, the integration of the systems during fiscal year 2004 and what account is being used to fund the project. Do you have that information or would you like to submit that for the record?

Mr. HUTCHINSON. We probably will supplement the answer that I will give now. But first, and as Secretary Ridge testified—I believe it was before you, but it might have been the House Appropriations subcommittee, is the existing need for integration so that the Border Patrol agents can access IAFIS. The funding is in place to do that and it is pledged to be accomplished by the end of this year, and I think the Secretary indicated that we will scrounge around if there needs to be a few extra dollars to achieve that goal, but we're committed to making sure the information integration with IAFIS is accomplished.

In reference to Senator Gregg's comments and questions, that integration will be funded out of the $340 million in 2004 for US VISIT. That's the budget that we have to work with to accomplish objectives of 2004, as well as moving toward any integration, and of course, any other funding would come from the State Department's budget and the Department of Justice.

[The information follows:]

INTEGRATION OF DATABASE SYSTEMS IN FISCAL YEAR 2004

Therefore, to accelerate the implementation of IDENT/IAFIS capability within the Department, we intend to reallocate $4 million of the remaining funds provided in Public Law 107–117. The $4 million, when combined with fiscal year 2003 funds already provided ($3.5 million obligated for IDENT/IAFIS as part of increment 1 Entry-Air/Sea), will allow BTS to implement IDENT with 10 print capabilities in secondary processing areas at 115 airports, 14 seaports and 50 of the largest land border ports. In addition, this funding will support implementation of the IAFIS/IDENT 10 print capability at 70 percent of the Border Patrol stations. The remaining land ports of entry, 30 percent of the Border Patrol stations and major ICE locations (to be identified) will receive this capability in 2005.

Senator COCHRAN. One observation is that if this project is not receiving the support and attention required to get it to completion, should a separate project office be set up to implement the program?

Mr. HUTCHINSON. I would not suggest so. We have a very effective project office in US VISIT that has the capability. And I don't mean simply to recite challenges in this effort, but you know, we had a choice this year of recognizing that we could have an added security value by putting our fingerprint scanners at our primary ports of entry and we did this, and we're looking at when we change it down the road to a broader capability, we probably lost

a million dollars for those fingerprint scanners. So for the added security value, it was a good decision to make, but we recognized at the time that we're going to have to gravitate to probably 8 prints at a minimum, for a number of reasons. So we recognize the need to move to that standard and that will be a part of the US VISIT oversight responsibilities.

Senator COCHRAN. Is there a final deployment schedule to roll out version two of the integration project to all Border Control facilities or when can these facilities expect the roll-out to be completed?

Mr. HUTCHINSON. There is, and that will be completed by the end of this year. I believe we have IAFIS at 20 Border Patrol stations. I think we have about another hundred that are on schedule to be given the connectivity to IAFIS, and so that should be completed on schedule by the end of the year.

Senator COCHRAN. Senator Byrd.

Senator BYRD. Thank you. I particularly was interested in Senator Gregg's and your questions, and the answers.

Last month a few days after the Democratic primary, the President went to Charleston, South Carolina, to crow a little about his efforts to improve the security of the ports. I must say that I found this kind of a political event to be somewhat disingenuous. The President signed the Maritime Transportation Security Act on November 14, 2002. That law authorized initiatives to improve security at our ports, but I'm not convinced that the Administration has done that much since then to actually make our ports safer. Given the huge demand for port security funds, why is this Administration only requesting $46 million to actually secure our ports?

PORT SECURITY

Mr. HUTCHINSON. Senator Byrd, it's because we believe that there is a shared responsibility, both in terms of the private sector, and the port authorities, and the Federal Government spurs that on, sets the example, funds a significant portion of the projects, which I believe that we have done. Last year I think there were two rounds of port security grants, so there was a very substantial amount that was invested last year, and it was a combination of grants to port authorities but also to the private sector. But, we do not believe it's exclusively a Federal Government responsibility to do all of the port security investment, the private sector has a responsibility, as well as the governmental port authorities.

Besides the port grants, we are also investing substantially in port security in terms of the activities of the Coast Guard, the Customs and Border Protection, and the other agency responsibilities related to the ports.

Senator BYRD. Well, I know that we are going to continue to hear that answer. We still inspect less than 5 percent of the 5.7 million containers that come into our ports each year. The President took credit for making available $179 million this year in funding for grants for port security. He failed to mention that he did not request a dime of those funds. He failed to mention that the Coast Guard port directors, who actually have responsibility for safety, estimated that $1.25 billion would be needed in the first year and $5.4 billion would be needed over the next 10 years to comply with

the new Federal regulations mandated by the Maritime Transportation Security Act. He failed to mention that last year he opposed my amendment to provide $460 million in port security grants. He failed to mention that his budget for fiscal year 2005 proposed to cut port security grants by 60 percent, from $124 million to $46 million, when the last competition for grants resulted in over $987 million in applications from ports nationwide.

Now I'm afraid something terrible is going to happen one of these days, and then what will be said? Our ports must compete with other ports, including ports in other countries. If these security costs result in higher prices, assuming the costs are going to have to be borne by industry, are you and the President not concerned that business may go elsewhere, costing U.S. jobs?

Mr. HUTCHINSON. Well, I think that first of all, we've discussed significantly the port security grants and the philosophy behind the amount that is requested. You also raised the question of the fact that only 5 percent of the 6 million sea containers are inspected that come into our ports. I think this is, again, a philosophical question as to whether you inspect 5 percent, 10 percent, 15 percent, or 100 percent. And I suppose if we inspected 20 percent of all the cargo, there would be those who would argue it ought to be 100 percent, that argument exists right now. I think it's a better decision to try to make sure we inspect the right 5 percent or right 10 percent, or whatever that number is, and that we inspect all of those, 100 percent of those containers that indicate a risk to our Nation.

So that is the strategy that we're developing. We are not underestimating your concerns and what we know as threats to our ports. We take that very seriously, and that's why the Coast Guard has conducted more than 36,000 port security patrols. That's why we have imposed the regulations that require the security plans by the vessel operators and the port authorities, all to enhance the security, in addition to the partnership that we have in the cash investments for port security.

CAPPS II

Senator BYRD. Mr. Secretary, the fiscal year 2004 Appropriations Act included a provision requiring the General Accounting Office to review the privacy and security of the proposed CAPPS II airline system. The GAO recently submitted a report to us that stated that your Department has met only one of the eight criteria set out by Congress before you could move ahead with deployment of the system. I understand that the Department concurs with the GAO's findings. Where is DHS now in testing of the CAPPS II system?

Mr. HUTCHINSON. Senator, we are actually months away from actual testing data for CAPPS II. We are obviously aware of the airlines' concern about voluntarily sharing data, so we're looking to find a vehicle of having the data that we need to query out the testing, and my best estimate would be that we are still a number of months away from doing the testing to the CAPPS II.

Senator BYRD. Now that the GAO concluded that your Department has not met the requirements of the law, I encourage you not to deploy the CAPPS II system until you have satisfied for this subcommittee that the requirements of the law have been met.

I have several questions, Mr. Chairman. I could submit several of these for the record at your pleasure.

Last week the Department celebrated its 1-year anniversary. To commemorate the event, Secretary Ridge released a list touting the Department's major accomplishments in its first year and, indeed, much has been accomplished. For instance, his press release notes that a seal has been developed to establish an identity for the Department. Good. You know who you are and for whom you are working. The release also noted that employees received a lapel pin signed by the Secretary and featuring the new Department seal.

IMMIGRATION ENFORCEMENT

Sadly, no mention is made in the list of the Department's accomplishments for the enhanced enforcement of our immigration laws. At best, there is a passing reference to the new Department's reorganization of the immigration enforcement functions. Especially in light of the President's sweeping amnesty proposal, I'm surprised that the Department has nothing to report as an accomplishment in enforcing our existing immigration laws. Many members who were opposed to the creation of the Department, like myself, were concerned that the focus of the Department and its personnel would shift from traditional duties to terrorism. Why is the Department unable to point to significant improvements and successes in enforcement of existing immigration laws? What specifically is your director doing to enhance immigration enforcement?

Mr. HUTCHINSON. Thank you, Senator, and I'm grateful for the opportunity to reflect on significant achievements in the area of immigration enforcement. It is estimated, as you know, that there are 8 million illegal workers in this country at the present time. It's estimated that 40 percent of those are here because of visa overstays. And so whenever you talk about what we've done with US VISIT and being able to have a better control of those who come into the country and overstay their visas, that system is a significant accomplishment in immigration control. It produces information on people who overstay their visas and stay here in the country illegally.

We have created an office of compliance within the Bureau of Immigration and Customs Enforcement that is responsible for receiving the information and providing leads to the field in order to determine who should be processed for removal from the country. So, that is a huge step forward in immigration enforcement.

In addition, we have successfully implemented the SEVIS program, which tracks our foreign visitors coming into this country, and in one fall semester, as over 200,000 students came into our country, we apprehended over 200 that came in here who were not properly accepted into a university. I think our country is safer because of that effort.

We have also, of course, put 1,000 more patrol agents on our northern border, and we have increased our resources on the southwest border. The chief of police of Phoenix attributed immigration enforcement in Arizona and our Operation Ice Storm to a successful reduction of violent crime in the Phoenix area.

And so at every level, from the fugitive operations to Operation Predator to Operation Ice Storm, I think we have done a very, very significant amount of work in immigration enforcement.

Senator BYRD. Do you miss being in your old job?

Mr. HUTCHINSON. Every once in a while I miss being up there on the House side.

Senator BYRD. I think you did a good job. I watched you very carefully during the impeachment procedures.

Mr. HUTCHINSON. Thank you, sir.

Senator BYRD. I thought you kept a level head on your shoulders. I thank Senator Gregg for raising the issue of compatibility between US VISIT and the FBI databases. Chairman Cochran and I raised the issue with Secretary Ridge almost a year ago.

BORDER PATROL: IDENT

On a related matter, last week the Department of Justice Inspector General released a report that examined the case of a Mexican citizen who had been detained by the Border Patrol on two occasions in January 2002 for illegally entering the United States. On each occasion, Border Patrol agents returned him voluntarily to Mexico. They did this because IDENT, the immigration agency's automated fingerprint identification database and the Federal Bureau of Investigation's automated fingerprint identification database were not integrated and the Border Patrol agents who apprehended him did not learn of his extensive criminal record or past deportation. If his full history had been learned, according to Border Patrol policies, he should have been detained and subjected to prosecution. Instead, he was returned to Mexico. Subsequently, he again crossed the board illegally, and made his way to Oregon in September of 2000 where he raped two nuns and killed one.

In the report, the Inspector General again found delays in the effort to integrate the IDENT and IAFIS databases. While he found some progress in deploying an integrated version of IDENT–IAFIS, full integration of the two systems remains years away. Current projections are that the two systems will not be fully integrated until at least August 2008, almost 2 years behind the original scheduled completion date. Both the Department of Justice and the Department of Homeland Security say they recognize that the databases need to be integrated. However, the IG report found uncertainty as to who is responsible for the overall management of the integration project. It states that Justice and Homeland have yet to enter into a memorandum of understanding delineating the specific roles and responsibilities of each agency in the project.

Can you give us an update on your plans for developing a memorandum of understanding with the Justice Department so that this project can move forward?

Mr. HUTCHINSON. Yes, sir, and that certainly points out that there is much work that remains to be done, and I'm grateful for the opportunity to recite some of the efforts that we have implemented, but we are the first to acknowledge that there is much more to be done and this is certainly a perfect example of it. The IG is correct, to wait until 2008 would be absolutely wrong and intolerable, so under Secretary Ridge's leadership we are going to get it done this year. We want to avoid this type of tragic circumstance

in the future, and it was a tragic circumstance of this particular case, and it shows the extraordinary cost of not having all of the information needed for our Border Patrol agents.

We have that system at 20 sites now, and we're going to add 100 this year and get them connected. And if there's a few left after that, we'll find the money to get it done. We have accelerated the schedule to get it done this year. We want to look at more opportunities to give our agents in the field, and inspectors, all the tools they need, particularly this type of access to the FBI database.

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

TRADE ENFORCEMENT

Senator COCHRAN. Thank you, Senator Byrd.

Mr. Secretary, something that your State and my State is interested in is our domestic fish industries, catfish and other activities relating to the production of aquaculture resources. I was recently informed that the Customs and Border Protection officials took 6 months to review and comment on a request for new tariff codes for Vietnamese exports of fish into the United States. I've written to Secretary Ridge about this issue, but I would like to bring this to your attention personally and receive any comment that you have about a commitment to trade enforcement, which in my view should remain a high priority for the Border and Transportation Security Directorate. I hope you will look into the problems that may exist in the Department regarding catfish dumping or trade rules that need to be enforced aggressively by the directorate.

Mr. HUTCHINSON. Thank you, and I certainly share the same concern, coming from Arkansas, in reference to the enforcement of our trade laws on this commodity as well as others. I don't know the specific answer on why it took 6 months to review that tariff code and I would be happy to provide a specific answer to you. We have made a commitment not to reduce our resources and commitment to trade enforcement, and we have a good partnership with the Department of the Treasury to carry on those trade enforcement efforts. I'm co-chairman of the Coe Act, which is the partnership with industry in their advisory committee on how we handle our trade rules, so we will get a specific answer to you on that question.

[The information follows:]

VIETNAMESE EXPORTS OF FISH INTO THE UNITED STATES

CBP processing time for 484(f) requests varies depending on the complexity of the request and the purpose of the request. While most requests are processed within the 6-month period, exceptional requests have taken longer. (As a comparison, the 484(f) committee received a request for a statistical breakout for low-melt polyester fiber on June 30, 2000, which was not approved until May of 2001 for implementation on July 1, 2001. While rare, these situations do occur.) The request for these fish breakouts was one of these exceptional requests.

The 484(f) request received by CBP was submitted in advance of the Federal Register Notice published on August 12, 2003, referenced in the requestor's submission, and the instructions to CBP issued on September 12, 2003. Those documents needed to be reviewed in conjunction with the requestor's submission because CBP is the agency responsible for collecting the antidumping duties under the order and identifying attempted evasion of the order. This 484(f) request was also intended to allow the domestic industry to monitor specific foreign competition.

The first problem was that CBP (and the ITC, based on their report) did not agree with the requestor as to the proper classification of the imported species of fish and

therefore, the proposed breakouts. This is not an unusual occurrence. Since the 484(f) committee usually tries to meet the purpose of the request even if the committee does not technically agree with the request, the issue for CBP was how to meet the requestor's goals.

CBP found that the specific imported fish were more subject to misclassification than other commodities for which breakouts have been requested. This fact meant we needed to be able to segregate these fish from the other fish properly classified in the various subheadings.

CBP also had to reconcile the recent change to the FDA labeling requirements with CBP import laws, regulations, and policies and enforcement capabilities.

CBP needed to take into consideration our informed compliance responsibilities to importers under the MOD ACT followed by our enforcement capabilities. We also considered our ability to physically identify non-compliant fish, our ability to target shipments for sampling and maintain the physical integrity of the perishable sample through the laboratory analysis process, and whether other agency requirements would be effected by any of the breakouts. We also took into consideration concurrent work being done by the Bureau of Immigration and Customs Enforcement. Finally, we applied our knowledge of certain techniques that have been used to avoid payment of higher duties on other perishable commodities.

All of these considerations are not routinely necessary during our review of 484(f) requests and required information from multiple CBP offices and time to correlate the elements into a plan. Once the facts were finalized, CBP responded to the other 484(f) members with our proposal.

Note that CBP met with the requestor's representatives on February 27, 2004 and were able to come up with a new proposal that will meet their needs for trade data and allow CBP to more easily enforce the current antidumping order and verify trade data. At the same time, this proposal will allow implementation prior to the resolution of the classification issue. The requestor will provide some additional information to CBP at which point we will forward the proposal to the other committee members (Census and the ITC.) We anticipate that our proposal will be satisfactory to the other committee members and the new breakouts will be implemented no later than July 1, 2004.

FEDERAL AIR MARSHALS

Senator COCHRAN. Thank you very much. In connection with Federal air marshals, I notice that the budget request is essentially flat for the Air Marshals program. Is this a concern to you? Do you think an adequate level of resources are available under the budget request to fund pay raises and other inflationary costs that may occur with this program?

Mr. HUTCHINSON. We did get hit with the pay increases that are built into the budget that had to be absorbed. We have a strong commitment to the Federal Air Marshals program. That's one of the reasons we took a number of steps to add some additional capabilities to supplement the air marshals with other Federal agents who travel, including cross-training additional ICE agents and a partnership with the Secret Service. We believe that with those force multipliers out there, and with the continued commitment to the air marshals, that the President's budget is sufficient in that area.

We are, you know, for this year, looking at a number of different areas to make sure that there is no any significant diminishing of our commitment to the air marshals.

NORTHERN BORDER AIR WING

Senator COCHRAN. The Air and Marine Operations program has been stretched pretty thin for the last 2 years. Long-term repetitive details for personnel and assets are being used to protect the northern border and the national capitol region. The appropriations for fiscal year 2004 included resources for the establishment of a per-

manent northern border air wing. Will you tell us what the status of establishing this air wing is, when will there be permanent employees on board, and when will aircraft be purchased, for example. Are you going to have to continue to rely on detailees to cover the northern border and the national capitol region if you go forward with the establishment of this air wing?

Mr. HUTCHINSON. I think it's important that we have that air wing capability on the northern border, and we are actively pursuing it. The assets that are deployed, you know, are from our existing resources, but the 2005 budget does request $28 million for P–3 aircraft surveillance that will help in regard to our interdiction efforts, and also the assets that we need for the CAPP or the protection of our air space. So there are some funds designated in the 2005 budget for this purpose.

As to the exact time frame on the deployment and the establishment of the air wing for the northern border, Senator, I will have to get back to you.

[The information follows:]

EXACT TIMEFRAME ON THE DEPLOYMENT AND ESTABLISHMENT OF THE NORTHERN BORDER AIR WING

The fiscal year 2003 War Supplemental provided $20.5 million to launch the Bellingham Air Branch, the first of five Northern Border Branches. Planned allocation is as follows: $2.5 million for personnel transfers, $12.6 million [1] for medium lift helicopter acquisition and $6.6 million for multi-role enforcement aircraft. Staffing will be provided through a combination of new hires and the transfer of experienced personnel from other AMO field locations.

In fiscal year 2004, AMO received $35.2 million in Operations and Maintenance (O&M) funding to launch AMO's Northern Border Branch in Plattsburgh, NY. Planned allocation is as follows: $10 million [1] for medium lift helicopter acquisition and $6.6 million for multi-role enforcement aircraft, $9.7 million for facility and $2.7 million for aircraft spares. An additional $5.4 million was appropriated in Salaries and Expenses funding to cover the cost of 36 personnel.

Plattsburgh and Bellingham each will be equipped with three aircraft, including one Multi-Role Enforcement Aircraft (Pilatus PC–12 fixed-wing), one Medium Lift Helicopter and one Light Enforcement Helicopter.

The two PC–12 Pilatus aircraft have already been purchased and delivery is expected in May 2004/early fiscal year 2005, respectively. Contracts have not yet been awarded for the two Medium Lift Helicopters and Light Enforcement Helicopters required for full activation of Bellingham and Plattsburgh. Currently, the UH–60 Black Hawk is fulfilling the MLH role and the AS350 is fulfilling the LEH role at other AMO branch locations.

The President's fiscal year 2005 budget includes $35.2 million to launch the third Northern Border Branch.

AMO will continue to rely principally on detailees to execute the ongoing National Capital Region (NCR) Airspace mission. AMO has sustained the NCR mission by transferring funding, personnel and equipment from other missions and requirements.

LONG-RANGE RADAR SYSTEM

Senator COCHRAN. We are looking forward to getting a report from the Air and Marine Operations officials on the current radar situation around the country. What is the total amount that the FAA had in its budget for operating the long-range radar system? Can you tell us how much is being requested by other agencies across the government by agency, and is there any particular reason that new resources are being requested in the fiscal year 2005

[1] Funds from these two appropriations were combined to purchase one medium lift helicopter.

budget to allow the Department to assume this FAA responsibility, as opposed to a transfer from the FAA budget?

Mr. HUTCHINSON. You're not speaking of our TARS, you're speaking of the long-range——

Senator COCHRAN. The long-range radar system.

Mr. HUTCHINSON. I don't know the answer as to why that is not being transferred from the FAA, but clearly that is a priority to have that capability for the protection of our borders.

TSA: PORT SECURITY GRANTS

Senator COCHRAN. The Transportation Security Administration's budget has 54 percent of the request dedicated for aviation passenger and baggage screeners pay, benefits, training and human resource services. There are other grant programs administered by the TSA dealing with trucking security, port security grants, and operation of safe commerce that are slated to be moved to the Office for Domestic Preparedness under the reorganization of the Department. The 2005 budget proposes to reduce or terminate funding for these programs. My question is, will the Transportation Security Administration continue to have responsibility for security over all sectors of transportation or will aviation security continue to be the main focus of the agency?

Mr. HUTCHINSON. Well, in terms of budget, clearly aviation would be the main focus of the agency, but in terms of responsibilities and partnerships, the other modes of transportation are very important to us. I know that for example, in reference to Amtrak, there is a close partnership there, we have some pilot projects where we are working with Amtrak to enhance security, and we believe that we would exercise this through standard setting, best practices and regulation if necessary.

In reference to the grant programs, the expertise still resides in TSA. And even though the grant program is being transferred to the Office for Domestic Preparedness in Homeland Security, we will be connected in terms of evaluating those grants, and helping to set the priorities for those in terms of security, and that would be true for the other grants in the transportation modes.

Senator COCHRAN. So there will be coordination and an active role for the Transportation Security Administration in coordinating with the Office for Domestic Preparedness for the administration of those programs?

Mr. HUTCHINSON. Absolutely, Mr. Chairman. That's essential and that was the understanding when that transfer was made.

Senator COCHRAN. Is there an indication that additional funds may be made available within the existing grant programs for port security grants in the Office for Domestic Preparedness?

Mr. HUTCHINSON. I think that the grant level is as suggested in the 2005 budget, but I know that in 2003 there were a number of rounds that had built up and been announced for the port security grants. I don't know exactly the layout planned for 2004, but as far as I know, that amount of grant money is fixed based upon the allocation in the 2004 budget.

TSA: SCREENERS

Senator COCHRAN. The Aviation and Transportation Security Act provided that the Federal Government be responsible for screening operations for airline passengers at airports throughout the country, and there was a pilot program established at five airports to utilize private screeners in place of Federal screeners. One of these is located in Mississippi. The law provides for the ability of airports to apply to the Department of Homeland Security to opt out of using Federal screeners and to use qualified private screening companies at the end of a 3-year period, and that will be coming up in November of this year. When do you anticipate results of the Department's study on the private screening companies to be made available from these five airports that have been participating in the program?

Mr. HUTCHINSON. I think there are two things I would emphasize. One, it is important to get the results from those five airports that were the subject of that pilot for private screening. I would expect that information within the coming months so it can be evaluated. The second part of the equation is the criteria that we would use for determining how we respond to those airports that might request to opt out. And, I have asked for that plan and that program to be developed and reported back to me for review. With both of those issues resolved, I think in the coming months we should have an indication as to the results and the direction we can go.

Senator COCHRAN. There is some indication that the funding might not be sufficient to provide additional airports with the funds to use private screeners. There is $119 million in this year's appropriated account for private screening programs, but only a $10 million increase requested for 2005. Do you anticipate a need for additional funding if airports apply to use private screeners?

Mr. HUTCHINSON. I would think the assumption is that it would be a level costing. I don't think we would anticipate a private screening capability or authorization to be based on an increase in funding for that airport.

FLETC

Senator COCHRAN. The Federal Law Enforcement Training Center was given responsibility for the Charleston, South Carolina training facility in this fiscal year 2004. This facility was previously operated and maintained by the Border Patrol. Has the Department of Homeland Security developed the level of funding that should be transferred to the Federal Law Enforcement Training Center to operate this location, and if so, when will this transfer take place?

Mr. HUTCHINSON. The transfer has effectively taken place. The FLETC has taken over the responsibility for that facility and the Border Patrol operations. It is being handled out of the regular portion of the budget. I am not aware of any specific needs that would require increased funding.

TRANSIT WITHOUT VISA PROGRAM

Senator COCHRAN. Senator Stevens, I appreciate your being able to come to the hearing. You're recognized for any statements or questions you may have of the witness.

Senator STEVENS. I'm here, Mr. Chairman, and good morning, Senator Byrd, primarily because my staff has told me that there is an intent of Homeland Security to implement new regulations to replace the transit without visa program. This, I'm told it's called the TWOV program, falls apart every time the alert status is raised, and has led numerous carriers to bypass U.S. airports, particularly our Anchorage airport, which is the largest cargo landing airport in the United States today. There is significant loss of revenues for the airports because the foreign carriers will not respond as quickly as the changes come about in our programs.

And we had significant capability for intelligence gathering opportunities when those flights came through. As a matter of fact, our people cooperated totally with the intelligence people to make sure that we gained all the information we possibly could get from any activity with regard to the shipments.

But we have had one international carrier that has suspended its stop in Anchorage three times now since 9/11. Every time the TWOV program is raised because of risk status, they just cancel out. We want to join with you, and with the whole country in terms of homeland protection, but it does seem to me that we ought to have some sort of regimen that will take into account the necessity to maintain these flights on a regular schedule.

Right after 9/11, as you know, many of them cancelled in Alaska altogether and went to Canada. Those same flights left Canada and put the burden for checking the flights on the carriers in the interior of the midwest, rather than in the area of Alaska where we have substantial qualified people for that activity. Because it's such a large airport and handles so much volume of cargo, it can get the job done quickly, much more quickly than a smaller airport which does not have that volume and is not used to doing the check as the first stop in the United States. Are you familiar with this at all?

Mr. HUTCHINSON. Yes, sir. In reference to the transit without visa program, it was suspended because of specific threat information that we had. It was suspended. We recognized the adverse economic consequences that this had on the Anchorage airport, which has a significant transit without visa passenger load. We immediately started working with the airlines to determine what security measures could be put into place that would allow us to reinstitute a similar type of program that would not have the security vulnerabilities.

We have developed an answer and a program that we could put into place, which would reinstitute similar portions of that type of program, and would allow the transiting of some of the international passengers through our airports again. We are circulating that plan in the interagency process, and we do hope that we will be able, in the near future, to have a resolution of that. We understand the economic consequences, we do want to have the security measures in place before it is reinstituted.

And you're right, Senator, it was complicated by the fact that over the holidays we did have a specific threat to the aviation industry, which would not have been a good time to redeploy that program or a similar one.

Senator STEVENS. These are the so-called ATP regulations?

Mr. HUTCHINSON. Yes, sir.

Senator STEVENS. Will they be promulgated in a way that they will not change on an orange alert?

Mr. HUTCHINSON. That is correct. These would be designed so that they provide the security measures that are necessary and they would allow for a constant program. Now I can tell you that, you know, if we have a specific threat information and we see there is a vulnerability that we didn't even think about, it's within the realm of possibility that we might have to take an additional security step in orange that would impact that program. But that is not the design, the design is that it would have a constant flow because it has the security measures in place.

Senator STEVENS. On the last recess I went to Anchorage and I went through the whole new wing of the airport that has been designed in total compliance with your Department. As a matter of fact, we have a problem because your Department requested and received over some $40 million from the amount of money that was put up to build the terminal. For the Homeland Security facilities within the new addition, they had to be finished before the terminal could be finished. And so they all agreed, and I now have the task of getting another $40 million, and that's another fight down the road.

But the problem is that it was designed to handle the regulations that were in effect, and now those regulations, if they are changed, will require an additional kind of management of the cargo. We're not talking about a very heavy passenger load internationally. This is primarily cargo. There are very few passengers on those planes and in many instances none. What we're looking at is the cargo problem. I'm told that there are 6.5 miles of tracks that are suspended from the ceiling that carry this cargo so it has a chance to be inspected, and then it can go back on the plane. I don't think anywhere else in the United States has that design.

But, by the changes in this ATP, what happens is that they go to Vancouver or go to another place, Calgary, and then they go to land in some podunk that doesn't have any facility at all. So we are over intensifying regulation in an area that, I believe, has the most modern baggage and cargo inspection in the country today, and should have with the volume of cargo we have coming through there. I urge you to consider what the change in regulations does to that installation. It puts cargo into places ultimately, if it's going to continue on to the United States, if it's destined for what we call the South 48, it's going to completely disrupt this process and put enormous burdens on small airports when we're prepared to take the total burden but for the continued change in the regulations.

Mr. HUTCHINSON. We'll certainly look at the concern that you raise, and recognize the investment in security that has already been made. I think the proposed plan, that again is in interagency circulation, looks not just at the physical security arrangement, but addresses some other vulnerabilities dealing with the passengers

that would travel under that program. So, there are really two parts to the security concerns. One would be the passengers who transit themselves, and the other part would be the physical security measures that would be placed at the airports. Obviously there has been a substantial investment in Anchorage and that should be taken into consideration.

Senator STEVENS. I know you must travel a lot, but have you traveled to Alaska since this new position you've got?

Mr. HUTCHINSON. Senator, I have not had that privilege. I know my brother has at your invitation, but I have not been there, and I look forward to that opportunity.

Senator STEVENS. I would hope that you would see fit to make that trip soon because these facilities are almost completed now and this new addition is almost completed, and I just think it's going to be unfortunate if we have invested all this money and then find out it will not comply because of a change in regulations.

As a matter of fact I just might arrange, Mr. Chairman, for a little extracurricular activities for our friend from Homeland Security if you come up soon. The sooner the better.

Mr. HUTCHINSON. Thank you, Senator, for that invitation.

Senator STEVENS. I do hope you will come, I'm serious.

Mr. HUTCHINSON. I will say that if you have any concerns when we put these regulations out, I will then make sure I go up there to ensure everything is taken into consideration. I will say we don't want to have an adverse impact on what's already been done up there.

Senator STEVENS. I'd like to go with you. I'd like to show you these things and get the people out there who designed them in compliance with existing regulations, and see if the regulations must change, how we can quickly meet those regulations without taking more of the AIP money.

Mr. HUTCHINSON. We will be glad to work with you and your staff to make sure that that's handled in the proper way.

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

Senator COCHRAN. Thank you, Senator Stevens. Senator Byrd, do you have anything further?

FEDERAL AIR MARSHALS

Senator BYRD. Mr. Secretary, your budget request for the Federal Air Marshals is essentially a flat line request similar to last year's funding level. Yet, on two occasions in less than a year, late last summer and again over the recent winter holidays, you increased the threat level to code orange, in large part because intelligence and other indicators led you to believe that there were enhanced threats to the United States via airplanes flying into or over this country.

However, based on budget briefings with my staff, I understand that the resources directed to this program are not sufficient to hire the number of air marshals that should be hired to maintain a more robust presence on targeted flights.

As I mentioned in my opening statement, I wrote to Secretary Ridge today urging him to propose to this committee a transfer of excess salary funds to the Federal Air Marshals Program. I urge you to make that proposal soon.

Mr. HUTCHINSON. Senator, we're happy to receive your letter, evaluate it and make an appropriate response. We recognize the importance of Federal air marshals and I know that last year, wherever there was a concern expressed about an adverse impact on their work force, we did find the funds to make sure that didn't happen, and certainly this year we will make sure that there is a robust commitment there, and we look forward to receiving your letter.

Senator BYRD. I have further questions for the record, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Mr. Hutchinson, we appreciate very much your excellent service in the Department of Homeland Security and your cooperation with our subcommittee. Senators may submit written questions, I have some that I will submit, as does Senator Byrd, and there may be others. We ask that you respond to the questions within a reasonable time.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. I thank Secretary Hutchinson for his appearance, for his good work, and hope that he will come to West Virginia on his way to Alaska.

Mr. HUTCHINSON. Thank you, Senator. I have been to West Virginia.

Senator BYRD. We have a beautiful place down there called the Greenbrier.

Mr. HUTCHINSON. I have enjoyed those rooms.

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

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

U.S. VISITOR AND IMMIGRANT STATUS INDICATOR TECHNOLOGY (US VISIT)

Question. Last week, President Bush met with President Vicente Fox of Mexico and announced that citizens of Mexico who hold border crossing cards and are frequent crossers of the border will not have each entry recorded into the US VISIT database. Please provide a more detailed explanation of this policy?

Answer. The Department of Homeland Security is committed to developing a solution for the processing of Border Crossing Card (BCC) holders.

—Most Mexican citizens who travel to and from the United States regularly may apply for a multi-use travel document, B1/B2 Visa/BCC also known as a "laser visa", which serves as either a BCC or a B1/B2 visa. Mexican citizens who use the travel document only as a BCC will not initially be subject to US VISIT processing during primary inspection inasmuch as their biometric data (fingerscans and photographs) have already been captured during the BCC issuance process. This is an interim solution for the land border while the Department explores the long term solution to record the entry and exit of persons crossing our land ports of entry.

—When admitted under the BCC program, Mexican citizens may stay in the United States for up to 72 hours and travel within the "border zone" (within 25 miles of the border in Texas, California and New Mexico, and 75 miles of the border in Arizona). Approximately 6.8 million Mexican nationals today utilize a BCC to make approximately 104 million crossings per year when using the card as a BCC card only.

—Prior to issuing a BCC to a Mexican citizen, the Department of State conducts biographic and biometric checks on the individual. The fingerscans and photograph of the Mexican citizen are then embedded into the BCC. A holder of a BCC is inspected to determine that he or she is the rightful bearer of the document when crossing through a U.S. port of entry.

—As the next phase of US VISIT is implemented at southern land ports of entry by the end of 2004, if a Mexican citizen chooses to use the BCC as a B1/B2 visa (traveling outside the "border zone" and/or staying longer than 72 hours in the United States), he or she will undergo US VISIT processing at the land border secondary inspection areas.

Question. Customs and Border Protection is in the process of deploying readers for the border crossing cards. What will be the policy as to when border crossing cards are read? Will the readers be integrated into US VISIT eventually?

Answer. In certain circumstances, Homeland Security's Customs and Border Protection (CBP) officers may have reason to believe the person presenting the BCC is not the person to whom it was issued. At that point, the individual is sent to secondary inspection to determine if there are any problems with the BCC, which could include running the BCC through a biometric reader or processing the person through US VISIT.

IDENT/IAFIS INTEGRATION PROJECT

Question. The Department of Justice Office of Inspector General issued a report on the progress made in integrating the biometric systems of the Department of Homeland Security and the Department of Justice. While the report does not make specific recommendations to the Department of Homeland Security, it does state that the IDENT/ENFORCE project team reports through the US VISIT program office. Further, it indicates that some of the delay in implementing the integration is due to the emphasis that is being placed on the roll-out of US VISIT. Is this project receiving enough support and attention? Should a separate project office be set up to implement this program?

Answer. The implementation of IDENT/IAFIS is a top priority at both DHS and DOJ, and a working group has been developed of representatives from DOJ, FBI, CBP, ICE, USCIS and US VISIT to define plans for completion of IDENT/IAFIS implementation at all 115 Air, 14 Sea, 165 Land Border POEs, as well as all Border Patrol Stations and specified ICE locations.

Question. Have you finalized a deployment schedule to roll-out Version 1.2 of the IDENT/IAFIS integration project to all Border Patrol facilities? When will the Version 1.2 roll out be completed?

Answer. Currently a comprehensive plan to complete implementation of Version 1.2 of the IDENT/IAFIS integration project is being developed including components from FBI, DOJ, CBP, ICE, USCIS and US VISIT. The implementation of 70 percent of Border Patrol Facilities is scheduled for the end of this year, and the remaining 30 percent by the end of next year.

Question. What consideration is being given to rolling out the Real Time Image Quality software developed for US VISIT to other IDENT stations in order to improve the quality of the fingerprint being captured?

Answer. The use of the real time image quality capture inside of US VISIT has been a significant enhancement to US VISIT. This capture improvement has really enhanced US VISIT and expanding this to IDENT is currently a system change request for the contractors to implement.

Question. What funds will the Department be dedicating to this project in fiscal year 2004, and what account will fund this project?

Answer. US VISIT is working to obtain approval to utilize $4 million (which remains unexpended) from the $10.1 million received as part of the 2002 Counter Terrorism funding (Public Law 107–117).

Question. What funds are requested for fiscal year 2005?

Answer. $3 million from base resources will be used in fiscal year 2005 to complete IDENT/IAFIS deployment.

72-HOUR RULE—SOUTHWEST BORDER

Question. As the Border and Transportation Security Directorate moves forward with implementing the US VISIT system, what is the Department's position on revising the 72-hour rule to allow Mexican citizens that have been cleared to possess a border crossing card to stay in the United States for a longer period of time?

Answer. While the Department of State adjudicates the application for a Border Crossing Card (BCC), DHS is responsible for establishing the policy surrounding the use and eligibility of such a visa document.

Many Mexican citizens who travel to and from the United States regularly apply for a multi-use travel document, also known as a "laser visa," which serves as either a BCC or a B1/B2 visa. Mexican citizens who use the travel document only as a BCC will not initially be subject to US VISIT processing during primary inspection inasmuch as their biometric data (fingerscans and photographs) is captured during

the BCC issuance process. This is an interim solution for the land border while the Department explores the long term solution to record the entry and exit of persons crossing our land ports of entry. As the next phase of US VISIT is implemented at southern land ports of entry by the end of 2004, if a Mexican citizen chooses to use the BCC as a B1/B2 visa (traveling outside the "border zone" and/or staying longer than 72 hours in the United States), he or she will undergo US VISIT processing at the land border secondary inspection areas. Readers for BCC's will be deployed at the 50 busiest land ports of entry by the end of June 2004.

Question. When does the Department plan to move forward with revising the rule?

Answer. We hope to complete our review soon. Once the review of the BCC document is complete, we'll be able to make a more informed decision regarding this rule.

STAFFING OF UNDER SECRETARY'S OFFICE

Question. The Border and Transportation Security Directorate oversees 20 percent of the entire Department's budget—with such disparate areas as trade enforcement, airport screening, protection of Federal facilities, and training inspectors. Not only is the responsibility wide, but it includes arguably the organization with the most difficult management problems. For the last year, the Under Secretary for Border and Transportation Security's office has relied heavily on detailees from within the Department and even from organizations outside of the Department of Homeland Security. Currently, 56 percent of the filled positions in the office are staffed by detailees. Have you been able to move ahead with hiring permanent employees? Do you expect the office to be fully staffed by permanent employees by the end of fiscal year 2004?

Answer. We have aggressively pursued the permanent staffing for the Office of the Under Secretary. We have entered into an interagency agreement with the Office of Personnel Management to provide dedicated position classification and staffing services to this office and fully expect to have selections made for all permanent staff by the end of fiscal year 2004.

Question. Is the Under Secretary's office staffed properly to allow it to oversee and coordinate such a board reach of programs?

Answer. The Under Secretary's office is properly staffed to oversee the Directorate's programs. We appreciate your recognition of the challenges within the first year: forming the new bureaus of Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE); fielding US VISIT system requirements on time and within budget; maturing the Transportation Security Administration; and reorienting Federal Law Enforcement Training Center's mission focus to meet the needs of the new Department. The Department continually assesses its effectiveness and efficiency, and we will promptly communicate any additional resource requirements, as necessary, to ensure we can meet our mission requirements.

RESEARCH AND DEVELOPMENT FUNDING

Question. The budget proposes to transfer additional research and development programs out of the components within the Border and Transportation Security Directorate to the Science and Technology Directorate, but it does not transfer all of the programs. Have all of these research and development programs been identified? Are there more programs that should be transferred to the Science and Technology Directorate, such as the Transportation Security Lab within the Transportation Security Administration, or the Research, Evaluation and Development Branch within the Bureau of Customs and Border Protection?

Answer. The budget proposes to transfer some Border and Transportation Security Directorate research and development programs to the Science and Technology Directorate to help improve the effectiveness and efficiency for certain programs. The other programs have synergies or considerations that require additional consideration before change is recommended.

Question. Do you feel that good working relationships have been established between the Border and Transportation Directorate and the Science and Technology Directorate? Are the needs of the Border and Transportation Security Directorate being met?

Answer. Yes. Since the start up of the Department, we have worked hand in hand with the Science and Technology Directorate. The Science and Technology Directorate has established a Border and Transportation Security Portfolio Manager. We also have a joint BTS and S&T Technology Working Group that is developing a technology roadmap for BTS to ensure we leverage technology in the most appropriate manner.

PERFORMANCE-BASED PAY SYSTEM

Question. The Department's budget for fiscal year 2005 includes resources to implement the performance-based pay system. Did the Border and Transportation Security Directorate play a role in creating the framework for this system? Will the needs of the Border and Transportation Security Directorate be served by this new system?

Answer. The Border and Transportation Security Directorate did play a role in creating the framework for this system which is being designed to meet the needs of all components of the Department. In April 2003, the Secretary and the Director of the Office of Personnel Management established a DHS/OPM HR Systems Design Team composed of DHS managers and employees, HR experts from DHS and OPM, and professional staff from the agency's three largest Federal employee unions. The DHS employees on this 48 member team represented a cross-section of the Department including employees from the following components within the Border and Transportation Security Directorate: the Bureau of Immigration and Customs Enforcement; the Federal Law Enforcement Training Center; the Transportation Security Administration; and the Bureau of Customs and Border Protection.

During April and July of 2003, this team entered a research and outreach phase, examining promising and successful practices and conducting a series of town hall meetings and focus groups across the country in order to inform employees about the design process and to solicit employee's perceptions of current HR policies. These outreach sessions included employees from across DHS, including a representative sample of employees from the Border and Transportation Security Directorate.

As a result of the work of the Systems Design Team, 52 options were presented to a Senior Review Committee whose members included two top officials from the Border and Transportation Security Directorate: Robert Bonner, Commissioner of Customs and Border Protection; and James Loy, then Administrator, Transportation Security Administration.

One of the roles of this Committee was to discuss the work of the Design Team and to express views that would inform decisions to be made subsequently by DHS Secretary Ridge and OPM Director James regarding which systems should be implemented within DHS. The Committee members agreed that any new HR system for DHS must be mission-focused and that its design must facilitate mission performance and that HR options might need to be tailored to specific parts of DHS.

The proposed regulations published in the Federal Register on February 20, 2004, reflect the thoughtful review and consideration by Secretary Ridge and Director James of all input received during the process as outlined above. It was determined that the regulations, as proposed, would best meet the needs of the Border and Transportation Security Directorate, as well as the Department as a whole.

Question. What are the estimates for how much it will cost to implement the new performance-based pay compensation system within the Border and Transportation Security Directorate?

Answer. $102.5 million requested in the President's Budget for implementation of the new HR system Department wide. BTS' share of implementation costs is covered in this request. Costing for design and deployment of the new HR system was identified based on independent government cost estimates that were developed to plan for the anticipated systems integration contract. Other agencies of similar size and complexity, notably Treasury, were benchmarked in projecting team size and skill levels and associated labor rates. Cost breakouts were estimated based on detailed GSA labor category descriptions and a skill analysis of the types and levels of contract employees that will be needed to support this effort. Major breakdown of costs includes: $27 million for program management, oversight and evaluation; $31 million for training and communications to support system implementation; $42 million for detailed systems design and implementation support (business process reengineering, compensation expertise, etc.); and $2.5 million to fund the HQ performance pool.

As additional background for each of the major funding categories: Centralized program management funding is required to manage appropriate cost, schedule, and control activities at the Departmental level, ensuring that the system investment is managed appropriately and at a good value. Program management funding will also provide for OMB-required earned value management, as well as risk management and evaluative activities. A centralized program management philosophy, rather than each component attempting to manage their own implementation, is critical in keeping program costs down and in ensuring consistency of deployment across the enterprise.

Training funds are absolutely essential in ensuring that the new HR flexibilities achieve the desired results. Funding is provided to adequately train all DHS executives, managers and supervisors on aspects of the new system and their responsibilities as leaders in the DHS environment. Training funding will also provide for awareness and change management activities to ensure that all DHS employees understand system changes. Funding will support a comprehensive HR certification program to ensure that DHS HR professional are prepared for system changes and new job responsibilities.

Funding for detailed systems design and implementation support is required to provide access to experts that will assist in designing the particulars of the new DHS performance management system, job evaluation system (including the creation of job clusters), compensation system (including new pay ranges and market pay processes), linkages for pay and performance, and development of competencies for DHS positions. This detailed expertise is required to ensure that DHS designs a program that appropriately links pay, competencies and performance and through that linkage DHS performance is enhanced.

We are projecting fully loaded life cycle costs of $408.5 million for complete system implementation. It is important to note that the $102.5 million is requested for full implementation of the new system (including project management, systems design, training and communications, etc.), not just the training aspects of system implementation. Major components of this figure include $102.5 million for system implementation, $10 million for Coast Guard performance pool, an estimated $165 million for other component performance pools, and a 6-year life cycle cost of $131 million for human resources information technology.

Question. Is there a timeline as to when each of the components of the Border and Transportation Security Directorate will transition to this new compensation system? If so, what is it?

Answer. Current plans provide for all components of the Border and Transportation Security Directorate, which are covered by the proposed regulations, to be converted to a new compensation system in January of 2006.

TETHERED AEROSTAT RADAR SYSTEM

Question. The information provided by the Tethered Aerostat Radar System, known as TARS, is a critical component in the Department's efforts to interdict illicit air traffickers. Do you believe that the Department of the Defense is providing sufficient support to the TARS program to enable the Air and Marine Program to effectively carry out its mission?

Answer. The TARS program has declined from 14 operational sites to 8 operational sites (Lajas, Puerto Rico, is due back on-line in May). Recent close coordination and meetings between the Department of Homeland Security and the Deputy Assistant of Defense for Counter Narcotics have resulted in frank and open discussions related to TARS. The dialogue is productive and ongoing at this time, and DHS' requirements have been acknowledged by DOD. DHS believes that this critical system supports homeland security and provides a critical detection and monitoring capability. That mission is a DOD responsibility. The DHS position is that Congress properly assigned the mission to DOD and funded TARS to meet the mission requirements.

Question. Does the Bureau of Immigration and Customs Enforcement have the necessary expertise and personnel to take over the management and maintenance of the TARS program?

Answer. That mission is a DOD responsibility. The DHS position is that Congress properly assigned the mission to DOD and funded TARS to meet the mission requirements.

TRANSPORTATION SECURITY FOR ALL MODES

Question. Three major grant programs currently administered by the Transportation Security Administration involving trucking security, port security grants, and Operation Safe Commerce are slated to be moved to the Office for Domestic Preparedness under the Department's announced reorganization of grant programs. The fiscal year 2005 budget proposes to reduce or terminate funding for these programs.

What funding will be available within the Maritime and Land Security operations for fiscal year 2005 to increase security for railways, roadways, and all other modes of transportation in light of the Administration's proposal to terminate funding for intercity bus and trucking grants?

Answer. The responsibility of securing our Nation's rail and mass transit systems is a shared one. DHS, DOT, and other Federal agencies are working together to en-

hance rail and transit security in partnership with the public and private entities that own and operate the Nation's rail and transit systems. The DHS grant program for improving rail and transit security in urban areas has awarded or allocated over $115 million since May 2003. Additionally, the Administration has requested $24 million for TSA to advance security efforts in the maritime and surface transportation arenas, and has requested that $37 million of the Federal Transit Administrations Urban Security Bus grants be available for security related projects. In addition, DHS will conduct the following activities and initiatives to strengthen security in surface modes:

—Implement a pilot program to test new technologies and screening concepts to evaluate the feasibility of screening luggage and carry-on bags for explosives at rail stations and aboard trains;
—Develop and implement a mass transit vulnerability self-assessment tool;
—Continue the distribution of public security awareness material (i.e., tip cards, pamphlets, and posters) for motorcoach, school bus, passenger rail, and commuter rail employees;
—Increase passenger, rail employee, and local law enforcement awareness through public awareness campaigns and security personnel training;
—Ensure compliance with safety and security standards for commuter and rail lines and better help identify gaps in the security system in coordination with DOT, with additional technical assistance and training provided by TSA;
—Continue to work with industry and State and local authorities to establish baseline security measures based on current industry best practices and with modal administrations within the DOT as well as governmental and industry stakeholders, to establish best practices, develop security plans, assess security vulnerabilities, and identify needed security enhancements; and
—Study hazardous materials (HAZMAT) security threats and identify best practices for transport of HAZMAT.

Question. How will the Transportation Security Administration coordinate with the Office for Domestic Preparedness on the grant programs (trucking security, port security grants, intercity bus grants, and Operation Safe Commerce) that will be moved pursuant to the reorganization?

Answer. It is anticipated that TSA will continue to provide the necessary operational expertise for the grant programs through participation in pre-award management functions. These functions include determination of eligibility and evaluation criteria, solicitation and application review procedures, selection recommendations and post award technical monitoring. TSA will also continue to leverage existing transportation expertise by working with industry stakeholders and DOT modal administrations to ensure that Federal security grants facilitate the seamless integration of security planning activities by industry stakeholders and governmental stakeholders at the regional, State, and local levels.

Question. In addition to the $169 million made available for the port security grant program by the Transportation Security Administration, $75 million was made available in fiscal year 2003 by the Office for Domestic Preparedness for the same purpose. Do you anticipate that funds will be made available once again for port security grants within the existing grant programs in the Office for Domestic Preparedness?

Answer. The fiscal year 2005 President's budget requests $46 million for Port Security Grants under the Office for Domestic Preparedness.

TSA'S ROLE WITHIN THE DEPARTMENT OF HOMELAND SECURITY

Question. Over 54 percent of the President's budget request for the Transportation Security Administration for fiscal year 2005 is dedicated for aviation passenger and baggage screeners' pay, benefits, training, and human resource services. Last year, Admiral Loy testified that the Transportation Security Administration was developing a National Transportation System Security Plan (NTSSP) to explain "its' vision to complete the important task of ensuring the security of all modes of transportation, not just the aviation sector".

Will the Transportation Security Administration continue to have responsibility for security over all sectors of transportation or will aviation security continue to be the main focus for TSA?

Answer. Ensuring that our Nation's transportation systems are secure must be accomplished through effective partnering between appropriate Federal, State, local and private industry entities. Although TSA was created in the wake of the September 11 attacks and charged with responsibility for ensuring that all modes of transportation are secured, the Administration has consistently held that that this responsibility must involve the coordination of appropriate Federal, State, local and

private industry partners, many of whom were already in the business of providing security for their particular piece of the transportation puzzle. TSA's main charge, both under ATSA and now as part of the DHS family, is to coordinate these efforts under the guidance of the Secretary and the Under Secretary for Border and Transportation Security, identifying gaps and working with appropriate partners to ensure that existing security gaps are filled.

Recognizing this, the Department of Homeland Security (DHS) has requested substantial resources in fiscal year 2005 across the agencies within the Department involved with securing transportation modes other than aviation, including resources in the Coast Guard and Customs and Border Protection (CBP) for ports, maritime security, and cargo security; in Information Analysis and Infrastructure Protection (IAIP) for vulnerability assessments, intelligence, and infrastructure protection for all sectors including transportation; and in Emergency Preparedness & Response (EP&R) for emergency response to only name a few. In addition to working with other DHS components, TSA works closely with our sister Federal agencies outside of DHS to ensure that all government resources are maximized. For example, under the leadership of BTS and DHS, TSA is coordinating key standards-setting efforts in areas such as transit and rail security, and is working closely with modal administrations of the Department of Transportation to help leverage their existing resources and security efforts to accomplish security goals.

Question. When can we expect the National Transportation System Security Plan and what role will the Transportation Security Administration play in securing all modes of transportation?

Answer. TSA's role in securing the transportation system begins at the system or sector-wide level, across the individual modes, thus ensuring consistency and consideration of inter-modal issues (such as assets, incidents, or supply chains that straddle multiple modes, and inter-modal exercises). The Department of Homeland Security (DHS) has assigned TSA primary Sector Specific Responsibility (SSR) for the Transportation Sector as DHS implements Homeland Security Presidential Directive 7 (HSPD–7), which directs the establishment of "a national policy for Federal departments and agencies to identify and prioritize United States critical infrastructure and key resources and to protect them from terrorist attacks." In accordance with DHS's HSPD–7 implementation plan, TSA is developing the Transportation Sector Specific Plan (SSP). A first draft of the SSP is due to DHS by early summer, 2004 (at the same time when SSPs from the other 12 sectors of critical infrastructure are also due). In developing the transportation SSP, TSA is working under BTS guidance and with partners in the U.S. Coast Guard and the Department of Transportation (DOT). The SSP will discuss how Federal and private-sector stakeholders will communicate and work together; how important assets in the transportation sector will be identified, assessed, and prioritized; how protective programs will be developed; how progress in reducing risk will be measured; and how R&D will be prioritized in the sector. In the Transportation Sector, the SSP will further these efforts currently underway and help ensure that they are systematic, complete, and consistent with the efforts in the other 12 sectors.

Prior to the issuance of HSPD–7, TSA was TSA was developing the National Transportation System Security Plan (NTSSP). Its purpose was to provide a systematic sector-wide approach to Transportation Security, to pull all Federal partners into the effort together, and to provide guidance to the writers of Modal Security Plans. Now HSPD–7 is driving an economy-wide systematic approach to Infrastructure Protection, including the Transportation SSP described above. The SSP will be expanded into a "new" NTSSP, by adding additional chapters (some already drafted in the "old" NTSSP) to complete the original intent of the NTSSP. This includes guiding development of Modal Security Plans, providing explicit links to other Federal plans such as the National Response Plan (NRP) and the National Incident Management System (NIMS), and other operational guidance. On behalf of DHS and in conjunction with other Federal agencies, the completed NTSSP will guide and integrate a family of security plans to prevent, mitigate, and respond to intentional disruption of the Nation's transportation systems while ensuring freedom of movement for people and commerce.

Parts of the draft "old" NTSSP are already in use, as the USCG drafts the MTSA-mandated Maritime Transportation Security Plan, and as other modal security plans begin development. A draft of the "new" NTSSP should be completed by the end of summer, 2004.

TSA's role within each sector will vary from mode to mode. In aviation security, TSA has the operational and regulatory lead role. TSA's efforts in non-aviation security over the past 2 years have focused on greater information sharing between industry and all levels of government, assessing vulnerabilities in non-aviation sectors to develop new security measures and plans, increasing training and public aware-

ness campaigns, and providing greater assistance and funding for non-aviation security activities. In partnership with other component agencies of DHS and in coordination with DOT, State, local and private sector partners, TSA will continue to leverage existing security initiatives, coordinate the development of national performance-based security standards and guidance; identify areas where regulations may be necessary to improve the security of passengers, cargo, conveyances, transportation facilities and infrastructures; and identify areas where better compliance with established regulations and policies can be achieved. TSA will work with DHS components, modal administrators within DOT, and its government and industry stakeholders to continue these efforts, establish best practices, develop security plans, assess security vulnerabilities, and identify needed security enhancements.

Question. The Homeland Security Act of 2002 requires the Transportation Security Administration be maintained as a distinct entity within the Department of Homeland Security for 2 years from the date of enactment with the sunset of the Transportation Security Administration as a distinct entity within the Border and Transportation Security Directorate to occur November 2004. How do you envision the Transportation Security Administration's role within the Department of Homeland Security if not maintained as a separate distinct entity in the Border and Transportation Security Directorate?

Answer. The Homeland Security Act requires that TSA be maintained as a distinct entity for 2 years after enactment. As an integral part of the Border and Transportation Security Directorate, TSA is currently providing a robust security framework in the aviation environment and coordinating closely with other DHS and DOT partner agencies both to identify security vulnerabilities in other modes of transportation and identify appropriate mitigation strategies to reduce those vulnerabilities. Further, TSA is coordinating Federal efforts to develop the transportation chapter of the National Critical Infrastructure Protection Plan (NCIP) being developed as a result of Homeland Security Presidential Directive (HSPD) number 7. At this time there are no plans to alter TSA's status as a distinct entity within the BTS Directorate; however, the Secretary continually reviews the missions and programs of each DHS component to ensure that they complement, rather than duplicate the missions of any other. In the event that the Secretary decides, under authority conferred upon him by Section 872 of the Homeland Security Act, to reorganize any of the components of the Department including the TSA, appropriate notification will be provided to relevant Congressional committees by the President.

FEDERAL SCREENER OPT-OUT PROGRAM

Question. The Aviation and Transportation Security Act passed shortly after the terrorist attacks of September 11, 2001, provided for the ability of airports to apply to the Department of Homeland Security to opt-out of using Federal screeners and to use qualified private screening companies at the end of a 3-year period which occurs this November 2004.

When do you anticipate the results of the Department's study on the private screening companies that have been providing passenger screening at the five airports participating in the pilot program will be made available?

Answer. TSA hired BearingPoint to conduct an independent performance evaluation of the private contractor screening compared to Federal screening. The study evaluated performance in security, compared costs, and analyzed customer/stakeholder satisfaction. It concluded that TSA has succeeded in developing and executing a pilot program that both meets the Congressional requirements and ensures outstanding security. Results of the study were made public on April 22, 2004 and are available on TSA's web site at http://www.tsa.gov/interweb/assetlibrary/Summary_Report.pdf.

Question. Do you feel that there will be a large number of airports that will apply to use private screeners rather than continue to use Federal screeners?

Answer. Under ATSA, individual airports may, starting on Nov 19, 2004, submit proposals to "opt out" of having Federal passenger and baggage screening and to return to private companies providing those security services under contract to and close oversight by TSA. TSA continues to work with its key stakeholders for the development of an application process for airports who are interested in opting out. TSA is in the early stages of developing an efficient, understandable, and effective procedure for opt-out applications and is currently drafting the specific contents of the opt-out guidance. At this time, it is still unclear how many airports will seek to opt out. Most airports are awaiting additional details regarding the application process and parameters of the program before making a decision. Should an airport request to opt out, its application must be assessed and approved by the TSA Ad-

ministrator. TSA is committed to ensuring a fair, supportive transition program that recognizes the outstanding skills of TSA's current work force.

Question. With the opt-out date approaching rapidly, when do you anticipate providing guidelines, application procedures, and approval criteria for the airports that are trying to decide whether or not to apply to use private screening companies?

Answer. TSA is currently working to develop guidelines for the opt-out program. TSA hopes to release initial guidance in late May or early June. This guidance will consist of an overview of issues such as, indemnification and reimbursement to contractors, the application and award process, and delineating clear roles and authority for TSA headquarters, the Federal Security Directors and their staff, and the airports and contractors, that will help airports gauge their level of interest in the opt-out program.

Question. With $119 million provided this year for the private screening pilot programs and only a $10 million increase requested for fiscal year 2005, how do you anticipate providing funding for additional airports that may apply to use private screeners?

Answer. The Administration did not request a separate funding line item for private screening for precise reason that we cannot predict in advance what airport interest will be in an opt-out program. All funding requested was rolled up into one screener line, and it is critical that the Congress provide maximum flexibility to allocate resources. Supporting budget documents showed a level of $130 million purely for display and comparability purposes. This amount will provide sufficient resources to maintain contract screener operations at the five pilot airports through the end of fiscal year 2005. Actual funding needs for contract screening operations may be higher or lower depending on a variety of factors such as the current evaluation of contract screening, the program's future deployment and management structure, the level of interest garnered from the airport community, and the time it takes to smoothly transition airports into and/or out of contract screening. TSA will adjust resources between Federal and contract screeners as necessary.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

Question. The United States Coast Guard and the Federal Law Enforcement Training Center recently announced plans to transfer the United States Coast Guard's Maritime Law Enforcement School to the Federal Law Enforcement Training Center in Charleston, South Carolina. What impact will this proposed change have on the Department of Homeland Security and what additional fiscal year 2005 funding will this consolidation require?

Answer. At the U.S. Coast Guard's request, the Maritime Law Enforcement School located at Coast Guard Training Center Yorktown, VA, and the Boarding Team Member School located at Coast Guard Training Center Petaluma, CA, will be merged, relocated and commissioned as the Coast Guard Maritime Law Enforcement (MLE) Academy at the Federal Law Enforcement Training Center in Charleston, SC, by October 1, 2004. Both the Coast Guard and the entire Department of Homeland Security (DHS) will benefit by this consolidation of law enforcement training functions. To reflect the increase in Coast Guard mission capabilities and training requirements, the MLE Academy will be established to provide expanded training for their personnel in support of maritime homeland security and law enforcement. The MLE Academy will provide for the training of maritime law enforcement capabilities central to all Coast Guard maritime security missions. The MLE Academy will also provide training to local and State law enforcement personnel in support of the Federal Boat Safety Act. It will cost approximately $4 million to relocate the Coast Guard MLE Schools to the FLETC Charleston. This includes one new building, a personal defensive tactics building. The FLETC will fund $2 million for construction and renovations. The U.S. Coast Guard will fund approximately $2 million for transportation of existing equipment, relocation of personnel, dependents and household goods, boarding platform training aids, installation of a simunitions lab and telecommunications infrastructure.

The Coast Guard will move 50 positions (FTP) to Charleston, SC. The positions come from the USCG training centers at Yorktown, VA (36) and Petaluma, CA (14).

The Coast Guard estimates it will train 1,872 students annually.

The affiliation and co-location with of the Coast Guard with the FLETC provides them a first step towards standardization. It will enhance their law enforcement training and promote better coordination among field activities with their sister agencies. Both the Coast Guard and the entire Department of Homeland Security (DHS) will benefit by this consolidation of law enforcement training functions. The Homeland Security Act consolidated 22 agencies in creating the Department of Homeland Security, and established Law Enforcement as one its core missions. The

Maritime Transportation Security Act (MTSA) directed the integration of standards and training curriculum for "maritime security professionals."

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. Over the last two funding cycles, Congress has provided $85 million to the TSA for development, tech evaluations, pilot programs, and rollout of a Transportation Worker Indentification Card (TWIC). How many TWIC cards have been issued to date? What has the TSA spent this $85 million on?

Answer. The Consolidated Appropriations Resolution, 2003, provided $35M for the Transportation Worker Identification Credential (TWIC) and Registered Traveler (RT) programs. Of this total, $25 million was initially assigned to TWIC, and $10 million was assigned to RT. TWIC spent a total of $15 million on planning and executing the Technology Evaluation Phase. TSA internally reallocated $5 million and returned the remaining $5 million to the Treasury. The $10 million for RT was subsequently reallocated internally. The fiscal year 2004 Appropriation Act provided $50 million to TWIC to support planning and execution of the Prototype Phase. Our most recent analysis indicates that $50 million is sufficient for this task. To date no operational TWIC cards have been issued. It is estimated that up to 200,000 cards may be issued during the Prototype Phase.

Question. When Congress tasked TSA and the Department of Transportation with developing a plan to protect our transportation infrastructure, Secretary Mineta moved forward with a vision for how a transportation credential should work. Unfortunately, implementation appears to have been hindered by poor leadership and a shifting idea of what TWIC should be and how it should be implemented. Where is the problem?

Answer. TWIC development continues to move forward as planned. During the early stages of the development process, data, technical information and lessons learned were gathered from a wide range of sources including industry stakeholders and other Federal credentialing projects. The RFP for the TWIC Prototype Phase will be released in the immediate future. The proposed plan leverages the stakeholder relationships established over the past 24 months and during the Technology Evaluation Phase, as well as a partnership with the State of Florida for the network of deep-water ports. The goal of the prototype is to evaluate the full range of TWIC business processes within a representative operational environment. The plan includes facilities and workers from all transportation modes and is focused in three regions, Philadelphia-Wilmington, Los Angeles-Long Beach, and the Florida ports.

Various card production options were evaluated within the context of system requirements. Centralized card production using existing Federal card production facilities that meet all of the system requirements was determined to be the most cost effective solution for the prototype phase. Key factors in the evaluation included: physical security and controlled access to the production process; secure supply chains for card stock and special security features (e.g. holograms, special inks, secret keys); standardization of training; and, economies of scale with high capacity production machines. Centralized card production will be further evaluated during the prototype, and the final evaluation report will include a detailed analysis on all card production options and a recommendation for DHS decision.

Question. According to your written testimony, you have combined the credentialing under one program and have requested $20 million for that line item. I am told that this request is nearly $100 million below the level TSA needs to implement the program for only the highest risk areas and fully $150 million below the level needed for full and timely implementation system wide. How do you plan to make up this shortfall?

Answer. The fiscal year 2005 President's Request includes $50 million in fee spending authority for the TWIC program. As prototype planning continues, we have continued to explore questions surrounding the population size, technological requirements, and methods for achieving rapid implementation. This planning will be shared with Congress once completed.

Question. It is my understanding that while the fiscal year 2003 bill required a thorough evaluation of all technologies, the $85 million would be adequate to evaluate and establish a basic framework and prototype for a TWIC. Why now are you asking for more money to complete this part of the project?

Answer. The funds that have been provided by Congress have enabled TSA to complete the planning and technology evaluation phases and will enable TSA to execute the Prototype Phase. In anticipation of a successful completion of the prototype with positive results, TSA is requesting $50 million in fiscal year 2005 to begin TWIC implementation.

Question. Does TSA anticipate establishing a fee for the access and administration of the TWIC? If so what will this fee fund? When can we expect these programs to be fully underway?

Answer. The TWIC concept is a Federally-led public-private partnership to improve security across the transportation system. Accordingly, as authorized by Congress, TSA envisions that a fee would be collected for each credential issued and would fund the cost of enrollment, card production and issuance, identity management, network infrastructure, and revocation alerts. Transportation facilities will be responsible for access control systems and any modifications that they choose to make in accordance with their own security plans.

The Prototype Phase is planned to be implemented over 7 months. Upon completion of Prototype, DHS will review the data and decide how best to implement the findings. TSA anticipates that we could begin shortly thereafter to execute that decision.

Question. As I remember the original timetable, our ports and greater transportation system should now be operating under a credentialing system that will provide increased security through use of a TWIC card and the requisite card readers and databases. The TSA TWIC website outlines the three goals of the program as to: improve security, enhance commerce, and protect personal privacy. Has the lengthy process in some way increased the potential of accomplishing these goals? What are we getting for increased costs and missed deadlines?

Answer. The evolution of the program will result in a more robust Prototype Phase that incorporates a process for collecting data that will allow the exploration of multiple options for TWIC implementation, including detailed cost-benefit analysis, assessment of feasibility of use by facilities multiple disparate business practices, and more inclusive, in-depth consultations with stakeholders.

Question. What have you done to ensure the security of the card? Can you offer me assurances that the security efforts you have taken will stand up to the test?

Answer. TWIC views security from a system perspective. TWIC is not just a secure ID card, but it is also an identity management solution that leverages advanced security technology and procedures to deliver an overall chain of trust. Both the Technology Evaluation Phase and the upcoming Prototype Phase include extensive evaluation of security features, and security testing and evaluation will be an ongoing part of the TWIC program.

For the card specifically, TWIC is using advanced security features that leverage the strength of the core technology. The surface-based technology will include special inks, security overlays and complex visual design features that will counter attempts to forge or tamper. The Integrated Computer Chip (ICC) is based on the NIST Government Smart Card Specification and complies with a number of security protocols and validations. The ICC includes encryption, secret keys, and active defenses. TWIC will also use a biometric securely embedded in the ICC to link the individual positively to the completed background check and to updates to that background check.

Question. Concerns have been raised that TWIC will hinder rather than enhance commerce. Can you provide data on what kind of delays will occur due to TWIC access requirements?

Answer. One of TWIC's three goals is the enhancement of commerce. The TWIC architecture was developed using extensive stakeholder inputs. The TWIC Integrated Project Teams (IPT) have been working with regional stakeholders to develop site level implementation plans, which will enhance commerce at these sites. During the Technology Evaluation Phase, access control transaction times were measured using a range of technologies. These results were incorporated into the planning for the Prototype Phase, which will further refine the process. The Prototype Phase evaluation report will include extensive data on all aspects of access control transactions, including time and impact to the commercial process.

Question. Delays are causing problems down the line for my, and I am sure many other senators, constituents. Recently, I was asked by one of my constituents whether they should move forward with their own credentialing system upgrades. I was remiss to inform him that it did not appear TWIC would be available for use in the foreseeable future. My constituent informed me that because of these delays he would be forced to move forward with upgrades of his own that may or may not work within the TWIC system. It seems ridiculous to force constituents committed to security to invest in multiple technologies. Mr. Secretary, that does not appear to enhance commerce to me, does it to you? Are we supposed to have a seamless system?

Answer. TSA shares your determination to maximize the benefits of TWIC while minimizing financial or technological burdens on stakeholders. Consequently, a guiding principle in the design of TWIC is that the credential be interoperable with

existing security systems. TWIC envisions a secure identity management tool that can be used in existing access control systems. TSA is communicating with stakeholders in order to update them on the direction of our work and thereby assist them to make informed decisions about security investments.

Question. In addition, I am always concerned about the privacy of individuals. Many have raised concerns about the TWIC and its relationship to a national ID system. How will you protect the information? How will you guarantee the security of the personal information required to attain the TWIC?

Answer. Protection of personal privacy is one of the program's key goals, having been seamlessly integrated in planning from the initial system design. The DOT lead privacy advocate was a member of the original design team. The TWIC team has and will continue to work with the DHS and TSA Privacy Officers to ensure that TWIC remains faithful to our stated goals.

TWIC recognizes that acceptance of the credential is inexorably linked to the holder's confidence that his or her privacy will be respected. TWIC is designed to operate on the minimum amount of personal information, which will be securely stored and encrypted. Access to personal information will be controlled and auditable. All information that will be gathered is subject to a formal privacy impact assessment.

Question. The focus of TSA and the Directorates funding is towards Airline Security. As I understand it, the TWIC will increase security across the transportation system as a whole. In fact, at some point Admiral Loy characterized TWIC as a "Flagship Program". If this is a "Flagship Program", what is the delay in implementation? What are you doing to fix this problem?

Answer. TWIC remains an important initiative for DHS and TSA. The longer timeline is indicative of the need to explore different options on how best to implement an identity management system for transportation workers across multiple facilities, consultation with stakeholders, and to incorporate learning into the development process.

Question. Mr. Secretary, what have you done to ensure that evaluation of TWIC moves forward in a manner that does provide the tax payer with a safe and secure transportation system, while improving the flow of commerce and constantly ensuring our citizens privacy?

Answer. We recognize the urgency of the advancing this program. The Prototype Phase is scheduled to begin in the summer of 2004 and last 8 months. We are committed to a fast track process for review of the results of the Prototype Phase and making final decisions on implementation.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

CAPPS II—AIRLINE PASSENGER INFORMATION SYSTEM

Question. Mr. Secretary, the fiscal year 2004 Homeland Security Appropriations Act included a provision requiring the General Accounting Office (GAO) to review the privacy and security of the proposed CAPPS II airline passenger pre-screening system. Last month, the GAO submitted a report to us that stated that your Department has met only one of the eight criteria that we set out before you could move ahead with deployment of the system.

I understand that the Department concurs with GAO's findings. Where is DHS now in testing of the CAPPS II system? What is your timeframe? How long do you expect to test the system?

Answer. Seven of the eight areas identified by the Congress could not be certified by the GAO as having been completed, as they are contingent on testing of CAPPSII. System testing can only begin once TSA obtains a significant quantity of PNR data from airlines or from U.S. Customs and Border Protection (CBP) under the terms of an agreement DHS reached with the European Commission for CBP's use of such data. However, the agreement has not yet been ratified by the European Parliament. Once PNR data is received for testing purposes, 30 days is required for evaluation of the data. Testing will then be conducted for 30 days, followed by 30 days for analysis of the test results. Once testing is complete, the seven remaining areas of interest to the Congress can be certified by the GAO.

CAPPS II—TESTING

Question. One of the concerns about the testing of the proposed CAPPS II system has been the lack of access to actual traveler data to test the system. Airlines have been reluctant to voluntarily provide data because of the very real concerns of privacy groups about how that data will be used. Some have stated that this lack of data for testing is one of the reasons why some of the specific criteria laid out in

the Appropriations Act have not been met. There is some speculation that the Department is planning to issue regulations to compel airlines to provide data for the purposes of testing.

Can you confirm for the Subcommittee whether the Department is planning to compel airlines to provide data on travelers for the purposes of testing CAPPS II? Will you provide this Subcommittee notice of your plans prior to making any public notice? Also, of the funds requested for this program in the fiscal year 2005 budget request, what is requested solely for additional testing of the program—as opposed to implementation and operation of the system?

Answer. TSA plans to use the Notice of Proposed Rulemaking (NPRM) vehicle to seek public comment on the collection of Passenger Name Record (PNR) data for the operation of the CAPPS II program, and would likely issue an order compelling the collection of historical PNR data for testing purposes simultaneously with publication of that NPRM. Each of these documents would require regulated parties to take reasonable steps to ensure that passengers are provided notice of the purpose for which the information is collected, the authority under which it is collected, and any consequences associated with a passenger's failure to provide the information.

As mentioned above, system testing can only begin once TSA obtains a significant quantity of PNR data from airlines or from U.S. Customs and Border Protection (CBP) under the terms of an agreement DHS reached with the European Commission for CBP's use of such data. However, the agreement has not yet been ratified by the European Parliament.

There are two components to the plan for CAPPS II testing: testing with historical PNR data and full system testing that would take place once connectivity is established with an airline to test with live data. TSA estimates the cost associated with completing system and performance testing at $5 million. This involves testing to the system "end to end" to validate the ability of the system to receive all of the different types of records from the airlines and post the results of the risk assessment to the boarding pass. Once system testing has been completed, performance testing is required to verify that the time required to complete each end-to-end transaction meets the system performance standards.

FINGERPRINT DATABASE INTEGRATION: VASTLY DELAYED AND DANGEROUS

Question. Last week, Department of Justice Inspector General Glenn A. Fine released a report that examined the case of a Mexican citizen, Victor Manual Batres, who had been detained by the Border Patrol on two occasions in January 2002 for illegally entering the United States. Both the Department of Justice and the Department of Homeland Security say they recognize that the databases need to be integrated, however the IG report found uncertainty as to who is responsible for the overall management of the integration project. It states that Justice and Homeland have yet to enter into a memorandum of understanding delineating the specific roles and responsibilities of each agency in the project. It also finds that the integration project recently has been slowed by the attention placed by Homeland on other technology projects, such as US VISIT. You may recall that I raised this issue with Secretary Ridge last year when he met with Senator Cochran and me to discuss fingerprint database integration as it related to US VISIT. Last week, Secretary Ridge acknowledged this problem and pledged to find $4 million this year to begin to "fix" it. From which sources will you find these funds and when can we expect to receive a reprogramming or transfer proposal?

Answer. The Department of Homeland Security is committed to accelerating implementation of IDENT/IAFIS 10 fingerprint capability for enforcement processing at ports of entry, and at Border Patrol locations and Immigration and Customs Enforcement offices.

While we begin planning our implementation plan, we plan on using $4 million of the remaining funds provided in Public Law 107–117 (fiscal year 2002 counterterrorism funding) for IDENT/IAFIS implementation. The $4 million, when combined with fiscal year 2003 funds already provided ($3.5 million obligated for IDENT/IAFIS), will allow BTS to implement IDENT with 10 print capabilities in secondary inspection at 115 airports, 14 seaports and 50 of the largest land border ports. In addition, this funding will support implementation of the IAFIS/IDENT 10 print capability at 70 percent of the Border Patrol stations. The remaining land ports of entry, 30 percent of the Border Patrol stations and major ICE locations (to be determined) will receive this capability early in calendar year 2005. Funding for fielding these capabilities is estimated to be approximately $3 million, including the implementation of IDENT/IAFIS at Border Patrol stations will provide the capability to biometrically identify and/or perform status verifications on individuals sus-

pected of illegally crossing the border. Implementation at ICE offices will support investigation of individuals apprehended for overstays and/or watch list hits.

Question. The IG report made a series of recommendations to expedite integration of IDENT/IAFIS. Does this mean that your Department will take the lead responsibility in merging these data bases so that similar tragedies can be prevented in the future? How long will a full integration take and how much is it likely to cost?

Answer. Yes, the Department of Homeland Security will work with the Department of Justice to accelerate our integration into the FBI's IAFIS (10 print, criminal history) and the legacy INS IDENT (2-print, immigration) systems. An integrated workstation has already been developed. It has been deployed to a limited number of sites. DHS intends to complete deployment of this capability in 2005. The total cost for fielding the capability is expected to be $7 million and will be funded within existing resources.

FEDERAL AIR MARSHALS: STAFFING

Question. Your budget request for the Federal Air Marshals is essentially a flat-line request similar to last year's funding level. Yet on two occasions in less than a year—late last summer and again over the recent winter holidays—you increased the threat level to Code Orange—in large part because intelligence and other indicators lead you to believe there were enhanced threats to the United States via airplanes flying into or over this country.

However, based on budget briefings with my staff, I understand that the resources directed to this program are not sufficient to hire the number of Air Marshals that should be hired to maintain a more robust presence on targeted flights. If that is indeed accurate, why are you not requesting more funding for hiring additional air marshals, expanding their training, and increasing the tools at their disposal for protection of airplanes and their passengers?

Answer. The Department of Homeland Security (DHS) continues to view the Federal Air Marshal Service (FAMS) as a fundamental component of our national security plan and overall counter-terrorism efforts. The services provided by the FAMS are integral to our efforts to instill and sustain public confidence in our civil aviation system and for providing an expanded law enforcement capability in our skies that previously did not exist. In fact, within the span of roughly two and a half years the FAMS has fielded a trained work force of literally thousands of Federal Air Marshals to protect America's citizens and interests in our commercial air transportation system.

In this same time, DHS has also worked with the Congress to invest in, develop and implement a layered security plan that encompasses the coordinated efforts of an entire spectrum of Federal, State and local agencies. These agencies are working together to provide an array of intelligence, enforcement and protection services to our civil aviation system, our borders and to other areas vital to the Nation. Under this strategy, we have established mechanisms and programs designed specifically to complement one another within the limited resources afforded to the Department. For example, DHS has invested in cutting edge technology to airport and baggage screening activities; we have hardened cockpit doors; we have established a Federal flight deck officer training program; and we are continuously working to apply the latest intelligence information in shaping our decision-making and response to terrorist threats.

The Department has also evaluated how to best use Federal Air Marshals to expand their effectiveness and overall impact. The FAMS was recently transferred from the Transportation Security Administration (TSA) to the U.S. Immigration and Customs Enforcement (ICE). This fusion of the FAMS into ICE not only establishes an integrated enforcement presence in the aviation sector; it enhances ICE's overall capabilities and resources to enforce its mission, which is to detect and prevent vulnerabilities or violations that threaten the Nation's homeland security. Furthermore, this realignment has made possible other initiatives such as the Mission Surge Program, which will pair Federal Air Marshals with ICE agents during peak threat periods, such as the Code Orange alerts or other such events.

In addition to Mission Surge, the Department is also evaluating ways to capitalize on the presence of thousands of Federal law enforcement personnel using the civil aviation system to travel on a daily basis. Although these personnel cannot replace a Federal Air Marshal, they are armed and capable of providing a level of security in the case of an in-flight event. This initiative, known as the Force Multiplier Program, is in its infancy.

Through this layered approach, the Department continues to make significant progress in our counter-terrorism efforts and capabilities. The Department will con-

tinue to work with you and other members of the Congress towards addressing your concerns and best meeting the Nation's homeland security requirements.

US VISIT: FULL DISCLOSURE

Question. Last year Secretary Ridge took the old visa tracking system known as "entry-exit" and as one of his first acts he gave it a snazzy new name befitting the new Department—US VISIT—or the United States Visitor and Immigrant Status Indicator Technology. He also committed that US VISIT would be operational at all of our Nation's international airports and seaports by January 1, 2004. After some lobbying by the airlines, who were concerned about possible problems standing up the system—and leery of the prospect of long lines of weary holiday travelers, he pushed back the operational day to January 5. By all accounts, the system worked, there were few technical glitches and, as you noted in your testimony, some bad actors have been caught by the new system. That is all to the good—as we want to know who is entering and existing our country. Indeed, Congress first started calling for an "entry-exit" system back in 1996.

But there seems to be a disconnect. There seems to be a bit of over-selling of this program by the Secretary and the Department and the Administration. It is true that we are capturing information and checking fingerprints and photos with visa holders who are entering our country at 115 airports and 14 seaports—but do not pop the champagne just yet. At how many airports are we currently capturing information to verify who is exiting the country? One. At only one airport out of 115 are we learning who is exiting our country. The same holds true of exit information at our seaports—one out of 14.

Secretary Hutchinson, this troubles me. I am troubled that an extremely important security program—and one that I support—is being inaccurately represented. It is being presented as more than it truly is. And I am concerned that if the Secretary and the Department can make the claim that they met the deadline to get this program started—when only half of the job is done for this first phase, how can we and the American people know that the next deadline is truly met? And, if you cannot meet your own self-imposed deadline for a relatively-easy system in a controlled environment (people waiting to board a plane), how can we be certain that you will meet your next deadline which we understand is verifying the entry and exit of visa holders at our 50 largest land border ports-of-entry?

Answer. As stated in the record, the first Congressional mandate for an electronic entry and exit system was in 1996. In 2000, the Immigration and Naturalization Data Management Improvement Act (DMIA) fully amended and replaced section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. Under the provisions of the DMIA, the Administration is required to integrate all authorized or required alien arrival and departure data that are in electronic format in existing systems maintained (at that time) by the Department of Justice and the Department of State. The DMIA also set forth timelines for this integration and deployment effort.

On January 5, 2004, the deployment of the newly integrated systems containing alien entry and departure data was successfully launched to all of our Nation's international airports of entry, as well as to 14 of the Nation's largest sea ports at which international travelers arrive. Although, not required by statute, the Secretary sought to improve on the mandate and requested that all non-immigrants with non-immigrant visas entering at these locations should also have their fingerprints scanned so that checks of additional databases containing information on aliens could also be made. We are also piloting the capture of biometric data at the point of departure. The collection of data from the pilot sites is expected to continue until early in fiscal year 2005, with plans to initiate exit installation in fiscal year 2005 based upon the solutions identified.

Building upon these successes, US VISIT functionality will be deployed to the top 50 land border ports of entry in accordance with the timelines set forth in DMIA. US VISIT will work with the to-be-awarded prime contractor to develop the processes, infrastructure and technology required to capture similar data upon entry and exit at the land borders in a way that will minimize any deleterious effect on the flow of goods and peoples across our borders.

TERRORIST WATCHLIST INTEGRATION

Question. One of the most important items on the Department's list of unfinished business is the integration of terrorist watchlists. Earlier this year, Secretary Ridge said the list would be fully functional "by mid-May." Because many of the agencies you oversee—such as the Transportation Security Administration, Customs and Border Protection, and Immigration and Customs Enforcement—rely daily on accurate

information about the potential threats to this country posed by individuals on these lists, I would imagine that the integration of this information would be a priority.

What is the status of the watch list integration and what are you doing to ensure that rapid progress is being made on this important national security project?

Answer. Integration of terrorist watchlists is proceeding. The Terrorist Screening Center (TSC) has been established with its own consolidated database comprising information from the Terrorist Threat Integration Center (TTIC). TTIC is collecting information from all the agencies holding watchlists to verify the information and add names and data to TSC's list.

INTEROPERABILITY GRANTS

Question. According to "A Needs Assessment of the U.S. Fire Service", a report conducted by FEMA in conjunction with the National Fire Protection Administration, only one-fourth of all fire departments can communicate with all of their rescue partners. The Council on Foreign Relations' June, 2003 study on Homeland Security Needs estimated that the need for interoperable communications equipment funding was $6.8 billion over the next 5 years. The February 2003 National Task Force on Interoperability report entitled "Why Can't We Talk" found that "in many jurisdictions radio communications infrastructure and equipment can be 20–40 years old. Different jurisdictions use different equipment and different radio frequencies that cannot communicate with each other. There are limited uniform standards for technology and equipment."

Last year, the Administration proposed and Congress agreed to drop homeland security funding specifically for interoperability grants. Once again, the President has proposed no specific funding for interoperable grants and the $85 million Department of Justice program for law enforcement interoperable grants is proposed for elimination. The Secretary recently announced a very modest interim solution to the interoperable problem. Yet, the Administration assumes that State and local governments will use their first responder grants for this purpose and requests no specific funding for the estimated $50 million cost for the interim solution.

The President is proposing to reduce first responder grants by over $700 million and government-wide by $1.5 billion. With these cuts, why do you believe States will be able address both the interoperable communication problem as well as the funding shortfall in first responder requirements?

Answer. The President's fiscal year 2005 budget request provides significant support for the mission and programs administered by the Office for Domestic Preparedness. As you know, The Homeland Security Act of 2002 (Public Law 107–296) designated ODP as the principal Federal agency responsible for the preparedness of the United States for acts of terrorism, including coordinating preparedness efforts at the Federal level, and working with all State, local, tribal, parish, and private sector emergency response providers on all matters pertaining to combating terrorism, including training, exercises, and equipment support.

The President's request includes $3.561 million, which is a $3.3 million increase from the fiscal year 2004 request. With these resources, ODP will be able to maintain its role in enhancing the security of our Nation. The two primary means through which ODP provides funds to States and the Nation's emergency prevention and response community are the Homeland Security Grant Program (HSGP) and the Urban Areas Security Initiative (UASI). The President's fiscal year 2005 budget request includes $750 million for HSGP and more than $1.4 billion for UASI. With these funds, states, urban areas, and other units of local government can undertake a wide range of domestic preparedness activities, including the purchase of specialized equipment. Interoperable communications equipment is an allowable expense and falls within the HSGP and USAI funding requirements. In fact, to facilitate communications interoperability, ODP strongly encourages all new or upgraded radio systems and new radio equipment purchased with these funds be compatible with a suite of standards called ANSI/TIA/EIAA–102 Phase 1 (Project 25). These standards have been developed to allow for backward compatibility with existing digital and analog systems and provide for interoperability in future systems.

Overall, though, I think it is important to remember that we are operating in a fiscal and security environment where we must ensure maximum security benefits are derived from every security dollar. To do that, we must be able to take a new look at the way in which we allocate resources. Additionally, given the Department's improved ability to analyze risks, threats, and vulnerabilities, the Department is better able to provided targeted funds to increase the security of the Nation. The Department will continue to work with the States and territories to provide the resources they need—equipment acquisition funds, training and exercise support, and

technical assistance—to deter, prevent, respond to, and recover from acts of terrorism.

GRANT CONSOLIDATION WITHIN ODP

Question. On January 26, your Department exercised authority granted to you under Sec. 872 of the Homeland Security Act which permits the movement and consolidation of functions without congressional approval. Your proposal would consolidate the administration of 24 grant programs into a single office. During briefings for my staff, your aides justified this move as a way to address a strong interest by the States in a "one-stop shopping" center for all grants. I have serious concerns about the decision to transfer ALL Transportation Security Administration grant programs from TSA to the Office of Domestic Preparedness.

Many of us in Congress have been concerned that while we passed legislation creating the Transportation Security Administration—this Administration has treated it as the Aviation Security Administration. TSA was created to focus on securing ALL modes of transportation—buses, and trucking, and seaports—not just aviation. Aviation security is a primary concern, of course, but it cannot be the only concern. We on this Committee have had to cajole and wheedle and scrape together what few precious resources we could find to fund grant programs to address port security, and bus security, and trucking security and the safe flow of commerce traveling by sea. Now, you are shifting those programs to another agency with little expertise in transportation issues and proposing to eliminate funding for several of the programs. If these TSA grant funds are moved out of TSA's budget and away from its operational control, the President might just as well abolish the agency. Change the agency's name to the Only Aviation Security Administration.

Why do you want to move these TSA grant funds to the "one-stop shop"? Are you not concerned that TSA will lose its "all transportation" focus if its grant funds are removed from its budget?

Answer. The move to create a one stop shop for grants is based upon input from the user or grantee community and is designed to enhance coordination of the multitude of preparedness and security grants currently administered by the Department (ODP, FEMA and TSA). The one-stop shop consolidation will allow DHS to gain a global perspective on all of the grants to ensure that redundancies are minimized, funds are directed to the highest best use and DHS can proactively make recommendations to States, localities and other recipients on mutual aid and dual use opportunities.

Moving the TSA grants to SLGCP will provide DHS with concrete benefits. First, it will allow the substantial bulk of the TSA personnel who are not impacted by the consolidation to focus on their core mission of transportation security. Next, it creates internal (to DHS) and external (to recipients) improved efficiencies because only one DHS team (SLGCP) will interact with grant recipients rather than two separate teams (one at SLGCP and one at TSA) and, more importantly, recipients who apply for more than one type of grant (e.g. a UASI and a TSA grant) will only need to deal with one DHS team (SLGCP).

Final policy responsibility for grant guidance and grant distribution will reside with the Office of State and Local Government Coordination & Preparedness. However, overall hazards and transportation security policy input will remain with FEMA, TSA, as well as the Coast Guard, and MARAD. And, to ensure the continuing involvement of TSA in the grant process, ODP will create a distinct office dedicated specifically to transportation related grants. This office will work closely with TSA in developing transportation security grant policy.

STATE FORMULA GRANTS

Question. Mr. Secretary, State formula grants have been the largest source of homeland security money for State and local governments. In fiscal year 2003, Congress provided $2.1 billion for State formula grants, and in fiscal year 2004 provided nearly $2.2 billion for this purpose.

Your 2005 budget request drastically changes the scope of State formula grants. You request only $1.2 billion for the program, choosing instead to invest $1.4 billion into the urban areas security initiative, which targets specific cities. Your request also changes the way in which State formula grants are distributed. Your budget does not distribute funds according to the PATRIOT ACT requirement that all States get a portion of funds, but rather according to "terrorism risk factors." I am sympathetic to your proposal to shift money from the State grant program to grants to high threat urban areas. Most of the funds should be targeted to the areas where the risk is highest. However, for the funds that remain in the State grant program,

I believe the PATRIOT ACT formula should be retained. Will you keep the small State minimum for State grants as required by the PATRIOT ACT?

This proposal effectively turns the State homeland security grants into an extension of the Urban Areas Security Initiative. I agree that it is important to target resources to areas at greatest risk, but it is equally important that we ensure that every State has they resources needed to build up a basic homeland security infrastructure. This budget does not achieve both goals.

Answer. I strongly support the idea that homeland security is a national responsibility shared by all States, regardless of size. That is why I firmly believe that there should be a minimum level of preparedness across the county and that every State should receive some level of assistance from the Department of Homeland Security.

Further, I strongly support the President's fiscal year 2005 budget request that provides for additional factors to be considered when making determinations on how to distribute homeland security funds to States and localities. While I support the concept behind the PATRIOT Act—that every State should receive minimum levels of support—I firmly believe that funding allocations decisions should be based on a number of other factors not included in the PATRIOT Act formula, including the presence of critical infrastructure and other significant risk factors. With the input that the Department is receiving from the States through their updated homeland security strategies, and with the more robust intelligence analysis and data collection capabilities within the Department, the Department will be better able to prioritize support for your efforts to prevent, prepare for, and respond to terrorist incidents. The President's fiscal year 2005 request recognizes this enhanced ability, and provides the Secretary of Homeland Security the latitude and discretion to determine appropriate funding levels to the States.

GRANT APPLICATIONS

Question. Please provide the Subcommittee with a list of the number of applications (and the total amount requested) for port security, bus security, truck security, Operation Safe Commerce, hazmat security and fire grants per grant-making round and the amounts awarded on State by State basis.

Answer. The following table provides the number of applications received and the total amount requested for port security, bus security, truck security and Operation Safe Commerce per grant round:

Grant Program	Number of Applications/Proposals Received	Total Amount Requested
Port Security Round 1	856	$696,957,362
Port Security Round 2	1,112	995,905,305
Port Security Round 3	1,042	987,282,230
Intercity Bus Security	84	45,611,455
Truck Security	16	70,984,782
Operation Safe Commerce	33	97,966,809

The following table provides the dollar amount of grants awarded by State:

State Name	Port Security Round 1 Total	Port Security Round 2 Total	Port Security Round 3 Total	ODP Port Security Grants Total	Intercity Bus Security Total	Truck Security—Highway Watch Total	Operation Safe Commerce Total
ALABAMA	$0	$948,000	$1,098,571	$0	$0	$0	$0
ALASKA	1,344,929	4,086,255	758,569	250,000	0	0	0
AMERICAN SAMOA	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	99,950	0	0
ARKANSAS	0	0	0	0	0	0	0
CALIFORNIA	17,152,573	28,017,757	33,704,614	9,076,700	177,116	0	13,697,053
COLORADO	0	0	0	0	0	0	0
CONNECTICUT	296,636	2,201,337	3,825,565	0	0	0	0
DELAWARE/PENNSYLVANIA	1,925,000	5,512,369	1,830,700	3,730,555	342,765	0	0
DISTRICT OF COLUMBIA	0	27,356	0	0	773,614	0	0
FED. STATES OF MICRONESIA	0	0	0	0	0	0	0
FLORIDA	19,572,606	17,654,425	7,625,747	10,947,378	141,580	0	0
GEORGIA	2,305,400	2,629,643	4,237,611	0	265,003	0	0
GUAM	0	0	518,900	0	0	0	0
HAWAII	802,523	7,005,561	4,247,966	0	0	0	0
IDAHO	0	0	0	0	0	0	0
ILLINOIS	0	872,250	7,025,300	0	51,278	0	0
INDIANA	0	68,800	353,760	0	113,813	0	0
IOWA	0	0	51,600	0	226,272	0	0
KANSAS	0	0	221,540	0	0	0	0
KENTUCKY	0	55,136	1,439,578	0	0	0	0
LOUISIANA	4,968,207	19,991,897	23,552,896	6,650,200	0	0	0
MAINE	175,000	2,054,000	621,200	0	0	0	0
MARSHALL ISLANDS	0	0	0	0	0	0	0
MARYLAND	3,764,000	4,518,532	5,586,150	0	338,482	0	0
MASSACHUSETTS	3,789,669	4,333,651	3,005,829	0	1,173,875	0	0
MICHIGAN	135,000	409,000	897,263	0	0	0	0
MINNESOTA	0	0	813,100	0	335,102	0	0
MISSISSIPPI	555,132	705,444	2,245,740	0	0	0	0
MISSOURI	0	125,000	50,000	0	0	0	0
MONTANA	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0
NEVADA	0	0	0	0	320,791	0	0
NEW HAMPSHIRE	200,000	80,000	1,570,203	0	73,182	0	0
NEW JERSEY	0	5,493,067	5,129,950	7,613,106	2,454,220	0	0

NEW MEXICO	0	0	0	0	0	0	0
NEW YORK	8,013,360	9,847,792	6,699,713	4,477,768	172,130	0	13,818,770
NORTH CAROLINA	250,000	4,870,000	3,224,114	0	566,591	0	0
NORTH DAKOTA	0	0	0	0	0	0	0
NORTHERN MARIANA ISLANDS	0	0	1,379,577	0	0	0	0
OHIO	550,622	777,000	3,100,127	0	44,408	0	0
OKLAHOMA	0	725,000	0	0	0	0	0
OREGON	623,000	1,185,000	1,024,970	0	9,900	0	0
PALAU	0	0	0	0	0	0	0
PUERTO RICO	3,000,000	637,000	3,585,870	23,490	0	0	0
RHODE ISLAND	261,500	435,000	1,498,563	0	0	0	0
SOUTH CAROLINA	1,819,072	1,845,389	5,225,019	5,124,554	35,263	0	0
SOUTH DAKOTA	0	0	0	0	0	0	0
TENNESSEE	198,052	639,655	768,285	0	123,375	0	0
TEXAS	8,345,366	18,814,061	31,960,813	12,158,057	10,755,138	0	0
UTAH	0	0	0	0	0	0	0
VERMONT	0	0	0	0	217,542	0	0
VIRGIN ISLANDS	0	1,873,245	869,275	1,582,468	0	0	0
VIRGINIA	6,044,618	5,068,358	1,681,280	6,600,000	841,330	19,300,000	0
WASHINGTON	5,179,974	14,895,156	7,030,942	6,765,724	26,407	0	27,528,219
WEST VIRGINIA	750,000	522,000	565,000	0	0	0	0
WISCONSIN	0	0	0	0	120,873	0	0
WYOMING	0	0	0	0	0	0	0
GRAND TOTALS	92,022,239	168,924,136	179,025,900	75,000,000	19,800,000	19,300,000	55,044,042

AIR CARGO: PILOT PROGRAM

Question. I understand that the bulk of air cargo carried on narrow-body aircraft is broken down—as opposed to being containerized in larger containers. What percentage of U.S. flights carrying air cargo are made on narrow-body aircraft? Has TSA started physically screening these broken-down forms of air cargo using explosive detection devices—even if only in a pilot program as strongly urged by the Congress in the fiscal year 2004 Homeland Security Act? If not, why not? When do you intend to initiate such a program—given that the bill was signed into law on October 1, 2003—over 5 months ago?

Answer. TSA does not compile statistics regarding the percentage of U.S. flights carrying air cargo utilizing narrow-body aircraft. Last November, TSA instituted mandatory cargo screening requirements for air carriers. The screening requirements apply to cargo transported on both wide body and narrow body aircraft—including "break bulk" shipments transported on narrow body aircraft. TSA is finalizing a protocol, which will allow the air carriers to utilize Explosive Trace Detection equipment to screen cargo. TSA is also currently conducting a pilot program of Explosive Detection Systems ability to screen cargo for explosives. As TSA's cargo screening requirements continue to evolve TSA will continue to test and analyze the feasibility of using additional explosive detection capabilities for cargo.

FLETC BUDGET: CHARLESTON

Question. For many years, the FLETC has used facilities at the former Navy base in Charleston, SC as a satellite training location for training law enforcement personnel from the Border Patrol and other agencies because it was unable to accommodate them at its two main training facilities. Last year, prior to the creation of the Department of Homeland Security and the consolidation and reorganization of numerous agencies, Congress appropriated and the President signed into law approximately $14 million for the Border Patrol Academy at Charleston. I understand that FLETC proposes to move all Border Patrol training to its main facility at Glynco, GA and use the Charleston location for training for other agencies. However, that move is not likely to occur for nearly 2 more years. There is considerable confusion over the use of the funds provided by Congress for construction activities at Charleston. It is clear that the Congress intended for these funds to be used in Charleston. Will you commit that these funds will be spent in Charleston as directed by Congress and provide the Subcommittee with a plan for allocating those funds?

Answer. The FLETC will use the funds in the amount of $13,896,000.00 for projects in Charleston. The Core of Engineers spent approximately $104,000 for design prior to the administrative transfer of Charleston to the FLETC. A summary of the projects are:

—Construction of Tactical Training Mat Rooms for defensive tactics training for the USCG Marine Law Enforcement Academy;
—Renovation of new wing in Building 654 for administrative space for the USCG Marine Law Enforcement Academy;
—Renovation of four classrooms in building 61 for classroom space for the USCG Marine Law Enforcement Academy;
—Renovation of old wing in Building 654 for administrative, conferencing and training space for the FLETC and Partner Organizations' training management and operations staffs;
—Construction of Indoor Firing Range to provide training and re-qualifying students in firearms proficiency; and
—Construction of Security/Communications system that will allow the FLETC Charleston to provide efficient and cost effective training while utilizing the latest state of the art technologies.

FLETC BUDGET: FACILITIES OPERATING FUNDS

Question. I am a strong supporter of consolidated Federal law enforcement training—in part because of the budgetary savings which can be achieved. During site visits by my staff to the FLETC facilities in SC and GA, they were told that the Border Patrol's training budget for activities at Charleston was $34 million in fiscal year 2004 and is proposed to be $42 million in fiscal year 2005. Is that correct? If so, where will these funds come from? Are the agencies going to transfer funds to FLETC or will FLETC bill them for training? Without clear indications of funding streams to pay for the operation of the facility in Charleston being placed in the FLETC budget—or in the budgets of the agencies attendant at these facilities—how

can you ensure that consolidated training will work efficiently and that these facilities will operate robustly and effectively?

Answer. The Border Patrol has been providing the funding to operate the Charleston facility since the late nineties. The amounts provided by the Border Patrol included resources for TDY of agents that are not applicable to the operations of Charleston by the FLETC. The final amount has not been determined but the current estimate is approximately $21 million to operate Charleston. In addition, 25 FTE will be necessary to operate the facility and the source of those FTEs are being determined. A transfer of funds from the Border Patrol to the FLETC will be necessary to align responsibilities with Federal appropriations. The FLETC is currently evaluating the resources required for the additional basic training programs to be conducted in Charleston for three new Partner Organizations. These new agencies are United States Coast Guard Marine Law Enforcement Academy, The Administrative Office of the U.S. Courts and the Defense Logistics Agency. The FLETC will not be able to operate the Charleston training site without these resources.

FLETC: CAPITOL POLICE TRAINING COSTS

Question. What are the costs FLETC has borne for non-basic training conducted at the Cheltenham facility for the United States Capitol Police for fiscal years 2002–2004 and what are the anticipated costs for the same training for fiscal year 2005? What are the annual basic training costs?

Answer. The Capitol Police have historically provided some follow-on basic training for their officers at locations in the Washington DC area. This training was not done at a FLETC location, was never paid for by the FLETC, and therefore is not in the FLETC's base funding. This is consistent with other Partner Organizations such as the United States Secret Service which provides its follow-on basic training at their Beltsville location. Now that the Capitol Police is conducting agency specific basic training at a FLETC location, namely Cheltenham, for consistency purposes, this funding could be included as part of FLETC's annual workload projections. The precise amount of funding would need to be negotiated with the U.S. Capitol Police.

U.S. CAPITOL POLICE OPERATIONAL EXPENSES AT FLETC'S CHELTENHAM FACILITY

Service	Building 3 Fiscal year 2003	Building 31 Fiscal year 2003	Buildings 31, 231, 40 Fiscal year 2004
Electricity	$5,554	$49,365	$52,364
Fuel Oil	5,361	21,259	25,516
Security	1,908	16,960	17,990
Telephone Service	10,106		
Telephone Service		11,731	
Telephone Service			10,169
Telephone Lease		84,844	84,844
Refuse Disposal	600	900	900
Water/Sewer	1,636	14,537	15,420
General Janitorial	7,326	65,113	69,069
Additional Trash Pulls (Daily)		5,172	5,172
Total	32,491	269,880	[1] 281,445

[1] Estimate.

FLETC: OTHER ISSUES

Question. Approximately 60 percent of the FLETC workforce is comprised of contract employees. From perimeter security guards and role players used in training scenarios to food service workers and the maid service, these employees word hard and perform much needed services. Given the exceedingly high percentage of contract employees, does the Department expect FLETC to conduct further efforts to contract out yet even more work?

Answer. The FLETC has developed a plan for competitive sourcing to be in compliance with the A–76 circular. At this time, the positions planned for study include 13 Automotive Mechanics in fiscal year 2005; 21 Media Support positions and 30 Facilities Management positions in fiscal year 2006; 4 Critical Incident Stress Management positions and 9 Property Management positions in fiscal year 2007; and 20 Human Resources positions and 36 IT/Training Devices/AV positions in fiscal year 2008.

Question. The horrific events of 9/11 resulted in a massive increase in hiring of Federal law enforcement personnel. These new hires required training and Congress provided temporary authority to re-hire retired Federal annuitants to assist in training activities. I am told that these annuitants are providing FLETC and the Department excellent and valuable service based on their years of skill and real life experience. However, this authority will soon expire and I understand that a significant portion of FLETC's training would be negatively affected if it lost this authority. Do you plan to request that Congress extend this authority either permanently or for another 5 years?

Answer. The FLETC intends to recommend to the Administration an extension to its rehired annuitant hiring authorization and waiver to dual compensation. Historically, it has been very challenging for FLETC to recruit highly qualified law enforcement instructors with a Federal criminal investigative, GS–1811, background because the FLETC has no authority to pay law enforcement availability (LEAP) compensation. Any current Federal criminal investigator interested in an instructor position at the FLETC must be willing to take a 25 percent cut in his/her annual salary when accepting a FLETC position. In addition, retaining their law enforcement "6c" retirement status sometimes becomes an issue, and they also lose their privileges to use government vehicles for response necessities.

Prior to the tragic events of 9/11, the FLETC had been working vigorously with its former department, Department of the Treasury, and Office of Personnel Management officials to gain approval to implement the rehired annuitant hiring flexibilities contained within the Federal personnel management system. As mentioned above, the FLETC had been seeking this approval in order to overcome the recruitment and retention challenges associated with staffing Law Enforcement Specialist (Instructor), GS–1801, positions with applicants possessing extensive Federal criminal investigative backgrounds. Furthermore, the FLETC intended to maximize the provisions of the program by recruiting recent 1811 retirees who could share the latest law enforcement techniques and practices being utilized in the field.

The need for the majority of FLETC instructors to possess a criminal investigative background has been and continues to be validated through management studies and student feedback surveys. Instructors having this background gain instant credibility with their students because they are able to share real world experiences and demonstrate the application of skills and information being taught. In addition, the FLETC's mission has continued to expand post 9/11 into areas such as counterterrorism, antiterrorism and transportation security training which require attracting even more specialized expertise in a highly competitive market. Therefore, it is essential that the FLETC continue to take advantage of this proven hiring flexibility in its efforts to maintain a highly qualified law enforcement training instructor workforce. Reverting back to traditional instructor recruiting and staffing practices would adversely impact and unduly hamper this effort.

TSA: SLOW MOVEMENT OF APPROPRIATED FUNDS

Question. In the fiscal year 2004 Homeland Security Appropriations Act, Congress provided $7 million for hazardous materials security and the truck tracking program, $10 million for intercity bus security grants, and $22 million for the trucking industry security program. That bill was signed into law in October. Nearly 6 months later those funds have not yet been released. Since security for these other modes of transportation are so important, why has TSA been sitting on these funds?

Answer. In the coming months, TSA plans to request proposals for funding or announce awards for a number of programs. These include:

—TSA anticipates issuing a Request for Applications (RFA) for both the fourth round of Port Security Grants Program ($50 million remaining from fiscal year 2004) and Intercity Bus Security grants by late spring, 2004, with final awarding of grants expected in late summer.

—A fourth quarter fiscal year 2004 release of the RFA is anticipated for both the Highway Watch Program and Operation Safe Commerce, with final award anticipated in the fall.

—TSA intends to announce Request for Proposals for the Truck Tracking Project in early summer. Final award is anticipated in early fall, 2004.

—Award for Nuclear Detection and Monitoring is anticipated by mid-summer, 2004.

PORT SECURITY

*Question.*The deputy assistant director of the FBI's counterterrorism office stated in January that our Nation's seaports remain vulnerable targets for attack. "The intelligence we have certainly points to ports as a key vulnerability. I can't be more

specific about the threats of attacks. We have received information that indicates there is an interest."

If there is an "interest" in attacking our ports, why does the Administration continue to refuse to give our seaports the resources they require to secure our ports? Why is only $46 million requested for port security grants when the port directors tell us that $1.125 billion will be needed in the first year and $5.4 billion will be needed over the next 10 years to comply with the new Federal regulations mandated by the Maritime Transportation Security Act.

Additionally, during the most recent port security grant competition (December 2003), over half of the funding for port security grants was awarded to private companies. A tremendous need for port security funding also exists for port authorities and State and local agencies. What approach are you taking to allocate the funding between these different entities? Additionally, what type of checks and balances do you have in place to ensure that private companies are not receiving a disproportionate share of this port security funding?

Answer. In Port Security Grants Round 3, consistent with provisions of the Maritime Transportation Security Act of 2002, the Transportation Security Administration, U. S. Coast Guard and the Maritime Administration determined that regulated facilities should receive preference. The vast majority of regulated facilities are private companies. However, public entities were well represented with awards totaling 45.3 percent of the available funds.

In general, port security grant funds are dispersed through a competitive grant process. The multi-level, interagency review ensures that these funds go to the highest national security needs.

—Eligible grant applicants are limited to critical national seaports as stipulated in the fiscal year 2002 DOD Supplemental Appropriations (Public Law 107–117) and referred to in subsequent appropriations. This designation included:
  —Controlled ports—Ports which have access controls for vessels from certain countries due to national security issues
  —Strategic ports, as designated by a Maritime Administration port planning order
  —A nationally important economic port or terminal responsible for a large volume of cargo movement or movement of products that are vital to U.S. economic interests as required for national security
  —Ports, terminals, and U.S. passenger vessels responsible for movement of a high number of passengers
  —Ports or terminals responsible for the movement of hazardous cargo.
—All grant applicants must have a completed security assessment and tie the vulnerabilities identified in the assessment to the mitigation strategies requested in the application.
—Subject matter experts from the U.S. Coast Guard (USCG), the Maritime Administration (MARAD), and TSA conduct a multi-level review of all port security grant applications.
  —Field level review is conducted by the USCG Captain of the Port and MARAD Regional Director to validate applicant eligibility and prioritize all proposals within their zone, utilizing the CG Port Security Risk Assessment Tool (PSRAT).
  —National level review is conducted by representatives from the USCG, MARAD, and TSA based upon published evaluation criteria. All eligible proposals from the field level review are prioritized on a national level.
—Executive level review board of agency representatives examines the recommended proposals from an overarching national perspective.
—Senior level selection board (currently TSA Administrator or his representative, USCG Commandant or his representative, MARAD Administrator) provides the final approval of the proposed grantees/projects.

INTEGRATED FINGERPRINT SYSTEMS

Question. Mr. Secretary, Senator Cochran and I met last year in the Capitol to discuss our concerns about the plans for obtaining only two fingerprints of visitors to the United States as a means to fulfill the biometric component portion of the entry-exit visa tracking system you have named US VISIT. I suggested that I was concerned that capturing only two fingerprints might make it more difficult to compare these two new prints with more extensive existing fingerprint databases such as the FBI's Integrated Automated Fingerprint Identification System (IAFIS). In fact your own Department's Inspector General report dated December 31, 2003 noted that the Department of Justice has worked for several years to integrate your

Department's two-print system—known as the automated biometric identification system, or IDENT—with the FBI's IAFIS system.

The IG states that, "This integration is critical to identifying illegally entering aliens on lookout lists or with criminal histories, but progress has been slow."

What is the status of the integration of these systems? Can you give the Committee a progress report on the integration of these systems?

Answer. Prior to the establishment of the Department on Homeland Security, DOJ, working with the FBI and INS, began work on a project to integrate the FBI's IAFIS (10 print, criminal history) and the INS' IDENT (2-print, immigration) systems.

Since that time, an integrated IDENT/IAFIS workstation has been developed. DHS intends to accelerate deployment in 2004 and complete deployment by the end of calendar year 2005. To accelerate the implementation of IDENT/IAFIS capability within the Department, we intend to seek a reallocation of $4 million of the remaining funds provided in Public Law 107–117. The $4 million, when combined with fiscal year 2003 funds already provided ($3.5 million obligated for IDENT/IAFIS), will allow BTS VISIT to implement IDENT with 10 print capabilities in secondary processing areas at 115 airports, 14 seaports and 50 of the largest land border ports. In addition, this funding will support implementation of the IAFIS/IDENT 10 print capability at 70 percent of the Border Patrol stations. The remaining land ports of entry, 30 percent of the Border Patrol stations and major ICE locations (to be identified) will receive this capability in 2005. The implementation of IDENT/IAFIS at Border Patrol stations will provide the capability to biometrically identify and/or perform status verifications on individuals suspected of illegally crossing the border. Implementation at ICE offices will support investigation of individuals apprehended for overstays and/or watch list hits.

IMMIGRATION

Question. The Enhanced Border Security and Visa Entry Reform Act requires all immigration databases to be made interoperable and, eventually, combined into the Chimera data system, which is to include all known immigration, law enforcement, and intelligence data on aliens. What progress has been made thus far on creating the Chimera data system?

Answer. On the 28th of October 2002, the Immigration and Naturalization Service published an informational document regarding a comprehensive information technology planning and infrastructure modernization program called "Atlas". That document was entitled the "Atlas Business Case" and provided a concise high-level view that demonstrated the INS' confidence in Atlas' strategic, technical, and financial merits. The business case reflected investment principles, emulation of industry best practices, and compliance with the Clinger-Cohen Act of 1996, as well as with other related legislative and government guidance.

Consistent with the urgencies of the Government's post-September 11 security agenda, the Atlas Business Case was subsequently socialized and promoted within the Department of Justice and sent to the Hill for budgetary consideration. It was understood that the Atlas Program would be the fundamental IT infrastructure foundation on which INS business applications would operate. In its business case, the INS illustrated that the successful Atlas transformation strategy would hinge upon a robust IT infrastructure containing a secure, scalable backbone that would support all INS business processes. Atlas, it was shown, would also provide database interoperability at the infrastructure level and support data sharing at the applications level. From the beginning, the Atlas design strategy also supported emerging Department of Homeland Security (DHS) requirements. Unlike the previous environment, Atlas was proposed to reside within an integrated Enterprise Architecture (EA) that would harmonize the following:

—System hardware, including mainframes and servers
—Data services, including data and voice circuits
—Data communication equipment, including servers, switches, local area networks (LAN), wide area networks (WAN), routers, and cabling
—Computer security, information assurance activities and enterprise information. This, specifically, is the area that would later come to be identified as the focus area for the suggested Chimera project.
—Workstations, including personal computers and laptops and enterprise-wide software (i.e., office automation, e-mail, operating system, etc.)
—Operational support to maintain and operate the modernized IT infrastructure

Perhaps in contemplation of partitioning and re-tasking of the INS and its resources, or perhaps in calculating the initial complexity and cost of implementing Atlas, a counter-suggestion was made in committee and transmitted back to the De-

partment of Justice and the INS that certain specific information security and assurance attributes of Atlas could be separately expedited and put into action under a new initiative tentatively labeled "Chimera".

However, other program initiatives under way at INS and the new Department of Homeland Security were also addressing the same security concerns. In particular, the "US VISIT" program had pursued the same set of concerns and an active, high-precision approach for addressing critical information security and assurance requirements.

Because of the US VISIT Program's ongoing and comprehensive approach to information security and assurance requirements within the DHS sphere of immigration-related operations, Chimera has been suspended and is being revisited to determine its potential as a duplicative effort.

Question. As part of the 1990 Immigration Act, Congress authorized general arrest authority for all immigration law enforcement officers. INS never developed regulations to implement this authority. Has DHS developed such regulations?

Answer. Yes, ICE issued a memo implementing general arrest authority for the ICE Office of Investigations and Detention and Removal in November 2003.

Question. Representatives of the Department of Homeland Security Council (union of legacy INS employees) reported at a press conference on March 3 that no more than 5 percent of Immigration and Customs enforcement personnel have received cross-training. When does DHS expect to complete cross-training of all existing personnel? What percentage of all needed cross-training is funded in the President's budget proposal?

Answer. OI conducted a manual survey the last week of March 2004. At that time 830 Special Agents had completed the cross-training. This accounts for 19 percent of the OI workforce of 4,463 which is targeted for cross-training in this fiscal year. The Automated Class Management System is expected to be on-line by the end of April, 2004. At that time, training statistics will be more readily available.

OI has established a target to complete the cross-training for all non-supervisory Special Agents GS–05 through GS–13 by the end of fiscal year 2004. This cross-training will be accomplished using a train-the-trainer format with initial training being conducted at the Federal Law Enforcement Training Center.

Cross-training beyond this priority group and into fiscal year 2005 will be funded out of base appropriations.

Question. A pay disparity of a full grade exists between Immigration Special Agents (GS–12) and Customs Special Agents (GS–13). It appears that the new regulations proposed by the Administration would hide this disparity within a pay scale, rather than addressing it directly. Is this correct and, if so, what impact is this disparity having on morale within ICE

Answer. On April 13, 2004, Mr. Garcia announced that new Criminal Investigator (CI) position descriptions had been classified and all ICE GS–1811 series employees would be assigned to them by May 2004. The new journey-level position, which is established at the GS–13 level, will be applied at that time to all qualifying criminal investigators. As a result, the approximately 1,200 former Immigration and Naturalization Service (INS) personnel affected by this pay gap will be eligible for immediate promotion to GS–1811–13 on May 2, 2004.

OTHER ISSUES

Question. Does the fiscal year 2005 budget assume the reauthorization of COBRA which is set to expire on March 31, 2005?

Answer. Public Law 108–121 reauthorized COBRA through March 1, 2005. The fiscal year 2005 budget assumes that COBRA will be reauthorized beyond the March 1st expiration date.

Question. What is the net increase in discretionary funding (excluding supplemental appropriations) for the Department of Homeland Security Bureau of Customs and Border Protection Salaries & Expenses between fiscal year 2004 and fiscal year 2005? Looking at the fiscal year 2005 budget it appears that the increase is just over 4 percent barely enough to cover for inflation.

Answer. There is a $210 million net increase in discretionary funding for CBP's Salaries and Expenses between fiscal year 2004 and fiscal year 2005. This net increase includes $185 million in program increases and $350 in increases for annualizations of prior year pay raises and other inflation related costs. These increases are offset by a $23.7 million decrease for a DHS-wide savings initiative, termination of one-time costs associated with fiscal year 2004 program increases and the fiscal year 2004 rescission.

Question. What is the Department doing to correct the problem of the Department not paying legacy Customs Inspectors and new CBP officers for their required work

on the 60 day of basic training at the Federal Law Enforcement Training Center (FLETC)?

Answer. We do pay employees covered by the Fair Labor Standards Act (FLSA) overtime while engaged in training at FLETC for 6-day weeks. The Government Employee and Training Act (GETA) prohibits us from paying non- FLSA employees under FLSA provision. Our COPRA covered front-line personnel are not subject to FLSA. COPRA was specifically designed for Customs Officers and is the exclusive pay act for our Customs legacy personnel. Our agency position on this matter was recently sustained in an arbitration decision.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Question. Recently, a week-long convention of Asian life insurance providers and sales representatives scheduled to convene in Honolulu this August was cancelled. The convention was expected to produce more than $17 million in visitor spending, $1.41 million in State taxes, and rent 6,500 hotel room nights. The cancellation was not due to lack of interest by prospective attendees, but instead was due to the problems caused by the extended visa issuance process. Your Department has been working with the State Department to enhance security and the integrity of the visa process. Your budget requests an increase of $10 million to support a new visa security unit. How will this unit help to ensure that visas are processed quickly to ensure that Hawaii will be able to host similar conventions in the future?

Answer. BTS is working with the State Department to assure that the provisions of the law known as Section 428 are implemented. The ICE VSU will be deploying Visa Security Officers to selected foreign posts; will be working to enhance State Department Consular officer training; will be working to improve the Visa Security Advisory Opinion (SAO) process; and develop with the State Department the appropriate employee performance plan oversight of Consular Officers by DHS. All of these efforts will improve the integrity of the visa issuance process and assure that visa applicants receive the appropriate level of review.

The Department of Homeland Security's (DHS) visa security operations are located exclusively in Saudi Arabia at this time. Since beginning our operations in Saudi Arabia, thousands of visas applications have been reviewed by DHS officers. From over 3,500 applications, approximately 27 have been delayed for reasons of security. Most visa applications in Saudi Arabia are acted upon within 48 hours. This is in compliance with congressional language as to 100 percent review of visa applications in Saudi Arabia.

It is anticipated, DHS will dedicate staff to the SAO process, which in turn will further aid to expedite requests and ensure timely security screening on behalf of our officers in the field.

Question. The budget justifications for the US VISIT program discuss the deployment plan for the full program. In furtherance of complete implementation, a Request for Proposals was published last November with bids due this January. How many proposals were received? In light of the proposals you received, is the budget request sufficient for full implementation of the program, including the meeting of your statutory deadlines for deployment to the 165 identified points of entry?

Answer. We received three bids for the Prime integrator contract.

With the resources in the fiscal year 2004 appropriation, and provided approval of the fiscal year 2005 President's request, US VISIT will have the resources necessary to the meet the statutory deadline (US VISIT functionality in secondary) for the 50 largest land border ports by December 31, 2004 and the 115 remaining land sites by December 31, 2005.

Question. The budget request includes an increase of $23 million for Immigration and Customs Enforcement. This increase is intended to more than double the number of investigators and facilitate the implementation of the President's proposal for a temporary worker program. According to your testimony, in furtherance of the President's proposal, you would establish a traditional worksite enforcement program to deter the hiring of unauthorized workers. What efforts are currently being undertaken to detect, deter, and punish employers who hire undocumented workers?

Answer. Enforcement efforts targeting companies that break the law and hire illegal workers will need to increase in order to ensure the integrity of the temporary worker system. The President's Immigration proposal provides for an enhanced worksite enforcement program, and the $23 million requested for fiscal year 2005 will allow ICE to enhance its worksite enforcement efforts and provide credible deterrence to the hiring of unauthorized workers. ICE worksite enforcement investigations generally involve a review of company employment records to verify the immigration status of workers and to determine if the employer has committed any viola-

tions. ICE agents also conduct extensive outreach initiatives to educate employers about their legal responsibilities.

Additionally, the Basic Pilot Program, an automated system administered by USCIS, enables employers to verify the immigration status of newly hired workers. It is currently available in six states, but is planned for availability to employers in all 50 states by the end of this year. This is a voluntary program and is provided at no cost to employers. Information on the Basic Pilot Program is available to the public on the USCIS website.

Question. The Visa Waiver Program is a critical element of the Hawaii tourism industry as it allows citizens of 27 countries to enter for non-immigrant purposes without a visa. However, by October 26, all Visa Waiver countries must certify that the new passports they are issuing contain biometric identifiers. How many of the 27 countries are currently expected to meet this deadline? Would you support extending the biometric passport deadline in order to avoid major disruptions in travel to the United States from key tourism markets in Europe and Asia? What is the Directorate doing to work with the foreign governments in the visa waiver program to encourage compliance?

Answer. Due to a variety of factors, the Departments of Homeland Security and State have requested a 2-year extension for the October 26, 2004 deadline for machine readable, biometric passports. The problem is not lack of will or commitment, but challenging scientific and technical issues. Due to technical challenges that include the durability of chip technology and the feasibility of facial recognition technology in an operational environment, few, if any, of the 27 countries participating in the Visa Waiver Program (VWP) will be able to meet the October 26, 2004 deadline. In fact, the standards have not yet been set. Therefore, a 2-year extension is being requested to make it possible for countries to comply with this mandate.

The Department of Homeland Security has been working very closely with foreign governments to develop the optimum solution that enhances security for all without impeding legitimate travel and tourism. All citizens traveling under the Visa Waiver Program will be enrolled in US VISIT upon entry through an air or sea port after/ on September 30, 2004.

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

SEAPORT SECURITY IMPLEMENTATION COSTS

Question. Commissioner Bonner announced with much fanfare, that we would sign agreements with major foreign ports, under the "Container Security Initiative", so that we could inspect containers in foreign seaports. It is my understanding, that while this sounds quite smart, there are a lot of practical problems. For instance, foreign nations use their own security equipment for security to protect their own ports, and they have not been all that forthcoming in providing their security equipment for our use.

Can you tell me, how many marine containers underwent physical inspection, in foreign ports as a result of the "Container Security Initiative"? What does this represent as a portion of the total that was physically inspected?

What is the budget for the implementation of non-intrusive inspection equipment at U.S. ports, and how does it compare with the budget for the "Container Security Initiative"?

Answer. All cargo moving through a CSI port is screened by CBP using our multi-layered targeting and risk analysis systems. All high-risk cargo is inspected for weapons of mass destruction before being laden on a vessel bound for the United States in a CSI port. Physical inspection statistics for containers will be provided by the General Accounting Office in the forthcoming review of the CSI program.

As of April 23, 2004, U.S. Customs and Border Protection has deployed approximately $73.9 million worth of large-scale, non-intrusive inspection systems and radiation portal monitors to U.S. seaports. The Container Security Initiative (CSI) was appropriated $61.7 million in the President's 04 budget, of which approximately $12 million has been allocated for non-intrusive inspection equipment for the CSI overseas ports.

Question. The budget for FTE's for full time positions was set at 220 for the Transportation Security Administration's Maritime and Land Division, yet it is my understanding that to date, this Division is only operating with 160.

You have a number of responsibilities, such as conducting criminal background investigations, that are languishing. What is taking so long in hiring the remaining 60 Full Time Employee positions that, I understand are budgeted for the Transportation Security Administration's Maritime and Land Division but not yet hired?

Answer. The Office of Maritime and Land Security (MLS) within the Transportation Security Administration currently has 169 full-time employees on board. We do not anticipate at this time hiring additional FTE.

With reference to criminal background check responsibility, since security threat assessments of certain individuals within the transportation system are a critical component of our mission, TSA created a Credentialing Program Office (CPO) to consolidate TSA background check activity across all modes of transportation. The CPO has established processes for conducting background checks, adjudicating results and for follow-on coordination with the law enforcement and intelligence communities. TSA is already required to conduct criminal history records checks on airport security screening personnel, individuals with unescorted access to secure areas of airports, and other security personnel—pursuant to Section 114(f)(12) of the Aviation and Transportation Security Act, Public Law No. 107–71, 115 Stat. 587 and 49 USC § 44936 (a)(1)(A). In addition to the extensive background checks that TSA currently undertakes in aviation security, TSA has been delegated responsibility for conducting security threat assessments on commercial drivers seeking hazardous material endorsements for transporting hazardous materials in commerce pursuant Section 1012 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act, Public Law 107–56, October 25, 2001, 115 Stat. 272. Implementing the Alien Flight Student Program will be consistent with work already underway by TSA through the CPO.

ARMING PILOTS

Questions. Last week, Denver news stations were reporting that commercial airline pilots that have been armed with semi-automatic pistols through the Federal Flight Deck Officer (FFDO) program were misplacing or losing weapons at an alarming rate. According to Channel 9 News, the Transportation Security Administration (TSA) and Airline Pilots Security Alliance were the source of information indicating that in the last 60 days approximately 300 weapons had been misplaced by FFDOs.

My understanding is that a Southwest Airline Pilot lost his weapon while it was being transported in the lockbox system that is designed to protect it while traveling, and that most of the guns reported as "misplaced" came under similar circumstances.

Are the reports of misplaced and lost weapons by FFDOs accurate? Do you believe the current procedures for FFDO firearm transport are proper? How many FFDOs have actually lost or misplaced their weapons since the program began? What steps need to be taken to responsibly ensure that armed pilots do not lose or misplace their guns?

Answer. TSA takes seriously its obligation to ensure that FFDO firearms and lockboxes do not fall into the hands of individuals not authorized to handle such items. The FFDO program office works closely with carriers to ensure that training is provided to crewmembers and baggage handlers to ensure proper handling and storage of lockboxes. In some instances, lockboxes have been identified as not placed in the precise location expected, but with the exception of the one reported incident, the lockbox has always been quickly retrieved without endangering the traveling public.

There has only been one incident involving an FFDO firearm that was lost and not recovered. TSA takes this incident very seriously and is pursuing an investigation. It must be considered in light of the thousands of FFDO missions flown every week and the number of incidents where weapons are lost or stolen in law enforcement activities.

COCKPIT DOORS

Questions. For 2 years, I was repeatedly told that it was not possible to devise an affordable system that would properly allow a pilot to leave the flight deck without also potentially allowing a terrorist to have access to the cockpit. Now, United Airlines has come forward and announced a "Secondary Barrier Project" that they have committed to install fleet-wide.

United Airlines has committed to install—fleet-wide—barriers that have already been certified to help prevent a potential terrorist access to the cockpit. They will be cheap (under $10,000) and quick to install (overnight). I believe they will provide a much greater degree of security, and apparently it was shown to the TSA with great enthusiasm.

Are you aware of United's effort? Do you believe the installation of second doors or barriers improve the security on commercial airliners? Has TSA considered re-

quiring all commercial airlines to install similar devices? Would their installation allow TSA to change other security directives and perhaps lower the cost of aviation security?

Answer. TSA is aware of and applauds United's initiative in this effort. TSA will work closely with the air carriers to better understand the security effectiveness, structural feasibility, and costs associated with installing similar devices throughout the commercial aviation fleet. Once a thorough examination in these areas has been completed, TSA will assess the appropriateness of requiring installation of secondary cockpit doors relative to existing security measures and determine what, if any, alterations should be made to the overall aviation security program.

RAIL SECURITY

Question. Border and Transportation Security Directorate is charged with, "securing our Nation's transportation systems." How much funding is planned in your Directorate's fiscal year 2005 budget for rail security?

Answer. The responsibility of securing our Nation's rail and mass transit systems is a shared one. DHS, DOT, and other Federal agencies are working together to enhance rail and transit security in partnership with the public and private entities that own and operate the Nation's rail and transit systems. The DHS Urban Area Security Grant program has awarded or allocated over $115 million to improve security for mass transit and rail systems since May 2003. Additionally, the Administration has requested $24 million for TSA to advance security efforts in the maritime and surface transportation arenas, and has requested that $37 million of the Federal Transit Administrations Urban Security Bus grants be available for security related projects. In addition, DHS will conduct the following activities and initiatives to strengthen security in surface modes:

—Implement a pilot program to test the new technologies and screening concepts to evaluate the feasibility of screening luggage and carry-on bags for explosives at rail stations and aboard trains;
—Develop and implement a mass transit vulnerability self-assessment tool;
—Continue the distribution of public security awareness material (i.e., tip cards, pamphlets, and posters) for motorcoach, school bus, passenger rail, and commuter rail employees;
—Increase passenger, rail employee, and local law enforcement awareness through public awareness campaigns and security personnel training;
—Ensure compliance with safety and security standards for commuter and rail lines and better help identify gaps in the security system in coordination with DOT, with additional technical assistance and training provided by TSA;
—Continue to work with industry and State and local authorities to establish baseline security measures based on current industry best practices and with modal administrations within the DOT as well as governmental and industry stakeholders, to establish best practices, develop security plans, assess security vulnerabilities, and identify needed security enhancements; and
—Study hazardous materials (HAZMAT) security threats and identify best practices for transport of HAZMAT.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

Question. The Federal Law Enforcement Training Center (FLETC) established a temporary overflow training facility for basic training of Border Patrol recruits in 1996 at the old Navy Base. Border Patrol training needs drastically increased due to legislation passed by Congress to significantly increase the number of agents deployed.

The facility was due to close in 2004, however Congress included a provision in the fiscal year 2003 Commerce, Justice and State Appropriations Bill which officially designated Charleston as a permanent Federal training center absolving the end date of the Charleston site as a temporary facility. Congress also secured $14 million in the fiscal year 2003 Commerce, Justice and State Appropriations Bill for the Charleston Border Patrol Academy to improve the infrastructure for the training center.

Since the Federal Law Enforcement Training Center (FLETC) has taken administrative control of the site in Charleston, how much of the $14 million has being transferred from Customs and Border Protection to FLETC for use in Charleston?

Answer. A Reimbursable Agreement (RA) between the FLETC and Immigration and Custom Enforcement (ICE) has been prepared in the amount of $13,896,000. The FLETC has signed the agreement with a statement of work attached and forwarded to ICE for approval. The Core of Engineers spent approximately $104,000

for design prior to the administrative transfer of Charleston to the FLETC. A summary of the Charleston projects are:

—Construction of Tactical Training Mat Rooms for defensive tactics training;
—Renovation of new wing in Building 654 for administrative space for the USCG Marine Law Enforcement Academy;
—Renovation of four classrooms in building 61 for classroom space for the USCG Marine Law Enforcement Academy;
—Renovation of old wing in Building 654 for administrative, conferencing and training space for the FLETC and Partner Organizations' training management and operations staffs;
—Construction of Indoor Firing Range to provide training and re-qualifying students in firearms proficiency; and
—Construction of Security/Communications system that will allow FLETC Charleston to provide efficient and cost effective training while utilizing the latest state of the art technologies.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

TSA

Question. I am very concerned about numerous reports of mismanagement I have heard with TSA Human Resources and its contractors, currently Accenture. I am aware of one Burlington, Vermont, Screener Manager and as many as 80 Screener Managers at Dulles who were promoted to their positions on February 9, 2003, yet they have still not received the full back pay for their promotions.

I have been waiting since November 6, 2003, for a written explanation as to why the Burlington, Vermont, employee has not received any back pay. Apparently, the Office of Chief Counsel is still reviewing the matter.

The best explanation I have heard so far—just informal, nothing in writing—was that the airports were not authorized to make all of the promotions on February 9, 2003, but went ahead and made them anyway. At best, this sounds to me like a big communications problem between TSA, its HR contractor, and the airports. At worst, this sounds like the employees were misled. Unfortunately, it is the people who have been performing the work who are getting the raw end of the deal.

Could you please update me on this situation and explain what is being done to remedy the back pay issue?

Answer. A reply to your letter regarding the constituent in Burlington was sent to you in March 2004. A copy of the letter, dated March 19, 2004, was faxed to your office on April 21, 2004. To summarize what TSA stated in the letter, we could not backdate your constituent's promotion because TSA policy stipulates that promotions do not become effective until they receive final approval by the necessary TSA officials. This policy is based in part on a U.S. Comptroller General precedent.

Taking care of our employees is a very high priority for TSA. It is very important to TSA that its employees receive the compensation for the jobs that they are performing and that those who were promoted to the Lead and Supervisory Screener positions were promoted appropriately. At Dulles, all appropriate promotions were made, and all one-time awards were paid. TSA believes that all of these issues at Dulles have now been fully resolved.

The issues involving lead and supervisory positions at Dulles resulted when screeners were offered promotions inappropriately. At the time this situation occurred, TSA was transitioning from its initial human resources service contractor to the current contractors and was building a fully functioning human resources organization, including program management of the contractors. Dulles posted job announcements internally for the positions of Lead Screeners and Supervisory Screeners with a closing date of December 20, 2002. Unfortunately, at that time, the FSD organization at airports did not have delegated authority to conduct recruitment and assessment processes, which includes the authority to promote existing employees at the airport.

TSA's Office of Human Resources did not become aware of the issue until May, 2003. TSA worked expeditiously to develop a solution whereby all individuals who were inappropriately promoted at Dulles were provided compensation with a one-time monetary award, consisting of the difference between their screener salary and the salary that they would have received for the period they were "promoted." Additionally, TSA "re-announced" the supervisory screener positions, and screeners who were inappropriately promoted were afforded full and fair opportunity to compete for the positions. TSA provided affected screeners the one-time award regardless of whether they succeeded or not in being promoted under the valid procedure.

HAITI

Question. I am concerned by the Department's response to those who have fled Haiti in recent weeks. Haitians intercepted at sea have received entirely inadequate screening for asylum. For example, while all interdicted Cubans are individually interviewed regarding their fear of persecution, only those Haitians who loudly protest their return—the so-called "shout test"—receive such an interview. I joined with Senators Kennedy and Durbin in writing to the President last week to protest and seek changes in this and other policies. (A) Will you provide individual interviews to all Haitians interdicted at sea? (B) Will you suspend deportations against Haitians currently in the United States until the political situation in Haiti improves?

Answer. Haitians manifesting a fear of return are and will continue to be interviewed by a USCIS Asylum Pre-Screening Officer (APSO). In accordance with Department of State direction, DHS will continue to conduct non-criminal Haitian removals.

DATABASE INTEGRATION

Question. The Washington Post yesterday editorialized about a report Inspector General Fine issued last week on the slow pace of the integration of IDENT and IAFIS, the fingerprint identification databases of the former INS and the FBI. The report examined the case of Victor Manual Batres, a Mexican national with a criminal history who was twice simply returned to Mexico by Border Patrol agents whose database did not identify him as a wanted man. Batres eventually entered the country illegally, and then raped two nuns in Oregon, killing one. The Inspector General reported that the integration that would give Border Patrol agents access to the FBI database was 2 years behind schedule, and was not expected to be completed until 2008. Last week's report is the third OIG report in the last 4 years to highlight various aspects of this problem. (A) Why has progress on this issue been so slow? (B) When can we expect that Border Patrol agents will have access to the immigration and criminal histories in one database? (C) When will DHS enter into an MOU with DOJ about how this integration will happen?

Answer. The Department of Homeland Security is committed to accelerating implementation of IDENT/IAFIS 10 fingerprint capability for enforcement processing at ports of entry, Border Patrol locations, and Immigration and Customs Enforcement offices.

While we begin planning our implementation plan, we plan on using $4 million of the remaining funds provided in Public Law 107–117 (fiscal year 2002 counterterrorism funding) for potential use for IDENT/IAFIS implementation. The $4 million, when combined with fiscal year 2003 funds already provided ($3.5 million obligated for IDENT/), will allow BTS to implement IDENT with 10 print capabilities in secondary processing areas at 115 airports, 14 seaports and 50 of the largest land border ports. In addition, this funding will support implementation of the IAFIS/IDENT 10 print capability at 70 percent of the Border Patrol stations. The remaining land ports of entry, 30 percent of the Border Patrol stations and major ICE locations (to be determined) will receive this capability early in calendar year 2005. Funding for fielding these capabilities is estimated to be approximately $3 million, but a clearer estimate will be provided as the planning and implementations proceed. Completing the implementation of IDENT/IAFIS at Border Patrol stations will provide the capability to biometrically identify and/or perform status verifications on individuals suspected of illegally crossing the border. Implementation at ICE offices will support investigation of individuals apprehended for overstays and/or watch list hits.

The Department of Homeland Security will work with the Department of Justice to accelerate our integration into the FBI's IAFIS (10 print, criminal history) and the legacy INS IDENT (2-print, immigration) systems. An integrated workstation has already been developed. It has been deployed to a limited number of sites. DHS intends to complete deployment of this capability in 2005.

QUESTION SUBMITTED BY SENATOR PATTY MURRAY

Question. Thank you Mr. Chairman.

I'm pleased to join you, Senator Byrd, and the rest of our colleagues in welcoming Mr. Hutchinson today.

He has been handed a tough task in a very difficult time. I know he is committed to keeping our country safe, and I thank him for his leadership.

Mr. Hutchinson, the Federal Government—and specifically your Department—has done an admirable job of providing resources and training to help secure the threats

to our Northern Border. As a result of increased activity on the border, more individuals are being apprehended for crimes at or near the border but handed over to local law enforcement.

However, the prosecution, defense, court and detention costs are very high. And, our local governments have been left with the responsibility for providing law enforcement services to most areas at and near the international border.

One example from Washington State is Whatcom County and the City of Blaine—the areas that rests on the Northern Border of Washington State on Interstate 5. This community is responsible for 112 miles of border, including 89-miles of a shared land border with Canada and a 23-mile coastal border.

As you know, the Department of Homeland Security operates five land points-of-entry within the county. Additionally, there are three international airports and several marine ports of entry within Whatcom County's jurisdiction.

Mr. Hutchinson, terrorists, armed drug and weapons smugglers, and wanted fugitives regularly traverse residential neighborhoods at or near the border, creating huge threats to public safety and demands on local law enforcement.

In Whatcom County, more than 85 percent of all criminal apprehensions made by Federal law enforcement agents at or near our border are turned over to the county. In fact, last year Whatcom County spent approximately $3 million on Federal deferred cases, and this year they estimate their costs will rise to $4 million.

In these difficult fiscal times for local communities these extra burdens are having serious impacts on their budgets. But unlike the communities of Buffalo and Detroit, my small, rural county is staggering under the increased pressure on its budget.

Mr. Hutchinson, the Southwest Border Initiative provides financial support to communities along the southern border who are experiencing this very problem. However, Whatcom County, which is the least populated northern border county with a major crossing has seen no such relief.

I can't stress to you enough the impact $4 million has on a community of this size.

I believe a similar program should be established for Northern Border States, particularly those State that have high traffic volumes, such as Washington State.

Mr. Hutchinson, are you aware of this inequity between southern and northern border communities, and how is your Department prepared to help?

Answer. Senator Murray, thank you for bringing this important issue to my attention. As you know, some of the initiatives undertaken to improve homeland security have produced unintended consequences. Tighter border security should lead to more interdictions and arrests. But, while the National Strategy for Homeland Security specifies that costs and performance are to be a shared responsibility, we certainly are not advocating that local jurisdictions take on a disproportionate share of the burden in that regard. Therefore we welcome your reports that outline these potential inequities. I understand that the U.S. Attorney and our ICE officers have met with your county officials to find a more balanced approach to performing this important workload, including the prospects that the arrestee's initial appearance occur in the Bellingham Magistrate's Court. While those potential solutions may not lead to the full relief sought, they are a step in the right direction while the Federal budget addresses this increased workload.

SUBCOMMITTEE RECESS

Senator COCHRAN. Our next hearing of the subcommittee on the budget request for the Department of Homeland Security will be held on Tuesday, March 23 in this same room. At that time the Commandant of the United States Coast Guard, Admiral Thomas Collins, and the Acting Administrator of the Transportation Security Administration, Mr. David Stone, will be here to discuss the budget request for the programs under their jurisdictions.

Until then this subcommittee will stand in recess.

[Whereupon, at 11:47 a.m., Tuesday, March 9, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 23.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

TUESDAY, MARCH 23, 2004

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

The subcommittee met at 10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Domenici, Byrd, Inouye, and Murray.

Also present: Senator Reid.

DEPARTMENT OF HOMELAND SECURITY

STATEMENTS OF:

HON. ADMIRAL THOMAS H. COLLINS, COMMANDANT, UNITED STATES COAST GUARD

ADMIRAL DAVID M. STONE, ACTING ADMINISTRATOR, TRANSPORTATION SECURITY ADMINISTRATION

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The committee hearing will please come to order.

Today, we continue our review of the President's fiscal year 2005 budget request for the Department of Homeland Security, specifically, the programs and activities of the United States Coast Guard and the Transportation Security Administration. I am pleased to welcome to the hearing the Commandant of the United States Coast Guard, Admiral Thomas Collins, and the Acting Administrator of the Transportation Security Administration, Admiral David Stone.

We appreciate you submitting copies of your statements in advance of the hearing. They will be made a part of the record, and we invite you to make any comments you think would be helpful to the Committee's understanding of the budget request.

I am happy to yield to Senator Inouye and other Senators who may wish to make any opening statements.

STATEMENT OF SENATOR DANIEL K. INOUYE

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

I look forward to the hearing today. I represent a state that relies more than any other state on the two agencies represented this morning. As an island state, we have a unique relationship with the Coast Guard. We enjoy the ocean year-round for recreation and

commercial fishing, and rely on it for transportation of more than 90 percent of our goods. And in Hawaii, we have a great appreciation for the search and rescue, navigation, fisheries management, and the environmental protection mission of the Coast Guard.

Aviation is also a lifeline for my state. Our tourism-based economy is dependent on reliable and safe transportation of passengers to and from our shores. So I am so committed to working with both of these agencies to ensure that there are resources necessary to improve upon their performance, and help keep our traveling public and our transportation system safe, so I welcome the testimony of these two gentlemen.

Senator COCHRAN. Admiral Collins, you may proceed.

STATEMENT OF ADMIRAL THOMAS H. COLLINS

Admiral COLLINS. Good morning, Mr. Chairman, Senator Inouye. It is a privilege to be with you. Thank you for the opportunity to discuss the fiscal year 2005 budget request and the impact on the essential services we provide to the American public.

The 2005 budget proposes a budget authority of $7.46 billion, a 9 percent increase over fiscal year 2004. I am pleased to note that from fiscal years 2003 to 2005, our operating expense budget has grown over 51 percent. This growth supports the President's National Security Strategy for Homeland Security, and it supports the full range of Coast Guard missions.

HIGHLIGHTS OF SERVICE TO THE NATION OVER THE PAST MONTH

From my perspective, this budget growth is more than justified. We continue to apply our budget both effectively and efficiently, and often achieve extraordinary operational outcomes for the American people. I have been a part of the Coast Guard for 40 years now, and I continue to be amazed at the performance of our men and women every day. In fact, our operations just over the past month paint a clear and vivid picture of the scope and the national importance of the services we provide to the American public.

We responded to the distress calls from the burning and sinking ship/tanker, Bow Mariner, just this month, 50 miles off shore. Our rescue swimmer deployed in 44-degree, oil-covered water to save six crewmen.

Our search and rescue response capability was sustained, even though eighteen cutters, eight aircraft, and almost fourteen-hundred personnel deployed between the coast of Haiti and South Florida this month. And as conditions deteriorated in Haiti, Coast Guard cutters intercepted over a thousand Haitians, and safely repatriated them, thus fulfilling our President's mandate to repatriate Haitian migrants and present a deterrent to mass migration.

This week, the Coast Guard cutter, Midget, on patrol in the Eastern Pacific, returning home to Puget Sound after this month seizing over 27,000 pounds of cocaine in three boardings, setting a record for the most cocaine seized by a cutter on a single patrol.

Today, four 1410-foot cutters, two port security units, and 477 people are currently providing critical support to operations in Iraq. And today, we have two polar ice breakers returning home after the most successful resupply of McMurdo Station in recent years. We were successful in implementing the requirements for

the Maritime Transportation Security Act of 2002 and will be ready to commence aggressive compliance oversight on July 1.

These are just the highlights of our service to the Nation over this past month. The 2005 budget request provides the resources necessary for the Coast Guard to continue this high level of service to the American public. We have four priorities embedded in this budget.

FOUR PRIORITIES EMBEDDED IN THE BUDGET REQUEST

First, is to recapitalize our operational assets. Our greatest threat to mission performance continues to be that our aircraft, our boats, and cutters are aging, technologically obsolete, and require replacement and modernization. The integrated Deepwater system, or Deepwater, is the answer to these concerns.

My second priority is to ensure consistent performance across all missions by ensuring the right force structure and the right set of capabilities. The 2005 budget adds capability and capacity to enable across-the-board mission performance, including operational funding for additional eleven patrol boats, these 87-foot patrol boats, and the transfer of five 179-foot PC patrol boats from the Navy, and overall, adding over 1,300 people to our workforce in 2005.

My third priority is to aggressively implement the comprehensive requirements of the Maritime Transportation Security Act of 2002. Over $100 million and 791 new personnel support this critical security initiative.

My fourth priority reflected in the 2005 budget is to expand what we have been calling Maritime Domain Awareness. Expanding awareness of activities occurring in the maritime domain is critical to enhancing our performance across all mission areas. And we must identify and understand threats, disseminate timely information to our operational commanders and our homeland security partners in order to respond to terrorist attacks, drug smuggling, illegal migration, and so forth.

Of course, the Coast Guard people make our operational excellence possible, and the successful operational tempo demonstrated over the last month is testimony to the skill and commitment of our personnel. They routinely put service to our Nation above all else, and they are my highest priority. And this budget request improves the quality of life of Coast Guard men and women, by providing a pay raise, and improving basic allowance for housing.

Most importantly, through Deepwater, through Rescue 21, and other modernization efforts, our Coast Guard people will be provided with the quality equipment they deserve to do their job.

PREPARED STATEMENT

Mr. Chairman, thank you for the opportunity to testify today, and I will be pleased to answer any questions that you may have.

Senator COCHRAN. Thank you very much, Admiral Collins.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL THOMAS H. COLLINS

Introduction Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's

fiscal year 2005 budget request, and its critical importance in your Coast Guard being able to deliver essential daily services to the American public.

The Coast Guard's fiscal year 2005 budget proposes budget authority of $7.46 billion, a 9 percent increase over fiscal year 2004, and continues our effort to enhance capability and competencies to perform both safety and security missions. It supports the goals of the President's National Strategy for Homeland Security to prevent terrorist attacks, reduce our vulnerabilities, and minimize damage from attacks that do occur.

Before I discuss our fiscal year 2005 budget, I would like to take a few moments to discuss some of our accomplishments during the past year. You deserve a quick report on how we have used the resources this Subcommittee has provided us in the past and I am proud of the results that Coast Guard men and women continue to deliver for the country. During fiscal year 2003, the Coast Guard:

—Interdicted over 6,000 undocumented migrants attempting to illegally enter the country by sea.
—Prevented more than 136,800 pounds of cocaine, over 14,000 pounds of marijuana and more than 800 pounds of hashish from reaching U.S. shores.
—Aggressively conducted more than 36,000 port security patrols, including 3,600 air patrols, 8,000 security boardings and over 7,000 vessel escorts.
—Deployed the largest contingent of Coast Guard personnel overseas since the Vietnam War to support Operation Iraqi Freedom, including 11 cutters, two shoreside support units, and over 1,200 personnel.
—Saved the lives of nearly 5,100 mariners in distress and responded to more than 31,500 calls for assistance.
—Boarded more than 3,400 fishing vessels to enforce safety, environmental and economic laws.
—Mobilized 64 percent of our reserve force to enhance protection of our ports, waterways and critical infrastructure during heightened states of alert, and to support the Combatant Commanders.
—Kept critical shipping channels clear of ice in the Great Lakes and New England ensuring the availability of critical energy products.
—Maintained more than 50,000 Federal aids to navigation along 25,000 miles of maritime transportation highways.
—Responded to over 19,000 reports of water pollution or hazardous material releases.
—Completed the most difficult re-supply of McMurdo Station (Antarctica) during Operation Deep Freeze in 40 years. USCGC Polar Sea and USCGC Healy smashed through 50 miles of ice more than 13-feet thick to enable U.S. scientists to continue their studies of the Earth's climate.

In addition, we have become a proud member of the Department of Homeland Security that consolidated 22 agencies and nearly 180,000 employees. We are committed to working with our partner agencies as one team engaged in one fight, and I truly believe having one Department responsible for homeland security has made America more secure today. An example of this one team-one fight motto is very evident in the developing events in Haiti. Under the direction of the Secretary of Homeland Security, the Homeland Security Task Force—Southeast was stood-up as part of OPERATION ABLE SENTRY. Led by Coast Guard Rear Admiral Harvey Johnson, the task force is comprised of many agencies chartered to plan, prepare, and conduct migrant interdiction operations in the vicinity of Haiti due to the escalation of violence in that country and the threat of a mass exodus of undocumented migrants. In the first days of interdiction operations, the task force demonstrated impressive agility and synergy:

—Coast Guard cutters, with Citizenship and Immigration Service (CIS) asylum pre screening officers and interpreters aboard, interdicted seven Haitian vessels with 1,076 undocumented migrants,
—Coast Guard and Immigration and Customs Enforcement (ICE) aircraft patrolled the skies throughout the operating area,
—Coast Guard, ICE, and Customs and Border Protection (CBP) boats conducted coordinated patrols off the Florida coast,
—Coast Guard and ICE conducted a coordinated boarding of a boat suspected of being highjacked off the coast of Miami,
—Coast Guard, CBP, ICE, and the Transportation Security Administration command center, public affairs, and intelligence staffs fully engaged,
—Federal Emergency Management Agency (FEMA) deployed three Information and Planning Specialists to the task force in support of contingency planning.

In addition, we have begun aggressively implementing the Maritime Transportation Security Act thanks in large part to a herculean inter-agency effort. Final Rules were published in October 2003 and security plans from approximately 9,000

vessels and 3,200 facilities were due on December 31, 2003. To date, approximately 97 percent have been received. We will continue to aggressively pursue 100 percent compliance, and have instituted a phased implementation of penalties to ensure that all regulated facilities have implemented approved security plans by the 1 July 2004 deadline. We completed eleven port security assessments, and have established 43 Area Maritime Security Committees to provide enhanced planning, communication and response for our nation's ports. We have met with nearly sixty countries representing the vast majority of all shippers to the United States., reinforcing a commitment to the International Ship and Port Facilities Security (ISPS) code. We have commissioned additional Maritime Safety and Security Teams (MSSTs) and plan to have 13 teams by the end of CY 2004. We are installing an Automatic Identification System (AIS) network in nine coastal locations that have Vessel Traffic Services improving our awareness of the maritime domain, and are simultaneously designing a nationwide system.

The Need to Sustain Growth in fiscal year 2005

Despite these accomplishments, there is still much to do. The last few weeks paint a clear and vivid picture of the breadth, scope and national importance of all Coast Guard missions. Rescue personnel from our mid-Atlantic units responded to the distress call from the burning and sinking Singaporean tanker Bow Mariner, and six crewmen were saved from 44-degree water. A Coast Guard cutter seized the entire catch from a fishing vessel off the New England coast for having twice the legal limit of lobster on board and more importantly having female egg bearing lobsters that a biologist indicated had been scrubbed of eggs. Our search and rescue and living marine resource response capability was sustained even as 15 cutters, 6 aircraft, and approximately 1,550 personnel deployed south positioning from the coast of Haiti to the approaches to South Florida as part of Homeland Security Task Force-Southeast, and interdicted 1,075 Haitian migrants. Simultaneously, we have four Patrol Boats, two Port Security Units, and 377 personnel deployed in support of operations in Iraq. As you can see, demand for Coast Guard resources continue to expand, while our ships and aircraft continue to age. The Coast Guard is the nation's lead Federal agency for maritime homeland security and marine safety. Critical new resources are required to establish a new level of maritime security while continuing to perform the full range of Coast Guard missions.

The budget requests resources that are necessary for the Coast Guard to fulfill its responsibilities to the American public. For fiscal year 2005, my priorities are:

—Recapitalize operational assets;
—Enhance performance across all missions by leveraging Coast Guard authorities, capabilities, competencies and partnerships;
—Aggressively implement the comprehensive requirements of MTSA; and
—Expand awareness of activities occurring in the maritime domain.

Recapitalize Operational Assets

The Coast Guard's greatest threat to mission performance continues to be that our aircraft, boats and cutters are aging, technologically obsolete, and require replacement and modernization. The majority of these assets will reach the end of their service life by 2008, and have increasing operating and maintenance costs, which results in lost mission performance, mission effectiveness, unnecessary risks, and wear and tear on people. These assets are failing at an alarming rate. Recent asset failures and their subsequent impact on operational readiness exemplify the downward readiness spiral created by increasingly aging capital assets coupled with a more demanding operational tempo. Frankly, the existing system is failing in numerous areas and I am concerned that we are reaching a "declining readiness spiral" phenomenon. Deferred modernization results in reduced patrols and readiness, corresponding increased maintenance needs and higher total ownership costs. Recapitalization funds are then needed to keep old assets operating, which only defers modernization starting this declining cycle over again. The Coast Guard is faced with trading asset modernization funding toward legacy asset maintenance and capability to address immediate safety and reliability concerns. Some examples of why I am so concerned:

—*HH–65 Helicopter engine system casualties.*—In-flight engine partial power losses occurred at a rate of 63 per 100,000 flight hours in fiscal year 2003, and is significantly higher so far in fiscal year 2004. This rate far exceeds the FAA standard of one per 100,000 hours and the U.S. Navy Safety Center guidelines of no more than 10 mishaps per 100,000 flight hours. HH–65 helicopters are critical to Coast Guard operations including ongoing efforts off the coast of Haiti.

—*110-foot Patrol Boats.*—To date, 20 hull breaches requiring emergency dry docks. One cutter required emergency dry dock for hull breach only 14 weeks after a 10-month hull renewal project that had cost $2 million. The 110-foot fleet is the high-speed workhorse during migrant interdiction operations such as the ongoing events in the vicinity of Haiti, and has repatriated 927 Haitian migrants thus far.

—*378-foot High Endurance Cutter.*—3 out of total class of 12 ships have recently missed operations due to unscheduled maintenance to failing sub-systems. A 378-foot cutter is currently serving as the on-scene command ship for Haitian operations.

All three of these asset classes (HH–65, 110, 378) are currently supporting the Coast Guard missions such as migrant and drug interdiction operations, ports waterways and coastal security, fisheries enforcement, and search and rescue, and the Coast Guard continues to be successful in spite of casualties and readiness levels. This success comes through the extraordinary efforts of Coast Guard personnel, and I'm concerned about our ability to continue this performance in the future. Cocaine seizures to date in fiscal year 2004 total 38.9 metric tons, nearly double last year's pace which yielded the second highest seizure total ever (62.1 metric tons). The threat of a mass migration from Haiti, coupled with the flow of illegal drugs and undocumented migrants from other countries towards the United States, highlights the value that the U.S. Coast Guard provides our nation.

The Integrated Deepwater System (IDS) is the answer to these concerns and entails far more than the progressive replacement of our aging inventory. IDS is an integrated systems approach to upgrading existing legacy assets through a completely integrated and interoperable system. All of Deepwater's highly capable assets will be linked with modern command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) architecture. The ability to link and network disparate platforms seamlessly over vast distances is an essential aspect to providing the Coast Guard the capability to detect and interdict potential threats prior to reaching our shores and ports. Deepwater assets are America's first line of defense to counter threats in the maritime domain, and thwart catastrophes to vulnerable infrastructure (oil rigs, deepwater channels, shipping). Funding for the Deepwater program is a critical investment in homeland safety and security and means a more secure United States of America.

The Coast Guard's deepwater assets are not the only capital assets that desperately need replacement. The fiscal year 2005 budget also requests resources for:

—Rescue 21 project, which will be the primary command and control system to perform the functional tasks of detection, classification, and command and control in the inland and coastal zones for Search and Rescue. The existing National Distress System is inadequate to meet the safety requirements of growing marine traffic, and is not capable of meeting the requirements of the International Convention for the Safety of Life at Sea (SOLAS) treaty. Rescue 21 will expand existing capability through greater area coverage, and improved direction finding capability to enhance Coast Guard emergency response;

—Great Lakes Icebreaker, which is scheduled to replace USCGC MACKINAW in 2006 after 57 years of continuous service;

—Response Boat—Medium, which will replace the aging 41-foot Utility Boat, and will meet mission requirements for search and rescue, and emerging homeland security missions.

Enhance Mission Performance

To enhance mission performance the Coast Guard must optimize its unique authorities, capability, competency, and partnerships; while gaining the capacity in each to complete our full range of missions. Due to the Coast Guard's multi-mission nature, resources provided will assist in the performance of all missions. New assets will be used to conduct fishery patrols and search and rescue cases as well as protect the Nation against terrorist attacks.

Fiscal year 2005 budget initiatives that add capacity to enable mission performance include:

—Operational funding for eleven 87-foot Coastal Patrol boats built in 2004;

—Operational funding for five 179-foot Patrol Coastals being transferred to the Coast Guard from the Navy;

—Safety configuration changes to the 47-foot Motor Life Boat, which will allow crews to safely conduct missions in deteriorating weather conditions.

Aggressively Implement the Maritime Transportation Security Act of 2002

During the past year, the Coast Guard led the international maritime community in adopting a new international security regime requiring vessels and port facilities

to develop security plans. This effort paralleled the requirements this committee helped establish through enactment of the Maritime Transportation Security Act (MTSA) of 2002. These regulations require that United States ports, vessels, and facilities each have a plan to protect against terrorist attacks. Aggressive implementation of MTSA is essential if we are to maintain the security of our ports and waterways at acceptable levels. To implement and enforce these regulations, the Coast Guard has a recurring requirement to develop, review, approve, and ensure vessels and facilities are sustaining their own security responsibilities for all aspects of maritime security. Approximately 97 percent of required vessel and facilities have turned in security plans to date. We are issuing notices of violation to the 10 percent that missed the deadline, are starting the process of approving security plans, and have commenced training of Coast Guard personnel to complete on-site verification. Providing the Coast Guard with the resources necessary to undertake this implementation and enforcement effort is a key step toward enhanced port, vessel and facility security.

Maritime Domain Awareness

Expanding awareness of activities occurring in the maritime domain is critical to enhancing Coast Guard performance in all mission areas. The U.S maritime jurisdiction is enormous, covering some 3.5 million square miles of ocean and 95,000 miles of coastline. In addition, the Coast Guard projects a defense-in-depth presence in other areas such as the Caribbean and eastern Pacific to deter, detect, and interdict drug and migrant smugglers. The Coast Guard operates at times and in places no United States forces operate. The ongoing events off the coast of Haiti highlight the need for a robust maritime domain awareness capability. The Coast Guard has minimal capability to monitor the activities occurring within this maritime zone without the presence of a cutter or aircraft. We must identify and understand threats, and disseminate timely information to our operational commanders and our homeland security partners in order to respond to emerging threats such as terrorist attacks, drug smuggling, illegal migration, location of distressed boaters, or illegal fishing before they reach our borders. An intelligence and warning system that detects indicators of potential terrorist activity before an attack occurs is necessary to take preemptive and protective action. We are currently installing Automatic Identification System (AIS) in our Vessel Traffic Service (VTS) ports, and are formalizing the operational requirements to award a contract for installation of a nationwide AIS network. $4 million is requested in fiscal year 2005 to continue this important project. This budget submission also includes 35 people to integrate all of our projects that provide maritime domain awareness (MDA), including AIS, Deepwater and Rescue 21, and these people will partner with the other Department of Homeland Security agencies, the Navy, and other entities to unite our joint efforts.

Conclusion

Thank you for your support in the fiscal year 2004 Emergency Supplemental. Funding is ensuring Coast Guard forces remaining in Iraq are properly resourced for the rest of fiscal year 2004.

None of what the Coast Guard has accomplished or is striving to achieve is possible without our people—the bedrock of our service. They routinely put their service above all else and I am convinced of their unwavering dedication to the security of this Nation and the safety of its citizens. They are our highest priority and most valuable resource.

The Coast Guard's fiscal year 2005 budget request improves the quality of life for Coast Guard men and women and their families by providing a pay raise, and continuing improvements in Basic Allowance for Housing (BAH) reducing out-of-pocket expenses from 3.5 percent to zero, and gives them the equipment and assets that will allow them to best contribute their time and talents to the safety and security of our nation.

I have asked every member of the Coast Guard to continue to focus intently and act boldly on the three elements of my direction: improve Readiness; practice good Stewardship; and enhance the growth, development and well being of our People. With this diligence we will fulfill our operational commitment to America and maintain our high standards of excellence.

I look forward to working with you to that end.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Senator COCHRAN. Admiral Stone, you may proceed with your opening statement.

STATEMENT OF ADMIRAL DAVID M. STONE

Admiral STONE. Thank you, sir.

Good morning, Mr. Chairman, Senator Byrd, and members of the Subcommittee. I am honored to appear before you this morning to discuss the President's fiscal year 2005 budget request for the Transportation Security Administration.

First, I would like to take a moment to comment on the tragic bombings in Madrid and Moscow. We are closely examining these events so we may deter and prevent similar attacks in the United States. Over the last 2 years, the Department of Homeland Security has worked with Federal and State counterparts to bolster the security of rail and mass transit systems, conducting criticality assessments, coordinating information sharing, and improving training.

Building on this foundation, yesterday, Secretary Ridge announced additional measures to further strengthen our rail and transit systems. We will develop a rapid-deployment mass transit canine program and continue to partner with local authorities to provide additional training and assistance for local canine teams.

TSA will implement a pilot program to test the feasibility of screening luggage and carry-on bags to detect explosives at rail stations and aboard trains. Working with the Department, we will engage industry, and State and local partners to establish baseline security measures based on best practices, and we will expand security education and awareness programs. Security technologies will be examined for their potential application in the intermodal environment.

FISCAL YEAR 2005 BUDGET REQUEST

Turning to the President's budget proposal for fiscal year 2005, the $5.3 billion that is requested for TSA is $892 million more than the fiscal year 2004 level. The significant portion of this funding would support and improve passenger and baggage screening operations at the Nation's airports, including $145 million to fully implement screening and training programs, and $86 million to provide technological support at passenger checkpoints.

TSA is right sizing and stabilizing screening operations, investing more hiring authority with our Federal Security Directors to provide more flexibility in addressing staffing needs. Local hiring, local testing, and local training will be the keys to our future.

We are assessing the expansion of contract screening; and to help us make these decisions, a thorough evaluation of the five private pilot programs is currently under way, with the results expected in April of this year.

TSA's Federal Flight Deck Officer Program adds another important layer to our rings of aviation security. We are seeking $25 million to support and expand training for pilots who are volunteering to carry firearms to defend aircraft flight decks. In January, TSA began doubling the number of FFDO classes, and we plan to provide initial training and qualifications for thousands of FFDOs by the end of this fiscal year. We expect to conduct our first cargo FFDO prototype program next month.

A total of $60 million is requested for the second-generation Computer-Assisted Passenger Pre-Screening System, CAPPS II, in fiscal year 2005. Developed with the utmost concern for individual privacy rights, there is a pressing need to move forward with testing of CAPPS II. The current passenger pre-screening system operated by air carriers is clearly not adequate to address the asymmetric threats that confront us on a daily basis.

To deny targets the opportunity to exploit our thriving air cargo system, TSA has developed an air cargo strategic plan within the $85 million requested for air cargo screening in fiscal year 2005. TSA is requesting $55 million for an aggressive R&D program to investigate technologies that will improve our ability to screen high-risk air cargo.

PREPARED STATEMENT

In closing, I would like to thank you, Mr. Chairman, for your support, and that of the Subcommittee members. I look forward to answering your questions today.

Senator COCHRAN. Thank you very much, Admiral Stone.

[The statement follows:]

PREPARED STATEMENT OF DAVID M. STONE

I am pleased to testify before the Subcommittee on the President's fiscal year 2005 budget request for the Transportation Security Administration (TSA). TSA's mission, to protect the Nation's transportation systems to ensure the freedom of movement for people and commerce, is completely aligned with the mission of the Department of Homeland Security (DHS), and our objectives fully support the Department's strategic goals.

The tragic bombings of March 11 in Madrid, Spain, are a great concern to us all. Before I discuss the President's fiscal year 2005 budget request for TSA, I want to assure the Subcommittee that DHS is supporting the investigation into the attacks with our international partners and monitoring the investigation to learn more about how these terrible attacks transpired. Although we have no specific indicators that terrorist groups are planning such attacks in the United States, DHS has reached out to state and local security, law enforcement, and transit and rail officials to ensure vigilance in light of these incidents.

I want to assure you that DHS is devoting significant attention and resources on rail security across the Federal Government. Between fiscal year 2003 and this year, DHS will have provided $115 million to high-risk transit systems through the Urban Area Security Initiative (UASI) in the Office for Domestic Preparedness. The Budget proposes to double our total commitment to UASI, to $1.4 billion in fiscal year 2005. Our partners in the Department of Transportation (DOT) stepped up inspection of rail lines and security requirements, and DOT is also assisting Amtrak implement improved security measures. Under the Budget, the Federal Transit Administration (FTA) will award nearly $4 billion in grants to transit agencies, resources that can be used for security improvements.

TSA is providing strong leadership in this effort and has the resources it needs under the request to do its part. Over the last 2 years, DHS and DOT have worked with transit and rail operators to significantly improve security. TSA has worked with the Information Analysis and Infrastructure Protection Directorate and DOT's Federal Railroad Administration and FTA to conduct criticality assessments of rail and transit networks operating in high-density urban areas. As a result, we have better information to focus current and future security resources and transit systems are producing robust security and emergency preparedness plans. In addition, DHS is coordinating information and threat sharing through the Surface Transportation Information Sharing and Analysis Center (ISAC) managed by the Association of American Railroads, including deploying TSA personnel to the ISAC and hosting ISAC representatives at TSA's Transportation Security Coordination Center (TSCC) in Virginia. We have held numerous security exercises to bring together rail carriers, Federal and local first responders, and security experts, and have addressed potential gaps in antiterrorism training among rail personnel.

I hope to work with the Subcommittee to continue to determine how best to strengthen rail and transit security within the resources levels of our request.

The President's fiscal year 2005 Budget Request for TSA

The President's fiscal year 2005 budget request will support key initiatives to improve the effectiveness and efficiency of TSA's efforts to secure our Nation's transportation system. TSA's top priorities in fiscal year 2005 include:

—*Strengthening aviation security.*—We will stabilize and enhance our systemofsystems approach to aviation security, measure and improve screening performance, develop advanced screening technology, and expand the Federal Flight Deck Officer program.

—*Upgrading access and inspection security.*—TSA will continue to develop and implement credentialing and background check programs, continue to support local law enforcement at airports, strengthen inspection, and enforce agency security regulations.

—*Improving air cargo security.*—In partnership with air carriers and other stakeholders, TSA will continue to implement the range of initiatives encompassed in its Air Cargo Strategic Plan.

—*Enhancing surface transportation security through intelligence, stakeholder outreach, and integration.*—TSA will work with our colleagues in DHS and in the Department of Transportation to assess the risk of terrorist attacks to all surface modes of transportation and develop and implement security strategies to thwart attacks while minimizing the impact on the flow of cargo and mobility of passengers.

The President's fiscal year 2005 Budget Request of $5.296 billion for TSA is dedicated to stabilizing and strengthening TSA's essential mission. This request is $892 million more than the adjusted enacted level for fiscal year 2004.

Strengthening Aviation Security

The majority of TSA funding in fiscal year 2005 is requested to support and improve passenger and baggage screening operations at the Nation's airports, an essential layer in TSA's rings of aviation security. Today TSA is right-sizing and stabilizing screening operations based on security requirements and opportunities for increasing efficiencies in business processes so that at the end of fiscal year 2004 an appropriate mix of full-time and part-time personnel will represent no more than 45,000 full-time equivalents. Supporting and enhancing the effectiveness of screening operations requires a broad range of services and activities, from training and supplies to performance management systems, from management and headquarters support to human resources services and equipment maintenance. As part of our long-term plan for stabilizing our workforce, we are evolving to a business model that vests more hiring authority at the local level with our Federal Security Directors (FSDs). The original methods we used in centralizing recruitment, assessment, hiring, and training of screeners were necessary in the fastpaced environment to meet the original statutory deadlines. This centralized model is not the right fit for sustaining an existing workforce. This is a high priority item for TSA.

Information and data on TSA performance are critical to our ability to make strategic decisions. TSA is implementing measures to assess performance, including TSA's Passenger Screening Effectiveness Index, Cost Per Passenger, Cost Per Bag, and Customer Service Index elements of the Screening Performance Indices. This information will be used to assess the impact of higher passenger volume on the effectiveness of our security operations and the public's level of satisfaction. TSA's Customer Satisfaction Index is based on feedback from passenger surveys at airports, polls, and traveler comments. TSA's score for all airports is 80 percent, indicating that overall, passengers are "more than satisfied" with their experience at passenger security checkpoints. Over 1.7 million passengers and 2 million bags are processed through airport checkpoints on a daily basis, yet average wait times are still low.

For fiscal year 2005, the President's budget requests $2.424 billion for 45,000 screener FTE and 1,210 terminal screening managers. At the requested level, funding will support screener salaries and management at all commercial airports. The screener workforce will be cross-trained to perform duties both as passenger and baggage screeners. Included in the requested level is $130 million for contract screening airports. This funding is based on an estimate of resources necessary to maintain the current five pilot project airports. However, actual funding needs for contract screening operations may vary depending on the current evaluation of contract screening, the program's future deployment and management structure, and other contract screening transitions at airports.

A total of $145 million is requested in fiscal year 2005 to fully implement the passenger and baggage screening training programs critical to maintaining high skill levels in our screener workforce. This will support training for replacement screeners as well as support recurrent and advanced training to the entire screener workforce to meet and maintain proficiency and qualification standards. All passenger screeners must meet annual recertification standards, passing a Standard Operating Procedures Job Knowledge Test, an Image Certification Test, and a Practical Skills Demonstration, and achieve a fully successful performance rating. Recertification for 2003–2004 began on October 1, 2003, and will be completed this month.

As reported to this Subcommittee last fall, TSA recognizes that we must continually work to maintain and sharpen screener capabilities. TSA has made significant progress in implementing the Short-Term Screening Improvement Plan, a series of integrated interventions that include enhanced training and technology deployment, policy and process reengineering, increased support to the field, and increased covert testing.

TSA uses its Special Operations Program to provide ongoing and immediate feedback to screeners, their supervisors, and TSA leadership on screener performance. The Special Operations Program's overall objectives are to test the security systems at the airports and to introduce difficult, real-life threat items to the screener workforce. Once covert testing is completed at a checkpoint, Special Operations teams conduct post-test reviews with available screeners to reenact the test and provide training.

As part of the Short-Term Screening Improvement Plan, Special Operations teams have tested 68 airports between October 1, 2003, and February 1, 2004. Testing between October 1 and December 31, 2003, focused on increasing the number of airports tested for the first time, to establish a performance baseline. In January 2004, Special Operations teams began retesting airports to determine whether performance improved once the screening performance initiatives had been deployed. In January 2004, Special Operations teams retested 15 airports, with 11 airports improving overall checkpoint performance an average of 21 percent.

These overall covert checkpoint tests are also showing improvement in individual screener performance. Between September 2002 and February 1, 2004, TSA conducted 1,227 checkpoint tests at 171 airports. Checkpoint test results have improved nearly 14 percent. During January 2004 testing, the pass rate for two of the checkpoint tests was nearly 90 percent or better.

To maintain high levels of screener proficiency, TSA's screener improvement plan places a strong emphasis on recurrent screener training and supervisory training. Over 700 inert Modular Bomb Set (MBS II) and weapons training kits have been deployed to every airport in the country as an integral part of TSA's recurrent training for screeners, enabling them to see and touch the components of improvised explosive devices and weapons. TSA is also developing protocols to help FSDs conduct their own airport level screening testing. To blend nationally and locally developed training, TSA has established the "Excellence in Screener Performance" video training series. The first two videos, "Hand Held Metal Detector/Pat Down Search" and "X-ray Operator" have been delivered to the field. Training videos on physical bag search and screening persons with disabilities are now in production. The third part of our recurrent training program is a series of web-based and computer-based screener training. Eight training products are in production, with the first due to the field in March 2004. From the standpoint of training delivery, our most significant accomplishment is the launching of our learning management system, the TSA Online Learning Center (OLC). The OLC makes available over 350 general training and development courses in addition to TSA specific training.

Recognizing the need to provide our front line supervisors with the tools they need to manage effectively the screener workforce, we have sent more than 2,500 supervisors to introductory leadership training at the Graduate School, United States Department of Agriculture. We will continue to offer 10 sessions each week until all screening supervisors have received this training. We are currently adding a customized module to this training that includes airport-specific examples of leadership issues they might encounter.

TSA also has begun training some of its senior screeners to recognize patterns of unusual or suspicious behavior. This additional skill set will further enhance aviation security.

TSA promptly investigates significant security incidents as they are disclosed. Using teams of security specialists and investigators who recreate the security breach, vulnerabilities in the system are revealed, and TSA can immediately take corrective action. TSA has also forged a working relationship with other Federal law enforcement agencies and task forces when incidents require coordinated investigative activities.

TSA's 158 FSDs form the backbone of security management and leadership at the Nation's airports. Our budget requests $284 million in fiscal year 2005 to support our FSDs and other airport security management and staff positions nationwide. In order to streamline the administrative operations at airports, larger airports have been designated as hubs, providing security direction, administrative support, and staff resources to smaller airports.

In fiscal year 2005, TSA will continue the deployment of electronic explosive detection equipment at the Nation's airports and look for efficiencies to improve passenger and baggage screening. The total fiscal year 2005 discretionary funding request for explosives detection systems (EDS) and explosives trace detection (ETD) equipment purchase and installation is $150 million, with $250 million through the Aviation Security Capital Fund, for a total resource level of $400 million. Vision 100—Century of Aviation Reauthorization Act (Vision 100), Public Law 108–176, established the Aviation Security Capital Fund. The first $250 million of passenger fees authorized by the Aviation and Transportation Security Act, Public Law 107–71, will be deposited into this fund. Fund resources can be spent on projects to replace baggage conveyer systems related to aviation security, to reconfigure terminal baggage areas as needed to install EDS, to deploy EDS in airport terminals, and for other airport security capital improvement projects.

TSA's EDS/ETD equipment purchase and installation program is the key to compliance with statutory requirements for full electronic screening of checked baggage. TSA purchases and installs this equipment through a variety of mechanisms, including congressionally authorized Letters of Intent (LOIs), which provide a partial reimbursement to airports for facility modifications required to install in-line EDS solutions. TSA has issued eight airport LOIs, covering 9 airports. TSA is also using resources to purchase and install EDS and ETD machines at airports outside the LOI process.

The fiscal year 2005 budget request includes proposed language to maintain policies which guide the current program cost share and distribution of funding for LOIs, keeping the cost share at 75 percent for large airports and 90 percent for all other airports and overriding allocation formulas. TSA believes the current cost share is fair and equitable and that revised allocation formulas could potentially disrupt current LOI commitments and be detrimental to long-term security effectiveness.

TSA is also requesting approximately $86 million to provide technological support at passenger checkpoints. This funding would support reconfiguration at a portion of the 34 remaining airports that would benefit from reconfiguration and provide $30 million for purchase of advanced checkpoint equipment. This funding also supports TSA's continuing implementation of the Threat Image Projection (TIP) program, an essential element of TSA's screening improvement program. TIP superimposes threat images on X-ray screens during actual operations and records whether or not screeners identify the threat object. Through a tremendous example of private-public partnership, a significantly enhanced 2,400-image Threat Image Projection (TIP) library was uploaded to every TIP Ready X-Ray (TRX) in the country during the height of winter holiday travel season without interrupting service. This new TIP image library replaces the much smaller 200-image library developed by the Federal Aviation Administration (FAA) with images that will continuously provide screeners exposure to the most current threats, including improvised explosive devices (IEDs). Now 100 percent of checkpoint security lanes are equipped with TRXs with the 2,400-image TIP library, providing real-time data on screener performance. Data is available quickly at the local level and reported to headquarters for aggregated analysis and monitoring. Through this combination of increased deployment of TRX machines and activation of the expanded TIP image library, we are able to collect and analyze significant amounts of performance data that has not been previously available. TIP is an excellent tool for evaluating the skills of each individual screener so that we can focus directly on areas needing skill improvement. By regularly exposing screeners to a variety of threat object images, TIP provides continuous on-the-job training and immediate feedback and remediation.

TSA uses a wide range of interconnected information technology solutions to maximize its security efforts. In the past, collecting TIP data for analysis and reporting was a cumbersome task. Network connectivity to checkpoints will be the ultimate answer to efficient collection, analysis, and reporting of TIP data. This effort will provide the capability for continuous training, including real-time training on current threats; greater capacity for monitoring TIP performance; connectivity with checked baggage areas; and a foundation for planned implementations of additional administrative, surveillance, CAPPS II, and other security enhancements. TSA is requesting approximately $294 million in fiscal year 2005 to support its Information

Technology Core, which will provide the telecommunications infrastructure support and services necessary for TSA to fully utilize TIP capabilities.

The President's fiscal year 2005 budget includes a request for $49 million for TSA applied Research and development (R&D) and $50 million for Next Generation EDS. Working closely with the DHS Science and Technology (S&T) Directorate, we have established an ambitious program to develop and deploy new security technologies and use technology to enhance human performance. Technology can help us make our screening operations more effective, more efficient, less time-consuming, and less costly. TSA operates a state-of-the-art research laboratory, the Transportation Security Laboratory (TSL), in Atlantic City, New Jersey. Several screening and other security technologies are under development at the TSL, including an explosives detection portal to determine if explosives are being carried on a passenger's person, document scanners to detect trace amounts of explosive materials on items such as boarding passes, and scanners for better screening of casts and prosthetic devices. We are also developing EDS for carry-on baggage and improving explosives detection technology for screening liquids.

We are continuing work on the Next Generation of EDS for checked baggage screening to increase throughput capacity, improve detection capabilities, and lower false positive alarm rates. Simultaneously, we are collaborating with new and existing vendors to develop technologies that will enable us to detect explosives in smaller amounts than are currently established in our certification standard and that will occupy a smaller footprint at airports. We have piloted an on-screen alarm resolution protocol and will soon start the training that will enable our screeners to more closely examine an image without opening a traveler's luggage, resulting in clearing more false positive alarm images without a drop in detection proficiency. Within the Next Generation program, we are also looking at new applications of X-ray, electromagnetic, and nuclear technologies to probe sealed containers for materials that pose a threat to aviation security.

We are planning fiscal year 2005 R&D efforts to combine expanded technological capabilities in conjunction with sensor fusion development. Unfortunately, the restricted space at airports and other transportation facilities will not support continuing additions to the footprints of our screening areas. Therefore, we must design systems that will address multiple threats within very confined spaces. The challenge of moving new technology from the laboratory to the real world is significant.

TSA's R&D program also focuses on developing standards for biometric systems through ongoing pilot programs and laboratory efforts. TSA's efforts in this arena are being coordinated with the US VISIT program office. Research in biometrics technologies continues to be applicable and useful in supporting several TSA initiatives such as the Transportation Workers Identification Credential (TWIC) program, the Registered Traveler program, infrastructure access control programs, and employee screening.

TSA's Federal Flight Deck Officer (FFDO) program has now been in place for more than 1 year, adding another important layer to our rings of aviation security. The fiscal year 2005 budget proposes $25 million to support and continue expansion of FFDO training for pilots at the Federal Law Enforcement Training Center in Artesia, New Mexico. TSA developed and implemented this program in close cooperation with organizations representing airline pilots, such as the Air Line Pilots Association and the Coalition of Airline Pilots Associations. Pilots provided valuable insights to TSA during the formation of the FFDO program and many of their suggestions are reflected today in the initial qualifications, training, and standard operating procedures for FFDOs; and training location and support facilities. In January 2004, TSA began doubling the number of FFDO classes, and we plan to provide initial training and qualification for thousands of FFDOs by the end of this fiscal year. TSA has streamlined the process for pilots to become FFDOs. The selection process consists of an on-line application, an hour-long computerized assessment, an interview, and a background check. FFDO assessments are administered at over 200 locations throughout the United States, and more are being added. Classes are available continuously except during certain holidays.

Pilots also must attend re-qualification sessions twice a year to ensure that they maintain a high level of proficiency and familiarity with program requirements. Ten private, state, and local government sites are available for self-scheduling of re-qualification training. Sites were selected in geographically diverse locations that would be convenient to pilots. As the numbers of FFDOs grows, TSA will expand the number of recurrent training sites to meet their needs.

With the enactment of Vision 100, the FFDO program has been expanded to include cargo pilots and other flight deck crewmembers. TSA is examining modifications to the current FFDO curriculum and operating procedures to reflect the different environment in which cargo pilots operate. TSA initiated the on-line applica-

tion process for cargo and other flight deck crewmembers in February 2004 and expects to conduct its first cargo FFDO prototype program this April.

A total of $60 million is requested for fiscal year 2005 for the second generation Computer Assisted Passenger Pre-Screening System (CAPPS II). CAPPS II is a limited, automated prescreening system authorized by Congress that will become a critical element in TSA's system-of-systems approach to security. Developed with the utmost concern for individual privacy rights, CAPPS II will modernize the prescreening system currently implemented by the airlines. It will seek to authenticate travelers' identities and perform risk assessments to detect individuals who may pose a terrorist-related threat or who have outstanding Federal or state warrants for crimes of violence.

Under CAPPS II, airlines will ask passengers for a slightly expanded amount of reservation information, including full name, date of birth, home address, and home telephone number. With this expanded information, the system will quickly verify the identity of the passenger using commercially available data and conduct a risk assessment leveraging current intelligence information. The overall process will result in a recommended screening level, categorized as no risk, unknown or elevated risk, or high risk. The commercially available data will not be viewed by government employees, and intelligence information will remain behind the government firewall. The entire prescreening process is expected to take as little as five seconds to complete.

TSA is carefully reviewing the recent report on CAPPS II issued by the General Accounting Office (GAO) and working diligently to resolve all concerns. GAO generally concluded that in most areas that Congress asked them to review, our work on CAPPS II is not yet complete. DHS has generally concurred in GAO's findings, which in our view validates the fact that CAPPS II is a program still under development. As we resolve issues of access to data needed for testing CAPPS II, and the testing phase moves forward and results in a more mature system, we are confident of our ability to satisfy all of the questions that Congress posed.

Vision 100 transferred the Alien Pilot Security Assessment Program from the Department of Justice to the Department of Homeland Security. The law requires that DHS conduct background checks on aliens seeking flight training at U.S. flight schools, stipulating that checks must be completed within 30 days. TSA is currently working with the Federal Bureau of Investigation to implement this program, and we estimate that as many as 70,000 background checks will be required each year. TSA is requesting funding for fiscal year 2005 at a level of $4.6 million, which we estimate could be recovered in fees.

Upgrading Access and Inspection Security

The President's fiscal year 2005 budget requests $91.6 million in overall funding to strengthen security credential programs, with an estimated recovery of costs of $71.6 million in credential fees. This requested funding would support activities to develop the Registered Traveler program at a level of $15 million. TSA is analyzing whether a Registered Traveler program can effectively reduce the "hassle factor" in passenger and baggage screening without compromising aviation security. TSA envisions that a fully implemented Registered Traveler program would be voluntary in nature and could offer qualified participants an expedited travel experience. A comprehensive risk assessment would be conducted on Registered Traveler program applicants to determine their eligibility. TSA is working on a proposed strategy for implementing small-scale Registered Traveler pilot programs in fiscal year 2004, and requests $15 million to expand contract support and technology resources for the Registered Traveler program in fiscal year 2005. TSA will analyze the results of the pilot programs to determine the program's effects on security and customer service. TSA is also exploring technology solutions associated with non-intrusive positive identity verification at the passenger security checkpoint, such as biometrics, that would further expedite security clearance for registered travelers.

In addition to the Registered Traveler program, requested funding for credential programs would support the Alien Pilot Security Assessment Program discussed above, the TWIC at a level of $50 million, the HAZMAT Driver License Endorsement Program at a level of $17 million, and Credentialing Enterprise Start-up at $5 million. Because all Credentialing Enterprise programs involve the use of specific law enforcement and antiterrorist databases, TSA is developing a common platform of technology and contractor support to conduct appropriate background checks. Although each credentialing program may involve special requirements and adjudication, this common platform will realize economies of scale through shared resources such as systems equipment, database connectivity, contractor support space, and other start-up costs that will not be recovered through fees.

We are developing a TWIC prototype and supporting measures to mitigate the threat of insider attacks to transportation infrastructure. During prototype, this credential will test the feasibility of bringing uniformity and consistency to the process of granting access to transportation workers entrusted to work in the most sensitive and secure areas of our national transportation system. The President's fiscal year 2005 request includes spending authority to begin implementing the TWIC concept within parameters that will be defined by the Administration after completion of the prototype assessment.

TSA is requesting $120 million to support its contingent of regulatory compliance inspectors in fiscal year 2005. These inspectors ensure that airports, air carriers, and other regulated entities within the airport property are in compliance with all Federal security regulations. An additional $90 million will support reimbursements to state and local agencies providing law enforcement support for airport security checkpoints. An estimated 300 reimbursable agreements with state and local law enforcement agencies are necessary to provide the law enforcement support at levels deemed appropriate by TSA FSDs.

The President's budget requests $17 million in fiscal year 2005 to support 354 K–9 units under the National Explosives Detection Canine Team program. TSA-certified canine teams perform a critical role in aviation security, performing multiple tasks throughout the entire airport environment, such as screening checked baggage, searching unattended bags, searching vehicles approaching terminals during increased threat levels, screening cargo on a limited basis, screening mail at certain pilot project locations, and responding to bomb threats. TSA helps local law enforcement agencies by procuring and training selected canines, training selected law enforcement officers, and by partially reimbursing agencies for costs.

Improving Air Cargo Security

Each year, U.S. air carriers transport approximately 12.5 million tons of cargo. To deny terrorists the opportunity to exploit our thriving air cargo system, TSA has developed an Air Cargo Strategic Plan that calls for the focused deployment of tools, resources, and infrastructure that are available today, as well as creating a foundation for future improvements as technology and resources become available. For fiscal year 2005, a total of $85 million is requested for TSA's aviation cargo screening program.

TSA has prohibited all "unknown shipper" cargo from flying aboard passenger carriers since September 11, 2001, thereby limiting cargo to packages from identifiable shippers under the TSA Known Shipper program. TSA is rolling out an automated Known Shipper database that will allow air carriers and indirect air carriers to verify immediately the status of a specific shipper.

Under the Air Cargo Strategic Plan, TSA will establish a Cargo Pre-Screening system that identifies which cargo should be considered "high-risk," and work with industry and other Federal agencies to ensure that 100 percent of high-risk cargo is inspected. We are also partnering with stakeholders to implement enhanced background checks on persons with access to cargo and new procedures for securing aircraft while they are on the ground. A Notice of Proposed Rulemaking is in development for enhanced screening of cargo on passenger aircraft, along with stronger security measures for Indirect Air Carriers and the establishment of a mandatory security program for all-cargo carriers. TSA and U.S. Customs and Border Protection are working together on air cargo initiatives through four established work groups, making plans for future collaboration, leveraging of existing programs, and sharing resources and technologies.

Within the $85 million requested for air cargo screening in fiscal year 2005, TSA is requesting $55 million for an aggressive R&D program to investigate technologies that will improve our ability to screen physically high-risk air cargo. TSA will look at new technologies for screening large cargo, including pallets and containerized cargo. In January 2004, TSA issued a market survey requesting submissions and participation of vendors of commercial off-the-shelf explosives detection technology to support cargo inspection. A number of vendors have been tentatively selected for laboratory evaluation of their products against the current EDS certification criteria. We have issued a request for proposals (RFP) for potential inventors of explosives detection technology for the screening of containerized cargo and U.S. Mail to be transported on passenger aircraft. This RFP will lead to the award of R&D grants to assist in the development of promising technologies. At TSL, we are conducting a cargo characterization study to determine the feasibility of using currently deployed explosives detection technology (EDS and ETD) to screen cargo while new systems are under development.

Enhancing Surface Transportation Security Through Intelligence, Stakeholder Outreach, and Integration

For modes of transportation other than aviation, TSA is developing policies and programs to ensure proper coordination, integration, and information exchange among our Federal, state, and local partners in non-aviation modes of transportation and to unite disparate transportation systems under a single security strategy. Our goal in this regard is to ensure that efforts to provide security in non-aviation modes are consistent, coordinated, and effective. As part of this effort, DHS will issue a National Transportation System Security Plan as part of its overall Critical Infrastructure Protection Plan, which is currently under development. We are providing Departmental leadership and guidance in this area, particularly with respect to modal security plans, to ensure that they are integrated into an effective concept of operations for management of the transportation sector's security. TSA's fiscal year 2005 request includes $24 million for personnel and operational resources dedicated to security in non-aviation transportation modes and $17 million to support TSA's around-the-clock TSCC, the same funding level as this year. The complex, interdependent land transportation environment is especially challenging. TSA will continue to assess the risk of terrorist attacks on non-aviation transportation modes, assess the need for standards and procedures to address those risks, and ensure compliance with established regulations and policies.

This completes our highlights of key programs and initiatives for fiscal year 2005.

TSA has achieved an unqualified audit opinion for fiscal year 2003, its third consecutive clean audit. In fiscal year 2004, TSA is striving to maintain its clean audit record and correct any internal control weaknesses noted in audit reports. With passenger and baggage screening rollouts complete and the transition to DHS behind us, TSA is well poised to continue implementing more efficient and effective financial management processes across the organization.

In closing, I want to convey how proud I am of TSA's security screening workforce. They have carried out their responsibilities with diligence and professionalism in a dynamic environment. The reality of TSA's mission is that we must constantly be prepared to provide the best level of security we can within the resources we have been provided. The increased variety and sophistication of weapons and communication tools available to modern terrorists presents a significant challenge. We have seen all too vividly that successful terrorist attacks can disrupt the United States and global economies. With security strengthened and economic recovery underway, it is imperative that TSA accommodate expected growth in air travel in the years ahead. With preventive measures in place, the risk of terrorism is reduced, not eliminated. TSA will continue to identify and reevaluate threats and vulnerabilities and make decisions that both facilitate transportation and improve its security.

I will be pleased to answer your questions.

Senator COCHRAN. Before proceeding to questions, I am happy to yield to other Senators for any other opening statements they may have.

Senator Byrd. Senator Murray.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you very much, Mr. Chairman. I join in welcoming our two witnesses today. Two weeks ago, when Undersecretary Hutchinson testified before this Subcommittee, I stressed my concern that too many of the Department's efforts to secure the homeland rely on paper exercises, such as studies and certifications, rather than on the layered defense that the President and the Secretary often describe in their homeland security speeches.

Both the Coast Guard and the Transportation Security Administration are on the front line of homeland defense, and I commend both of your organizations for your dedication to your missions. Regrettably, the President does not seek sufficient resources for either the Coast Guard or the Transportation Security Administration.

According to your own testimony, Admiral Collins, Coast Guard assets, the ships, the planes, the helicopters that you rely on to protect Americans are failing at an alarming rate. In fact, you indi-

cate that the Coast Guard assets are in a "declining readiness spiral", and yet, according to the President's budget, the Coast Guard Deepwater program for upgrading and replacing those assets will take 22 years to complete. Twenty-two years. This is 2 years slower than the capital improvement program envisioned when Deepwater was conceived prior to the tragic events of September 11.

I am also concerned that while you have increased mission hours for homeland security by 113 percent since 9/11, an increase that I fully support, your non-homeland security efforts, such as search and rescue, and fisheries enforcement have fallen by 26 percent.

Admiral Stone, when Undersecretary Hutchinson testified before this Subcommittee, I said to him that I was concerned with the level of funding dedicated to non-aviation modes of transportation, such as rail security, bus security, port security. I questioned why the President was seeking no funding for securing our mass transit systems and was proposing a 62 percent cut in port security grants.

I stressed my objections to the Department's plan to shift responsibility for these programs out of TSA. I questioned why it was that the President's budget for the Transportation Security Administration was 97.3 percent for aviation security and 2.7 percent for security for other modes of transportation, such as rail security.

I questioned the wisdom of putting too much of a focus on responding to the last terrorist attack and not preparing for a different kind of attack in the future, a future that may not be far away.

Since that hearing, terrorists have struck again. This time, the terrorists killed over 200 innocent passengers on a commuter train in Madrid, Spain. Following the attack in Madrid, according to The Washington Post, the Department released a law enforcement advisory warning about the terrorist threat to our rail system here in America. It is saddening that it took another terrorist attack for the Administration to wake up to this threat.

In January of 2003, I offered an amendment to provide $300 million to State and local governments for securing mass transit systems. The White House opposed the amendment, and it was defeated. In April of 2003, I offered an amendment to add $50 million for this purpose. Once again, it was defeated.

Being a persistent kind of fellow who comes from the mud hills and the clay hills of southern West Virginia, I offered another amendment for $57 million last July. Once again, the White House called the amendment wasteful spending, and the amendment was defeated.

Over 14 million people travel by rail every day in this country, many more than travel by air. This is a glaring vulnerability. While I am not suggesting that we should establish a rail passenger screening system like the system we have at our airports, we clearly can do more to help our rail systems install chemical sensors, increase law enforcement presence, and improve public awareness.

Frankly, Admiral Stone, Secretary Ridge's statement yesterday that we will use existing resources to do more long-term research on technological solutions, share information, and distribute information on best practices just does not make the grade with me.

The President is proposing to cut law enforcement grant programs by $732 million, including elimination of the COP's hiring program, and is also proposing to cut first responder funding by $733 million. He is proposing to cut Amtrak by $318 million. Where, where, oh, where are State and local governments and Amtrak supposed to get the money to actually increase law enforcement at our train stations and on our trains?

By any definition, the threat to U.S. citizens using our rail systems is imminent. Imminent. Not 10 years away. Not 25 years away, but now. We need a clear plan that takes immediate steps to make our people safer. The approach announced by Secretary Ridge yesterday might make rail passengers safer in 2024, just about the time that the Coast Guard finishes buying their ships and planes. Our citizens have a right to expect their government to respond when they are threatened. We should do more. We should do more. We should do more, and we should do it now. Thank you.

Senator COCHRAN. Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman.

Admiral Collins and Admiral Stone, I want to join my colleagues in welcoming you. Today, you have a tremendous task before you, and I really want to thank you for your service. Both of your organizations have done a tremendous job, with limited resources, and what I believe is a lack of support from the White House in terms of securing our Nation's ports and cargo terminals. You should both be applauded for your efforts in addressing the security issues facing our country today.

However, I remain concerned that the President's budget request does not go far enough to provide you with the funding and the tools necessary to get the job done. I often question whether we are giving you the resources to help you work smarter, or simply asking you to work harder. We need a coordinated plan for a nationwide port security regime, but it seems that despite your best efforts, securing our Nation's ports and cargo terminals is a back burner issue, something that, according to Secretary Ridge, the private sector should figure out.

I am really concerned that the President's budget request, which would place 90 percent of the Administration's so-called Port Security Program under the Coast Guard, will take even more attention away from the Coast Guard's other missions.

Admiral Collins, I am interested to hear how the Deepwater and the response boat programs, the programs that provide our men and women of the Coast Guard with the platforms they need, would progress within the President's budget numbers. And I am particularly interested in the status of the response boat small contract, which has already been awarded, as well as the status of the response boat medium contract, which is supposed to be awarded this year.

We need to make sure that the Coast Guard has the ability to modernize its vessel and aircraft fleet, and I look forward to working with Admiral Collins and the rest of my colleagues to ensure that we fund these priorities responsibly.

Admiral Stone, I'm interested in your perspective on the relationship between TSA, Customs, and the Coast Guard, more specifically, how this budget would help provide you with the tools to achieve a truly coordinated approach to protect our port facilities.

I am concerned with reports about the lack of coordination within the Department of Homeland Security. It seems that TSA and Customs are merely coexisting within the cargo security area. Last week, I participated in an event celebrating the arrival of the first operations safe commerce container into the United States, and that is a TSA program. Unfortunately, instead of actively participating in this program, designed to test technologies, and prove best practices for private sector supply chain security, Customs is moving forward with RFPs for container security devices, without regard for the work already in progress in the TSA.

So as I said earlier, we need to help you work smarter, not just harder. We need a coordinated port security regime to ensure the safe, efficient transport of cargo into the United States, as well as protecting people who live and work near our ports. It has to be a priority for this government.

So Mr. Chairman, I will have more specific questions for our witnesses during the question and answer period. I thank both of you for being here today.

Senator REID. Mr. Chairman.

Senator COCHRAN. The Senator from Nevada, Mr. Reid.

Senator REID. I am not a member of the Subcommittee, but I am, of course—I have a very short statement, and I would ask permission of the Chair to be allowed to——

Senator COCHRAN. You may proceed, Senator.

STATEMENT OF SENATOR HARRY REID

Senator REID. Thank you very much, Mr. Chairman. Mr. Chairman, and especially members of the Subcommittee, Admiral, I have appreciated very much working with you. As you are aware, McCarran International Airport is the second, only to the Los Angeles International Airport, in the number of passengers that come through its security checkpoints. Only LA International has more people coming. You can go to Atlanta, and there are more people in the airport, but they are not leaving the airport, while in Las Vegas, they get out and then come back.

This arises, of course, as I have indicated, because McCarran is a destination airport, unlike other large airports that serve as hubs, where passengers simply connect to another flight. I have been concerned, as you know, about the delays in TSA's screening of passengers at McCarran, which may cause harm to the economy in the Las Vegas region. But also we are concerned for what it does to not only Las Vegas, but points north, west, south, and east of there.

This frustrates passengers, makes Las Vegas, by some, a less attractive choice for discretionary travel. These delays arise because of the lack of an adequate number of screening lanes at McCarran, as well as TSA security rules and procedures that were not optimized for McCarran Airport.

To address these delays, there are more screening lanes being built into McCarran, and I think we can count on TSA to ade-

quately staff them. In addition, and I appreciate this very much, TSA instituted a pilot program at McCarran to optimize screening rules and regulations during periods of heavy passenger flow, while maintaining the highest levels of passenger security and safety.

It is my understanding that delays at McCarran have been reduced to 30 minutes, on average, in recent weeks, and that is good, because it was up to 3 hours on some occasions. Credit does go to TSA and your able Federal security director in Las Vegas, Jim Blair, who is always available to answer questions and be most helpful in many regards.

So I want to thank you personally for your efforts. And I would like to ask how you think this pilot program is working from a TSA perspective and whether you have plans to expand its application to other airports. You do not need to answer that now. You can do that in writing to me, if you would, please.

AVIATION SECURITY CAPITAL FUND

There is another issue that I would like to touch on. The FAA bill passed by Congress last year mandates that 90 percent of the cost of in-line screening systems at large airports were to be paid by the Federal Government through the Aviation Security Capital Fund. The language was definitely retroactive to large airports that had already received letters of intent for in-line screening systems. This was an increase from 75 percent to 90 percent, and for McCarran, represents almost $19 million. I note in TSA's fiscal year 2005 budget request for a Federal share of only 75 percent of these projects. This clearly was not the intent of Congress.

So, again, I would ask, with the permission of the Chairman, that you respond to this in writing to all the committee at your earliest possible date. Is the Federal share cost 75 percent or 90 percent? By law, it is 90 percent. We want to make sure that you live by that.

I would also ask, Chairman Cochran, if you would allow me to submit a question in writing and ask the panelists to respond to this at their earliest possible date.

Senator COCHRAN. The Senator has that right, and we will be glad to make that a part of the hearing record.

Senator REID. Thank you very much.

Senator COCHRAN. We would request the witnesses to respond in a timely fashion.

IMPACT OF DETERIORATING SHIPS, COAST GUARD CUTTERS, HELICOPTERS AND OTHER ASSETS ON COAST GUARD'S ABILITY TO CARRY-OUT ITS MISSIONS

Senator COCHRAN. Admiral Collins, I notice that you start off in your statement talking about the concerns you have about the deterioration of your ships, Coast Guard cutters, helicopters, and other assets that you need to carry out your missions and fulfill your responsibilities as part of the Department of Homeland Security, and also contributing to our Nation's defense. I know you have forces that have been deployed to the Persian Gulf region, and you also recently were called upon to deploy assets to Haiti, to the area, and to the approaches to South Florida, because of the activities in Haiti.

Could you tell us to what extent this puts strain on the overall responsibility you have for other activities in maritime homeland security and marine safety? Were you able to maintain your vigilance here in the homeland area to carry out these missions as well?

Admiral COLLINS. Mr. Chairman, I will be glad to answer that. I know that is clearly a concern of Senator Murray's as well, based on her opening comments and previous hearings, is how we balance across our missions when we have these surge operations.

The good story is, we have the capacity to serve in the national interests for high-risk events on a temporary basis and surge back to normal lay-down of resources. I think that is a strength that we as a Service have because of our multi-mission character and our flexibility. So that is a good-news story.

The question is: How do we continue to service all those other missions as we surge to an orange alert condition, or a Haiti, and so forth? I think there are a couple of answers to that. One is we seek growth of our asset base where warranted. And as I mentioned in my opening statement, we have realized a 51 percent increase in our operating expense budget, and we have added additional capacity to our force structure.

If you look a the total number of hours available for boats, cutters, and so forth, in 2003, they increased over 39 percent; and through 2005, there will be a net 68 percent increase in the total number of boats, aircraft, and ship hours available. And that is because additional resources have been added. So that is the good story.

We still have OPTEMPO challenges and shortfalls and gaps to meet everything, to be 100 percent everywhere at one time, and we are not there yet.

But I would have to note that our performance goals continue to be met across our missions. Let me just give you a couple of data points. Despite some pressures in the past year, orange alert and other conditions, we still maintain our SAR readiness posture, and met all our search and rescue standards. We saved 87.7 percent of mariners in distress, and our performance goal is 85 percent.

We achieved a 97.1 percent compliance rate with fisheries enforcement. Our goal is 97 percent. We have reduced the 5 year average of collisions and groundings to a little over 1,500. Our goal is a little over 2,100, and so forth. The point I am making is that we have ensured we are meeting the highest risk and attending to our performance goals, even despite these pressures.

Senator COCHRAN. I want to commend you for the service you are providing, and I think the evidence that you gave us in your statement about the seizure of cocaine on the West Coast is an example of your capability to continue to function at a high level of readiness and competence to help protect us from the ravages of the drug trade.

INTERDICTION AND SEIZURE OF ASSETS OF DRUG SMUGGLERS ON THE HIGH SEAS OFF THE COAST OF SOUTH AMERICA AND THE CARIBBEAN

To what extent is the Coast Guard deploying assets in the region where the cocaine coming from? Are you able to interdict and seize

assets of the drug smugglers on the high seas off the coast of South America or in the Caribbean?

Admiral COLLINS. That is where most of our assets are provided to, or are deployed to Joint Interagency Task Force South, out of Key West, which is a DOD joint command capably lead by a Coast Guard flag officer, I might add. But a joint command that targets and deploys a multiplicity of assets, Coast Guard and others, puts metal on target, if you will, based on Intel.

Most of the assets, all the CD assets almost exclusively, that we field, are allocated to Joint Interagency Task Force South for further deployment. And when we actually make the interdiction, then we take Operation Control back and do the boarding, do the arrest, and the seizure, and so forth. But we are primarily down in the deep Caribbean. That is where the greatest success is, off the West Coast of Colombia, off the north coast of Colombia, as far west and south as the Galupa Coast, and all the way up to the Gulf of Tijuanapeck, coming into the Mexico-Guatemalan border. And that is where we have had a lot of very, very good success, based on ever-increasing use of Intel, Intel-queued actions. And that is why the Midget was successful with 27,000 pounds of cocaine in three seizures coming back this week.

So I think the interagency and the lay-down of forces has been getting better and better as we have learned more about this risk, about this threat.

Senator COCHRAN. But it seems strong evidence of the success of interagency cooperation and another reason why the Department of Homeland Security was a step in the right direction to help protect the security and safety of the citizens of the United States from drugs, as well as from other acts of terror.

SCHEDULE OF NEEDS FOR DEEPWATER AND REFURBISHING OF HELICOPTERS

What can you tell us about the schedule that you would like to see us fund, as far as your Deepwater modernization effort and the refurbishing of helicopters that you say are now dangerous to operate and have caused safety problems out in the fleet?

Admiral COLLINS. Clearly, the 2005 budget gives us a healthy funding profile, consistent with the plus-up that this subcommittee, and others in Congress provided last year, in 2004. So we have a $678 million level, and that continues to pursue the larger components of the Deepwater. So I think in 2005, the President's request will keep us on that momentum. It is about a 22-year time frame. My biggest concern is how we deal in the out-years, the total length of this project, as I am faced with deteriorating readiness, and that is the issue, Mr. Chairman.

We are running our assets hard in the national interest. They are failing. They are failing at a sharper rate than we first projected when the project was shaped and designed. And so over the next several years, I am forced to make a tradeoff between fixing the existing system versus putting that same money into the replacement of those systems, and to keep current readiness, today's readiness live and well. I have no choice. I have to invest in those legacy systems to keep them going; and as we push out the modernization, it complicates that equation.

So that is that downward spiral phenomena; and as you mentioned, it is particularly problematic, for the engine system and the HH–65 are key assets for us. And we have had to aggressively make decisions about re-engineering that platform and invest in the legacy systems to keep that readiness where it should be.

Senator COCHRAN. Well, I am confident this committee is going to respond and provide the funds you need to move aggressively to restore the capability of these assets and build new systems for the future. We are just going to have to do it. I do not think we have any choice.

EFFECTIVENESS OF THE SCREENING PROCESS

Admiral Stone, I know we are all concerned about the effectiveness of the screening processes we have in trying to help ensure the protection of the traveling public here in our homeland. The airports and airlines have received the greatest amount of attention. To what extent are you confident that the procedures you have in place and the systems that you have developed and are using now to protect the flying public, those using our airlines and airports, are succeeding?

Admiral STONE. Senator, I am very confident that the layers of security that we have in place today are continuously improving, whether it is the growing size of our flight deck officer cadre of personnel that we have that we train each week, and graduate out of Artesia. In addition, our screening covert testing results indicate continuous improvement. And in a classified forum, we are keen to share that data, because we see progress being made as a result of our investment in training.

We also have online now what is called TIP, the Threat Image Projection system, which is a file of about 2,400 images. And we can now go and see each individual screener, how they are doing. They have to punch in their pass code when they go up to the X-ray machine, and so we can pull up now, San Francisco-LAX, see what images in that file that are missed the most.

So it also gives us an idea of where to refocus the training. It gives us a percentage of hits that the screener got on the image that came up. So this Threat Image Projection really allows us to now measure the individual screener performance, which is a very significant capability for us, and when combined with the covert testing results, allows us to better get our arms around the performance of our screener and gives us metrics in which to judge not only the screener but then the airport, and then trends throughout the country.

So we are very excited about now having TIP online, about the improved scores on covert testing, and about the additional FFDOs going out each week out into the field. And so across the board on these layers, we see continuous improvement.

LEVEL OF ATTENTION TO THE LIKELIHOOD OF THREATS TO OTHER MODES OF TRANSPORTATION

Senator COCHRAN. There are, of course, other threats that we are aware. To the extent to which your intelligence shows the likelihood of threats to other modes of transportation, how would you assess that in terms of threat level? Are there other modes of trans-

portation that you consider likely targets of terrorists that have your acute attention?

Admiral STONE. Yes, sir. In December, we started intermodal operations Intel briefings. So each day now for an hour and a half, we spend our time, the senior leadership is, on intelligence and operations. I will just note that I have been tracking to find where we are spending our time at the TSA headquarters, in terms of meetings.

And over half of our time is spent on operations, intermodal operations and intelligence, which is very pleasing to me, because I want the focus of our headquarter's effort to be on operations and Intel and connecting the dots in an intermodal setting, so at that morning operations intelligence briefing, we look at a whole range of threats, whether they be the input that we get from the Coast Guard, from the maritime perspective; or whether it be from our stakeholders in the land area.

I will note that in December, one of the first people that I was introduced to and a briefing was set up with, was Mr. Ed Hamburger, the President of the American Association of Railroads; followed by Bill Milar, for public transit authorities; and Richard White, from the Washington Metro. These individuals I was able to meet in December, because of the importance, that right off the bat, I have an opportunity to understand from their perspective what their challenges were.

So this operations Intel assessment that we have each day in which we review the intelligence for all intermodal operations, I think is reflective of our focus and a sense of urgency that we understand and are communicating with the field in all of these areas.

I would say after the aviation threat, which our intelligence indicates the Al Qaeda interest in being able to use an aircraft as a weapon remains very high, that we are well aware that whether it be at our ports or at various land targets, that we have an intermodal responsibility at TSA to monitor those threats and then take appropriate action in coordination with other agencies.

Senator COCHRAN. Before recognizing other senators for questions, I have noticed the presence of the distinguished Chairman of the full committee, Senator Stevens. Do you have any opening statement, Senator? We would be happy to have you do that.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. As a matter of fact, Senator, I wish you would just enter my questions for the record and let me make one short comment.

Admiral Collins, Admiral Stone, I do want to thank you for your recognition of the problems of Alaska. I note that we have an increase in the budget for $102 million for the Maritime Transportation Security Act of 2002. Of that amount, with half the coastline of the United States, $152,000 is going to be spent in Alaska to implement the Maritime Transportation Security Act of 2002.

I am conscious of what you are doing, and I want to thank you for what you are doing, testing the Predator A at King Salmon and Predator B at Shimya. If those are capable technologies, they could probably be substituted for vessels and save the taxpayers of the

United States a great deal of money, but at the same time have knowledge of what is going on along that enormous ocean border of ours.

You have agreed to work with our people on maritime safety education. I thank you for that, because we are still losing a considerable number of our vessels, despite everything we have tried. And the cold water immersion education and the outreach to the people who are out there without any chance of rescue really is very important.

I thank you also for transferring the cutter, Long Island, to Valdez, for its homeland security missions. We have come a long way, and I know you have a tremendous job. I am pleased to see that there is an increase for the Coast Guard's budget, a total of $7.5 billion, an increase of $490 million this year. And I want to join all of you gentlemen in supporting that. I wish it was more. Thank you very much.

Senator COCHRAN. Thank you, Senator.

Senator Byrd.

PROPOSED MOVEMENT OF GRANT MONEY FROM TSAT-ODP

Senator BYRD. On January 26th, Secretary Ridge announced his intention to consolidate a number of grant programs within the Offices of State and Local Government, Coordination and Preparedness. On February 25, Representative Sabo and I wrote, detailing our objections to moving TSA grants, such as port, rail, and bus security from TSA, as well as the emergency management grants from FEMA. House Homeland Security Appropriations Subcommittee Chairman Rogers sent a similar letter expressing his concern about moving the TSA grants.

I reiterated my objections during our hearings with Secretary Ridge and Undersecretary Hutchinson, and I remain strongly concerned that moving the funds from TSA will result in a reduction of focus from your agency and the Department on non-aviation modes of transportation.

That would be in direct contravention of the intent of Congress when it passed the Aviation and Transportation Security Act in November of 2001. That Act gives TSA the responsibility for security over all modes of transportation. Clearly, the Madrid train bombing should be a wake-up call to the need for TSA to focus on non-aviation security risks.

Just 10 days ago, The Washington Post quoted from the Homeland Security Advisory, saying, "Trains and rail stations remain potential targets for terrorist groups due to their reduced security in comparison to airports." That is a very significant statement. Let me read it again, this excerpt from The Washington Post, just 10 days ago, "Trains and rail stations," that would include Amtrak, that would include MARC, "Trains and rail stations remain potential targets for terrorist groups due to their reduced security in comparison to airports."

America is clearly at risk of a terrorist attack to our rail and mass transit systems, our seaports, and other non-aviation modes of transportation.

Now, given the existing threat and the strong concerns that have been raised by members of Congress, are you reconsidering the proposed movement of these grants from TSA?

Admiral STONE. Senator Byrd, I fully share and understand the sobering impact of Madrid and Moscow and what that means in terms of us being required to have a true sense of urgency about how we address these issues. The decision to move those responsibilities, in terms of the funding being consolidated at ODP, has been made very clear to us by the Department that the subject matter experts, of which TSA relies heavily on to ensure how the assessments are done and where that money goes, and our ability, therefore, to impact those decisions, will be maintained and that the subject matter experts will be part of the TSA workforce and that we will then be able to interface with ODP to ensure the proper decisions are made.

Senator BYRD. I am trying to understand as to whether or not my question was answered. Are you saying you are reconsidering, or you are not?

Admiral STONE. No, sir, we have received information from the Department that the subject matter experts that make those decisions on those monies will remain at the TSA; however, those monies will go to ODP, along with some staff that will administer those accounts. But that the decision to ensure that the people that are transferred to the ODP do not impact on our critical ability to be able to manage and assess those areas that those grants apply to.

UNOBLIGATED GRANTS FUNDING

Senator BYRD. The fiscal year 2004 Homeland Security Act was signed into law on October 1, 2003; yet, in the intervening 6 months, TSA has yet to obligate the $22 million that Congress appropriated for trucking industry grants, the $17 million Congress provided for Operation Safe Commerce, the $10 million Congress provided for bus security grants, the $7 million Congress provided for hazardous material grants, the $4 million Congress provided for nuclear detection and monitoring. Additionally, $50 million still remains unobligated from the funds Congress provided for port security grants.

We are halfway through the fiscal year. Congress acted expeditiously to provide the Department with the funds and the flexibility to address real and pressing homeland security requirements. We have been at Code Orange 2 times since August.

You work for the Department of Homeland Security. Explain why this business-as-usual and go-slow approach to your job is satisfactory.

Admiral STONE. Senator, the approach of the Department with regard to the threat that we face has been, I believe, one that is reflective of a sense of understanding of the threat and an urgent need to ensure that operationally we are responding to that. The actual particulars on those individuals' monies and the time lines for how those are being distributed, I would like to get back to you, sir, for the record on that.

Senator BYRD. Well now, what do you mean by what you just said, that you would like to get back for the record. What does that mean?

Admiral STONE. I would like to make sure that I give you an answer on those each individual monies and what the time line is for them to be going out to the field.

Senator BYRD. Very well. Now, you will do that for the record?

Admiral STONE. Yes, sir.

Senator BYRD. Mr. Chairman, what does that mean for us? Will we see the record on that before we mark up?

Senator COCHRAN. Mr. Chairman, I am happy to join you in the request that the witness submit an answer to you directly, and we will also have a copy that will be printed in the record of the Committee's proceedings.

CAPPS II SYSTEM

Senator BYRD. Very well. One of the concerns about the testing of the proposed CAPPS II system has been the lack of access to actual traveler data to test the system. Airlines have been reluctant to voluntarily provide data because of the very real concerns of privacy groups about how that data will be used. There is some speculation that the Department is planning to issue regulations to compel airlines to provide data for the purposes of testing.

Can you confirm for the Subcommittee whether the Department is planning to compel airlines to provide data on travelers for the purposes of testing CAPPS II?

Admiral STONE. Our plan right now, Senator, is to ensure that we meet all of the requirements that have been identified both by us and by other entities, such as the GAO, regarding privacy, oversight, and redress, and that currently is the focus of our effort. We have recently hired this past week a privacy officer for TSA. We have had a TSA nationwide privacy education week in order to ensure that the core beliefs of our agency are, indeed, shared throughout all of our employees.

Our intent is to ensure that once the privacy redress and oversight measures are taken that we then work with the Department on ensuring that a notice of proposed rule-making is drafted and sent to the Department for review. And then following that would be our recommendation, our intent, once that notification goes out, so that the airlines and passengers know what would be forthcoming, then to move forward with a security directive for testing. So that would be the TSA intent, that sort of a process, through the Department.

Senator BYRD. Of the funds requested for this program in the fiscal year 2005 budget request, what is requested solely for additional testing of the program, as opposed to implementation and operation of the system?

Admiral STONE. For the funds that are proposed for fiscal year 2005 for the $60 million, the actual breakdown of what is for testing and what is for the actual operation of those airlines that have actually transitioned to the operational CAPPS II program, I would have to get that number exactly for you, sir, and I will do so.

REWARDING OF DEEPWATER PRIME CONTRACTOR

Senator BYRD. Very well. Admiral Collins, the Coast Guard's Deepwater program is a multi-billion dollar effort to modernize and replace its aging ships, aircraft, and communications systems. Ac-

cording to a recent report by the GAO, the Coast Guard does not have the capability to assess the performance of the program, and yet the Coast Guard awarded the prime contractors with a $4 million bonus for work accomplished in the first year of the contract.

I am concerned that the Coast Guard is rewarding the prime contractor without first knowing if they are doing a good job. For instance, the very first Deepwater asset to be delivered, the 123-foot cutter, was delayed by 4 months. GAO reports that the schedule for the maritime patrol aircraft has slipped as well. Should we be rewarding this kind of performance with bonuses to the contractor?

Admiral COLLINS. Currently, Senator, the GAO reviewed a lot of our management processes and procedures, and clearly, the focus on how we do award fees and how we deal with the systems integrated was part of that review, how we assess their performance and recognize their performance. We welcome those comments, obviously, from the GAO, and we are interested in continuing to refine our processes.

We are addressing the processes for evaluating the contractor's performance. We did, in fact, evaluate five specific areas of performance during the first term. We followed very, very strict adherence to the Federal Acquisition Regulations. It was an overriding principle in this review.

The contractor award fee score is, I would submit, much lower than typical industry and integrator's averages, if you look at averages for other type of contracts. We are confident that the award fee level was fair and represented an accurate assessment of the contractor's performance.

Is there room for enhanced performance of both us and the contractor on this very, very complex project? Absolutely. We are working very, very hard to improve that performance, but I think in this particular case, it was done based upon a set of criteria. It was done fairly. It was done accurately. We had objective measures that were introduced into this awards fee process. We have a performance measurement plan. We have a balanced scorecard and all the other mechanisms that you use in this kind of thing. And we will continue to refine it, review it, assess it, and make it better as we go forward.

Senator BYRD. Well, that is all well and good, but I think we—as you said, you can do better, and we should do better. I think we ought to take the GAO report seriously. This is an arm of the Congress. We are going to believe our agency, and we are going to expect better from you. So please be aware of this, and let us do better than this. This is the people's money. Your money. My money.

Admiral COLLINS. Yes, sir.

Senator BYRD. Their money. So try to do better. I have further questions. I will await my turn in the next round.

Senator COCHRAN. Thank you, Senator.

Senator Inouye.

Senator INOUYE. Thank you, Mr. Chairman.

INCREASED REQUIREMENT FOR AIRLIFT CAPACITY SINCE 9/11

The mission of the Coast Guard has expanded immensely since 9/11. And since that time, thirteen maritime safety and security

teams and eight port security units have been deployed. With these changes, has there been an increased requirement for airlift capacity?

Admiral COLLINS. Yes, Senator, there is, and as you know, the Deepwater solution that was initially designed. And, of course, that is a 1998 requirement that the contractor's design to and bid on, in post-9/11. I think there is a re-evaluation needed to the strategic lift aspect that is embedded in our Deepwater solution.

And we currently have a team looking at a revised baseline, performance baseline, for our fixed-wing fleet mix to service the lift requirement, because what is different in post-9/11 is that we have these maritime safety and security teams that you noted that require a strategic lift capability. We also need a move our use-of-force helicopters when we need to. We moved one up, incidentally, into Valdez in the last orange condition, from Jacksonville. We are moving our strike teams as well, so we see strategic lift as a very, very important part of the overall aviation and functionality embedded in the Coast Guard and for the Department, I might add.

So we are going to be reviewing that operational baseline, Senator, and my expectations are that the C–130 aircraft, in particular, will figure materially in the ultimate re-baselining of the requirement.

HC–130JS COMPARED TO THE HC–130HS

Senator INOUYE. Speaking of the HC–130J, pursuant to the fiscal year 2001 allotment, you received six HC–130Js. Now, how do they compare with the 130Hs?

Admiral COLLINS. They are a wonderful piece of technology, Senator. They fly faster. They fly higher. They climb higher. They have digitized cockpits. It is the latest technology, versus the older technology. We have accepted all six, and we had some funding appropriated last year, $60 million, to do the engineering development and the missionization of those aircraft. By that I mean putting Coast Guard-peculiar sensor packages in so that they become true maritime patrol aircraft.

Right now, they are strategic lift and not maritime patrol aircraft. So we are starting that process to put that capability in those C–130Js, utilizing that $60 million increment as a start.

MAKING PACIFIC FLEET ALL 130JS

Senator INOUYE. Would it make sense to make your Pacific Fleet all 130Js?

Admiral COLLINS. That clearly is in consideration, sir. Hopefully, we will have greater clarity on that within a matter of a couple of months. Later in the early summer, we will have a redefined Fleet mix baseline for Deepwater. And it is going to have to look at strategic lift. You know the Pacific better than anyone, and you know the long sortie times that are required to do our business all through the Western Pacific and into the Bering Sea, and in the Southern Pacific, and in all of those places.

So we have to take a very, very hard look at this Fleet mix and clearly how we deal with the C–130 Fleet, whether modernizing the H models or recommending additional J models will be part of that decision process, Senator.

Senator INOUYE. Thank you very much. I have several other questions, Mr. Chairman, I would like to submit to the Coast Guard, if I may.

Senator COCHRAN. Thank you, Senator Inouye.

BUDGET REQUEST FOR THE PURCHASE AND INSTALLATION OF AN EXPLOSIVE DETECTION SYSTEM

Senator INOUYE. If I may now ask Admiral Stone: The budget includes $400 million for the purchase and installation of an explosive detection system, the EDS machines. Letters of intent have been signed with eight airports, but it is my understanding that the $250 million requested for installation would only cover continued payment of existing LOIs. How many airports are on the list for installation, and under the current approach, how long would it take to install in-line EDS machines in the remaining airports on your list?

Admiral STONE. Currently, sir, we have eight LOIs issued to cover nine airports, and for fiscal year 2004 and fiscal year 2005, that is $800 million that has been apportioned for those nine airports in support of those eight LOIs. We have another list that we have gathered of airports that have requested Letters of Intent to cover their capacity and growth needs. That list is approximately 30 airports long.

We are currently meeting with the AAAE and the ACI to find out if in fact that list is reflective of indeed those with the greatest need. So that list is being refined of outstanding airports that require LOIs to ensure it really encompasses the airports around the Nation that have the requirement, rather than have just those that have submitted the request.

For instance, Chicago O'Hare is not on the list of airports that have an LOI pending. They have not submitted one, so we are reaching out with the AAAE and ACI to get that list corrected so that it reflects really the needs of the Nation, rather than just those who have submitted the LOI request.

The $1.2 billion that we have in fiscal year 2004 and fiscal year 2005, of which $800 million covers the LOI process, leaves us about the $400 million to cover those airports that need EDSs installed in order to just remain 100 percent electronically capable. Thus, the 75/25 split allows us to keep those airports at 100 percent electronic. If in fact it was a 90/10 split, then we have an issue that we will need to address regarding retaining compliance in fiscal year 2005.

[The information follows:]

We are currently assessing the structure and criteria of a long term program, and therefore do not have a cost estimate. Implementing EDS in-line systems at all airports is extremely costly and must be considered in light of all the other transportation security needs. While this multi-year effort progresses, TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine where resources will be allocated. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. TSA also continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

Senator INOUYE. If you have to accelerate your program in the next 4 years, how much would it cost to cover all the airports on your list?

Admiral STONE. I will have to get you a more concise number, but I would say it has been estimated to be somewhere in the area of $4 billion to $6 billion to meet the needs of those other airports across the Nation that have the LOI requirements.

LIMIT ON FULL-TIME EQUIPMENT, BAGGAGE AND PERSONNEL

Senator INOUYE. At the present time, your agency operates on a limit of 45,000 full-time equipment, baggage, and personnel, but is this limitation a realistic one?

Admiral STONE. Currently, we are once again partnering with the airports themselves on the issue of capacity, their projected capacity for next year and the year after. We have reached an agreement with the airports, as well as with the ATA, under the United States Civil Aviation Partnership, in which we will use a Boeing model. And the ATA, AAAE, ACI, and TSA have all agreed to use this model to look at our Nation's airports and come up with a figure that we think reflects the screening total requirements.

Under the 45,000 cap that we are currently operating at right now, we do not have a clear picture of what that means at our Nation's airports because we still have not shaped ourselves properly. We still have some airports that are smaller airports with too many screeners there, and larger ones that have too few. So we need, internally at TSA, to make that adjustment here in the coming months to get a real view for what 45,000 FTE looks like.

We are currently hiring screeners at those airports in particular that need screeners in order to meet compliance for 100 percent electronic. We are currently at 43,600 FTE at TSA for our screening force. We are hiring up to 45,000, with the priority being those airports that need screeners to ensure compliance with congressional mandates.

Senator INOUYE. You have been hiring part-time employees and screeners. How are they working out?

Admiral STONE. Currently, approximately 90 percent of our screening force is full time, and 10 percent are part-time screeners. However, because of our imbalance currently between small airports and larger airports, and the fact that we have not internally shaped ourselves correctly, what we have found out that those part-time screeners are having to work more hours than they signed up for. So we are pursuing this as a high-priority item to ensure that we get the right numbers at the right airports so we can have that efficiency and effectiveness that the airports, the airlines, and TSA all want.

Senator INOUYE. As you know, I travel quite a bit, going back and forth to Hawaii, and I must commend you and your team for a good job.

Admiral STONE. Thank you, Senator.

Senator INOUYE. Thank you very much.

Mr. Chairman, I have other questions I would like to——

Senator COCHRAN. Thank you, Senator. We expect you to be able to be able to respond to those in a timely fashion directly to the Senator——

Admiral STONE. Yes, sir.

Senator COCHRAN [continuing]. And to this committee.

Senator Murray.

IMBALANCE IN COAST GUARD SINCE 9/11

Senator MURRAY. Thank you, Mr. Chairman.

Admiral Collins, I understand that given the circumstances you believe the Coast Guard's mission is balanced responsibly. But according to the recent analysis, the Coast Guard mission hour analysis, it appears that since September 11th, the Coast Guard is spending about 50 percent less time on drug interdiction, environmental protection, and marine safety. And there have also been drastic reductions in the hours spent on search and rescue, aid to navigation, and enforcement of fisheries laws and treaties. At the same time, I see on our analysis that hours for homeland security has more than doubled. I think it is at 1,130 percent.

I am really concerned that this additional budget pressure on you to focus on homeland security just asks the men and women under your charge to work harder in other areas. When do you see this trend subsiding?

Admiral COLLINS. Obviously, if we go to an orange alert and there is additional pressure on. If there is an expeditionary war effort that is underway and we have additional pressures on our ports as we did in Liberty Shield last spring, then that is the priority of the Nation, to deal with that high-profile risk.

So those are the kind of surges we have to deal with, and we are prepared to deal with them as an organization and still maintain an adequate profile to service the key issues, and meet the minimum standards across the board.

I am very pleased that we have met all our search and rescue standards. We have met all our search and rescue performance goals.

Senator MURRAY. I have. I realize that we did well last year, but I am really concerned—I want to ask you specifically, does this budget request allow you to return to your previous emphasis on the non-homeland security missions and at the same time do homeland security?

Admiral COLLINS. By the end of 2005, compared to pre-9/11 levels, we will have increased our total aircraft, cutter, and boat hours cumulatively by 68 percent from those previous levels. That is a growth in those resource hours——

Senator MURRAY. That is our homeland security, correct?

Admiral COLLINS. That is across—that is the total for all——

Senator MURRAY. Does that include fisheries, search and rescue——

Admiral COLLINS. That is everything. The total available, the total boat hours, the total aircraft hours, the total ship hours available, as compared to pre-9/11 averages, will go up by 68 percent. That is a very positive growth. That is reflective, as I mentioned earlier, in that our operation expense base went up 51 percent. That gives us greater capacity to deal with these surges.

I do not know what is the normal any more, in terms of what is the fixed level. I would rather look at whether we are attaining

performance, meeting the highest risks, meeting all our service responsibilities, and search and rescue standards, in particular.

Here is a case in point: Counter-drugs. Counter-drugs, we were, last year, just a little bit, a scotch away, it is a technical term a scotch away from setting a record on the cocaine seized in the maritime, with fewer assets. Although we had a surge, the Liberty Shield, orange, and whatever, the seizure rate is up. Why? We are getting better about using Intel.

We are partnering with coalition partners. We are using technology better, and we are coordinating interagency better. And all of those mean enhanced productivity. So there are ways to try to accommodate a particular operation tempo, pressures that we have, still get the performance the Nation needs.

I would predict this year, I will go out on a limb, that we will seize over a hundred tons of cocaine this year, with less resources, because of the effectiveness of our partnering, and the use of Intel.

Senator MURRAY. And I congratulate you on that, but I am particularly concerned about search and rescue, and marine safety, and some of the other areas that are out there. And we will be watching that very closely.

RESPONSE BOAT PROGRAM

You have already been asked about some of the Deepwater programs and your ability to accelerate it. I am really concerned about the aging fleet of cutters and aircraft, as well as the status of the responsible program, and I appreciate your previous response. But could you provide the committee with an update regarding the response boat program and tell us whether we are on target to receive the 700 RBS vessels that we have previously contracted for and what the status of the RBS contract is?

Admiral COLLINS. I will provide you with the response boats, small, if I could provide you a direct response, and I will give you a little matrix. It will show the flow of the acquisition, the dollars allocated, how many we are buying each year. But the short answer is, we are on schedule with it, and I will give you a complete breakdown year by year on it.

Senator MURRAY. Okay. If you could submit that——

Admiral COLLINS. It is a tremendous asset, by the way, and we are very, very pleased with that. Safe Boat is being a terrific contractor.

The other issue, the response boat medium, as you know, we have three vessels that were designed and built and delivered to us. We are running them through their paces, through an evaluation process. And we will be prepared to make a down select and an award for a low-rate initial production, that is, the second quarter fiscal year 2005.

Senator MURRAY. So a year from now.

Admiral COLLINS. We will be ready to make an award and execute those funds that are in the 2005 request.

Senator MURRAY. Okay.

Admiral COLLINS. It will be six low-rate, initial production, boats that we will fund. We are very pleased, by the way, with all three candidates that we have. The good story is that all three have pro-

vided us with high-quality boats, so we will have great competition, as a good thing——

Senator MURRAY. Good. We will look forward to that.

Admiral COLLINS [continuing]. And we will have some good products to choose from.

PORT SECURITY

Senator MURRAY. Okay. Good. Admiral Stone, as I mentioned in my opening statement, port security is really important. For me, it is a top priority, and it appears that we still have a lot of work to do when it comes to coordinating the Federal Government's efforts in this area. Can you help us understand how the various port security programs within the Department of Homeland Security interact and complement each other, and how this budget will help in that effort?

Admiral STONE. Certainly. The Border and Transportation Security, under Under Secretary Hutchinson, both Commissioner Bonner and myself, and Admiral Collins' team worked very closely with BTS to ensure that we have a coordinated and integrated effort.

For instance, the best practices that will be gleaned from Operation Safe Commerce with regard to locks, sensors, GPS systems, when they are gathered up, will be coordinated very closely with CBP, Commissioner Bonner's team, and also with the Coast Guard, to ensure that that sort of integrated approach, rather than a stove-piped one, in which those items are just taken and then put out as new policies. I think is critical to emphasize that we fully intend to take those best practices and have that sort of a process.

Additionally, TSA, in partnership with the Coast Guard and CBP, with regard to port security, regularly coordinates the results of what the port captain has assessed down at the port as being those areas of vulnerabilities and risk to ensure that the port grant process reflects those needs. And then those monies are then apportioned as a result, in large part due to that coordinated effort of what the port captain on the scene has evaluated are his needs.

[The information follows:]

RESPONSE BOAT PROGRAM

The RB–S represents a significant improvement in the Coast Guard's operational capability. Multi-Mission Stations, Marine Safety Offices, and Maritime Safety and Security Teams use the RB–S for a variety of missions. The boat is capable of 45 knots and can be armed with two machine guns, making it an ideal port security asset. However, its enclosed cabin and excellent sea-keeping and maneuverability also lend it to being used on a full-range of Coast Guard missions.

The first RB–S was delivered by Safe Boats International of Port Orchard, Washington in May 2002, specifically intended for homeland security use. By the end of fiscal year 2004, a total of 285 boats will be ordered to enhance the Coast Guard's homeland security capability and to recapitalize the Utility Boat-Light fleet. To date, 155 boats have been delivered. The Coast Guard is also analyzing how many of the 700 boats authorized under contract are operationally required for future purchases. The following table provides the number of boats ordered by fiscal year and the associated funding:

[Million of dollars]

Fiscal year	Funding for boats	Number of boats ordered
2005 [1]	$8.2	40

[Million of dollars]

Fiscal year	Funding for boats	Number of boats ordered
2004	27.0	139
2003	15.2	84
2002	10.9	62

[1] Based on fiscal year 2005 Budget Request.

Admiral STONE. The TSA approach on the integrated intermodal information system, which is a system that we believe from point of shipment to point of destination provides visibility on an intermodal level for us to, therefore, coordinate with every partner that has to do with the security of cargo. And how, wherever that originates in the world and wherever it ends up in the United States, is another reflection of our intent to ensure that from a transportation sector point of view, all of our activities and how we monitor that are an integrated effort, fully partnered with the CBP, Coast Guard, and other organizations that are involved in monitoring those shipments as they enter the United States.

So across the board, from an intermodal perspective, TSA, and I know that it is BPS's view, that that has to be the way to head if we are going to really be efficient and effective.

Senator MURRAY. Well, as you know, Operation Safe Commerce is going to have a report by the end of this fiscal year that will detail some of the private sector methodology, best practices, and technology solutions. And I will be following that closely to make sure that the agencies use that information, because I think they have done a really good job of putting that together. So I will be working with you on that.

CONTINGENCY PLAN FOR THE FLOW OR COMMERCE DURING AN INCIDENT AT ONE OF OUR PORTS

Let me ask you one other question, Admiral Stone, because after September 11th, everyone knows we grounded all of our aircraft for a number of days and saw devastating impacts on the air transportation industry. My state was impacted, obviously, with Boeing. All states were. But the shutdown of the West Coast ports last summer during the strike offered us kind of a glimpse of what would happen if we saw a similar shutdown at any of our seaports. That could cost our economy as much as a billion dollars a week.

I would like to know from you what kind of contingency planning is happening within the Administration, and specifically, who is in charge of an incident and who is in charge of making sure the flow of commerce is not impeded should we have some kind of incident at one of our ports.

Admiral STONE. TSA is charged with developing sector-specific plans. And then in the area of maritime, for a port scenario that you mentioned, the Coast Guard would be lead in coordinating that effort from a maritime port point of view. But it is TSA's responsibility for the transportation sector to develop those plans. That is an ongoing effort with TSA and an item of priority as well as the daily coordination with the Coast Guard and other——

Senator MURRAY. Are those contingency plans developed now, should something occur in one of our ports?

Admiral STONE. The sector-specific plans are still a work in progress, and so the real-world events would be coordinated by TSA, much like we did during the last threat level orange when we had flights of interest, our coordination with the Department of Transportation on that was daily and immediate, via real-time communications on flights of interest. It would be our intent to do similarly in a real-world operation with the Coast Guard.

Senator MURRAY. Admiral Collins.

Admiral COLLINS. As you know, Senator, there is a family of planes that is required to be built as part of the MTSA.

Senator MURRAY. Right.

Admiral COLLINS. We are reviewing thousands, literally thousands of those for vessels and facilities, and those vessels and facilities. And there are overarching port security plans for each port, so over 40 of these. They are done collaboratively with the Area Maritime Security Committee.

We are all major stakeholders in the port to provide an overarching plan to respond to contingencies and deal with security issues, not unlike the Oil Pollution Act of 1990 requirement for area contingency plans for oil pollution response. The same thing is going to be done on the security basis.

Those will be vetted in the other feeder, the government document is the port security assessment that has been done for each port. That is really the customer, that is, these committees and the captain of the port, so they can take those vulnerability assessments, along with threat assessments, and develop the appropriate plans and the contingency plans. And they will be embedded in each one of these captain of the port area plans, all to be completed, by the way, by the end of April, reviewed and approved, and in place by July 1 of this year.

Senator MURRAY. That is all well and good, and I think you have done a marvelous job. The ports have done a really good job in responding to this. Mr. Chairman, what I am concerned about is the budget request. Admiral Collins testified, when was it, in the House last year that we would need $1.3 billion this year, and we have a $100 million budget request. So we are asking our ports to have these plans to be ready to go, and we are not funding them. I will have more conversations about this, Mr. Chairman, but I am deeply concerned about that.

Senator COCHRAN. Thank you, Senator Murray. Senator Domenici.

FUNDING REAL NEEDS AND NOT WANTS

Senator DOMENICI. Thank you very much, Mr. Chairman. First, I apologize for being late. I apologize to the witnesses.

I would like to make a couple of observations and ask you to respond. It is not necessarily totally your problem, but I am unimpressed with the notion that everybody and every community of any size that makes noise will get help from the Department of Homeland Security.

I would like to suggest to you that I do not believe we could ever afford to fund everybody that thinks they need a fire engine, everybody that thinks they need some transportation protection. But

rather we have to conclude in some reasonable way, what is at risk and then help secure what is at risk.

I do not know if you know. I am not sure that the committee members know, that well before this incident, Senators Lugar, Nunn, and Domenici put an amendment on the floor of the Senate, which passed overwhelmingly. It cost a lot of money, but it picked 120 cities, from experts, that needed first responder training. It did not pick 6,000. It picked 120.

Now, might I ask first, Admiral Stone, because it is more relevant to you, and then with each hearing, I will ask all the way to the top, "What do you do to evaluate people's concerns, versus the reality that we cannot do everything?" There ought to be some way to cover real risks—strike that word—the most significant risks, rather than things that people think they need.

Admiral STONE. Sir, I believe strongly, and we have this discussion almost every morning when an issue comes up at our operations and intelligence briefings, to look at an issue from a risk-based decision point of view, looking at three things: What is the threat? What is the criticality? And what is the vulnerability?

Senator DOMENICI. What does "criticality" mean?

Admiral STONE. The criticality? For instance, when the issue has come up about general aviation at Reagan Airport.

Senator DOMENICI. Okay.

Admiral STONE. What are the criticality of the assets involved in that particular decision? What is the vulnerability? There is a reduced reaction time. And then what is the threat? Do we believe that Al Qaeda has an interest, and terrorist organizations, in that particular modus operandi, to do us harm. So whether it has to do with general aviation at Reagan, that threat criticality and vulnerability, and then making a risk-based decision, I think, is key.

Senator DOMENICI. So even though you are not the head of the whole department, you are telling me and this committee that you know enough to say to us, we are evaluating requests versus risk——

Admiral STONE. Yes, sir.

Senator DOMENICI [continuing]. All the time.

Admiral STONE. Yes, sir.

Senator DOMENICI. I might just say, fellow Senators, I have been observing and then trying to inquire when I see it, how groups rally and seek to impose, through political force, the needs of their organizations on the government. I do not think you ought to yield to that. I note the other day, and I love them, but the fire fighters had a big meeting. They wanted more things. I asked them the kinds of things they wanted, it became more obvious to me that there was a lot of the demand and the requests that just had to do with the fact that they wanted new equipment, not that they were at risk and needed new equipment. I see a difference. I do not see how we can fund the first, but we can the latter.

If we are going to fund the first, we need a new program to say we are going to pay for the needs of the police and firemen of America. But that would not be related to this, it would seem to me. I could be wrong, and the Senate could say, yes, it does, because we do not know what is at risk, so we will cover everybody.

But as of now, it is risk-oriented in terms of granting and assessing needs, and then funding them.

Admiral STONE. Yes, sir, risk-based decision making is at the core of that decision process.

FLETC FACILITY AT ARTESIA, NEW MEXICO

Senator DOMENICI. Okay. I thank you for that. I just have one parochial question, Mr. Chairman. I do not know if you know, Mr. Stone, some senators know, because I have been somewhat of an open advocate for a secondary FLETC facility that is now 12 years old in Artesia, New Mexico. You trained your air marshals there until 18 months ago, and then you got into an argument and you went to New Jersey.

See, I do not win them all, Mr. Chairman, but I did not think it was a very good idea, and I still do not. I have talked to a lot of marshals, and it is interesting enough, though, the idea not to put it there, it was just too far away. The marshals that went there loved it. So I think it is a pretty good training facility.

But now you have a new program, FFDO.

Admiral STONE. Yes, sir.

Senator DOMENICI. That is, Senator, if pilots want to carry arms, they ask, and they become volunteers to become trained so they can carry arms. Surprisingly, there are a lot of them, well, you might say a lot of them do not want to, but surprisingly, a lot of them do. We do not let them carry firearms just because they used to be deputy sheriff and know how to shoot a gun. They have to go through some pretty good training.

Now, as I understand it, for the FFDO program the trainees are being trained at FLETC, Artesia——

Admiral STONE. Yes, sir.

Senator DOMENICI [continuing]. Is that correct?

Admiral STONE. Yes, sir. The Federal Flight Deck Officer Program is the trainees at Artesia.

Senator DOMENICI. Now, let me ask you, is the program effective and efficient, and what do you think about it?

Admiral STONE. Extremely so. We are really proud of that program. The pilots themselves give us tremendously good feedback on the quality of the training in Artesia. Every week, we are graduating. We have a queue of folks that are in line to fill out all the quotas through the rest of this fiscal year. So we could not be more pleased with the quality of the training we see, the feedback from the pilots, and the extra level of security that that gives us today.

Senator DOMENICI. From the standpoint of the Department, is this seen as something good, to go ahead and grant these pilots this permission and train them if that is what they want?

Admiral STONE. It is my understanding, yes, sir. When I briefed this program up the chain into the Department, it is very well received as an additional layer that we are quite proud of.

Senator DOMENICI. Could I ask, if you know this, what kind of feedback are you getting from the pilots with reference to this program in the event they have volunteered?

Admiral STONE. The feedback on the critique sheets has all been superb training in Artesia, much better than I had thought, based on historical data for what they thought the course would be, now

to come here and find out that it is top-shelf training. So all of those critiques that we get back from the FFDO pilots have been very complimentary of the process.

FEDERAL AIR MARSHALS PROGRAM

Senator DOMENICI. Let me shift gears now. A sister function, which is bigger in numbers and better known, is the marshal program, air marshals. Could you tell me, is that program working? Do you know what the morale is of those who are in that program? Are you having a significant and sustained mainstream or stream of applicants who want to do this?

Admiral STONE. Sir, I am partnered with ICE, Mike Garcia, and his team, that now own the FAMs. However, since December, ICE and the Federal Air Marshal Program have sent one of their top people to sit in on every ops Intel brief, which we hold every day at TSA, so that connectivity and teamwork and partnership is reflected in everything that we do in aviation now. I think that is a real success story for us.

From all the indications that I see, that program is being run very well. And it is very flexible when we get threat indications or we see things that come up, that we immediately want to reprogram a FAM to a particular flight. That happens instantaneously as a result of that operational focus that we have with the FAM, so I would give it high scores as well.

Senator DOMENICI. Well, I understand they are paid well. There is no question that they make very good money, and they can thus afford the flexibility of sometimes working different hours and being shipped around when they were not expecting to. From talking to them, they understand that, but I have also been told that there are more quitting than one would expect for such a highly paid program. Is that true, and if so, do you know why?

Admiral STONE. Sir, I do not have any visibility on that particular issue.

Senator DOMENICI. Could you check that in some reasonable way and relate it to some comparable program with high pay like that, in terms of the staying power of the program and filling the vacancies. And also, are you at full capacity, and if not, why?

Admiral STONE. Yes, sir, I will be happy to look into that.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Domenici. Admiral Collins, I noticed in the statement you submitted, in the part where you are talking about the need to recapitalize our operational assets, you point out that in your 110-foot patrol boats there have been 20 hull bridges requiring emergency dry docks.

AVAILABLE NEW TECHNOLOGIES THAT COULD BE USED FOR REPLACEMENT COAST GUARD VESSELS

I am wondering to what extent are new technologies available that could be used for replacement Coast Guard vessels that offer greater efficiencies or other benefits?

Admiral COLLINS. Sir, first, let me give you a graphic example of one of those bridges. This is an out-plating from one of our recent 110s. You can see the corrosion, internal corrosion, and a fairly substantial hole. This is typical of a number of 110-foot cutters

where failures were experienced. That, obviously, gives a sense of urgency about getting on with this patrol boat program.

Of the technologies that we are attracted to, one is the composite technology. We are working with the Deepwater contractor on the surface side of the program. Northrup Grumman is exploring the use of a composite technology hull in particular for this fast-response cutter, which is this 110-foot cutter replacement.

It is attractive from two or three dimensions. Number one, lower life-cycle costs. The maintenance and the haul-out cycle are much more reduced. The life of the hull is much longer than a comparable steel or aluminum hull. So we are looking at it very, very eagerly and discussing with Northrup Grumman way ahead if, in fact, we do choose to pursue composite technology.

Senator COCHRAN. Are there any existing ships that you know of that have this technology now and have demonstrated its capability?

Admiral COLLINS. Yes, sir. One of the leading shipyards in the world in this technology is Kockums Shipyards, Karlskrona, Sweden. Northrup Grumman is partnering with Kockums Shipyards as their technical advisor, if you will, on moving ahead with this composite technology. They have built a number of minesweepers very successfully, and current frigate, the Visby class, which I had the opportunity to go aboard 6 or 7 months ago, to sort of kick the tires on this technology, if you will, very, very impressive technology. And because of Northrup Grumman partnering with one of the world's specialists and the use of this technology, it appears to be a very potent team, Senator.

AUTOMATIC IDENTIFICATION SYSTEM

Senator COCHRAN. There is also an indication in your statement, in the section dealing with maritime domain awareness, where you say, "An intelligence and warning system that detects indicators of potential terrorist activity before an attack occurs is necessary to take preemptive and protective action." You then go on to say you are currently installing an automatic identification system in your vessel traffic service ports and formalizing requirements to award a contract of a nationwide AIS network, the Automatic Identification System.

Exactly how is that going to work? Is this a new technology that is envisioned, or is it something that you feel comfortable about moving forward? I notice you are requesting $4 million to continue this project. How is that money going to be spent?

Admiral COLLINS. One approach is to embed AIS technology and all our nine VTSs around the country so there will be AID, or Automatic Identification System-based vessel traffic systems. That will all be completed by the end of this calendar year for all those systems. So we will have AIS-based.

Also, another requirement for AIS is as a result of our initiatives with the International Maritime Organization, where, as you know, we pushed through an international standard for shipping successfully, the international ship and port security code, and also SOLAS, Safety of Life At Sea amendments, that require AIS on all in-bound commercial ships over 300 gross tons no later than 1 December 2004. These are transponders that identify position and lo-

cation and other information. These AIS-equipped VTSs can take that signal.

We also need to be able to receive those VHFM-communicated signals in other places beyond those ports. And we are looking at all kinds of different options to put AIS equipment on off-shore platforms. As you well know, in the Mississippi, there are over 3,000 off-shore platforms. They could be a great location for those systems, so we have the coverage. It is a coverage issue. There is also the Rescue-21, which is the VHF high-sites that we are putting around the country, is to hang AIS systems off of those as well.

So we are looking at all that infrastructure, trying to minimize the infrastructure burden by using existing locations and infrastructure in order to get the coverage we want. So we think it is a great way to go. We are optimistic about it.

The other dimension of AIS is long-range tracking, the idea of how do you get long-range tracking, because this one is a short range. How do you get like over 2,000 miles type of range and reporting requirements? This is another program and initiative that we are running through IMO to establish it as a worldwide standard. We are looking at various options for long range.

It gets complicated real quickly, Mr. Chairman, because it has a lot of moving parts, but we are taking a very comprehensive look at all of the pieces.

RESCUE 21

Senator COCHRAN. One other modernization effort, I understand, is having some kind of identification system that shows the location so that you will not have to guess where the ship is.

Admiral COLLINS. That is our Rescue 21 project, Senator, that is a fairly substantial feature of our capital request in 2005. It has been in previous years. We are focused to build that system out by the 2006 time frame. That is the one that establishes high towers around the country and monitors VHF, FM, and other distress calls from emergencies at sea. It has digital recording capability, and direction-finding capability so we can hone in on the signal, fix the position, and take the search out of search and rescue. It is a very, very, very, I think, positive addition to our capability.

CAPPS II DEVELOPMENT AND DEPLOYMENT

Senator COCHRAN. Thank you. Admiral Stone, we noticed that your request is $892 million more than the adjusted and enacted level for fiscal year 2004. And one of the additional requests this year that you are making is for a second-generation, computer-assisted passenger pre-screening system, the so-called CAPPS II.

I know you envision this as a modern—more modern pre-screening system than the one that is currently in use by the airlines. How soon do you think the TSA will be able to develop and deploy this system?

Admiral STONE. We are confident that we will be able to get in place the privacy, redress, and oversight measures that we know are key to ensuring that we have the trust and confidence of the American people to put forth such a system that we think significantly enhances security. The time line for that is we hope to have

in the spring, the NPRM, the Notice of Proposed Rule-making out, and approved within the Department, as well as the security directive that we need. So we are looking at being able to have the oversight, redress, and privacy pieces, and then forwarded to the Department this spring, the NPRM and the SD. At that point, the Department will review it and make the decision concerning forwarding for testing purposes.

Once we have the approval to conduct testing, we envision that that process will be one in which we are going to want to test historical data. So we are going to want to give the airlines a couple of months to review the NPRM and the SD, and then we will go back and look at a historical month. This is our testing approach. So we are hopeful this summer that we would be able at some point to be able to conduct that sort of a test.

EXPEDITED REGISTERED TRAVEL PROGRAM

Senator COCHRAN. I was encouraged to know that you are concerned about reducing the hassle factor in airports for passengers and baggage screening, and that you are considering a registered travel program to help accomplish this. Can you tell us when you think you might have an expedited program in place?

Admiral STONE. We are very excited about getting a pilot going. That first step of actually doing a pilot and having a voluntary program where we are looking at groups of individuals that have volunteered, and then pairing that up with a biometric so that we can then verify that individual and be able to have a tailored process, either a dedicated lane, depending on the airport, so that we can facilitate the registered travelers through the checkpoint in a quicker manner. Our goal is in June, to be able to start that pilot and run it for about 90 days, and then glean the lessons from it with an eye towards continuing into 2005 with a more advanced program so that we can get on with the issue of registered traveler.

UNQUALIFIED AUDIT OPINION

Senator COCHRAN. Finally, I think I should congratulate you for achieving an unqualified audit opinion for the last fiscal year. This is your third consecutive clean audit, I am advised, and you are maintaining a clean audit record and correcting control weaknesses that were noted in the audit reports. So I congratulate you for that.

Admiral STONE. Thank you, Senator.

Senator COCHRAN. Senator Byrd.

NON-INTRUSIVE SCREENING OF PASSENGERS FOR EXPLOSIVES

Senator BYRD. Admiral Stone, in December 2001, Richard Reed was prevented from exploding his improvised shoe bomb due to quick action on the part of the passengers and crew of an American Airline flight from Paris to Miami. In the intervening 2 years, we appear to have increased the screening of checked baggage for explosives, but there appears to be little effort being made to enhance the screening of passengers themselves for hidden explosives.

The technology and equipment exists to non-intrusively screen passengers for explosives. What is TSA doing to address this potential threat?

Admiral STONE. Senator, I just stopped at our Atlantic City laboratory to review the explosive trace portal that is undergoing testing and certification. We firmly believe at TSA that we need to transform our checkpoints. The checkpoints that we have today, in the wake of 9/11, got the job done for us.

The EDS systems that we have today, as well, were out there to ensure that we had an extra measure of protection. But now, in partnership with the Department of Homeland Security S&T Division, we started to review the entire aviation security role of TSA. Does the equipment match the threat, whether it be sheet explosives or any other potential threat? We are keen to ensure that we are investing and transforming our checkpoints to reflect the threats that we see coming down the road and experiencing today, rather than the box cutters that caused and the scenarios that caused 9/11.

So our intent is to get that equipment certified, tested at Atlantic City, and then expedited out into our checkpoints to give us that explosive detection capability at our passenger checkpoints that you mentioned.

Senator BYRD. How much of your fiscal year 2005 budget request is devoted to enhanced screening of passengers for explosives.

Admiral STONE. We have, for our checkpoint modification, I think it is $44 million, or somewhere at $44 million or $46 million for checkpoint enhancements, of which allows us to introduce to our checkpoints additional technologies.

SECURITY PLANS REQUIRED UNDER THE MARITIME TRANSPORTATION SECURITY ACT

Senator BYRD. To meet the requirements of the Maritime Transportation Security Act, vessel owners and port facility owners were required to submit security plans to the Coast Guard for review and approval by December 31, 2003. It was reported earlier this year that only one-half of all vessels and less than one-third of port facilities met the December 31 deadline.

According to your testimony, Admiral Collins, those numbers have improved dramatically. How many penalties have you levied against non-compliant companies?

Admiral COLLINS. Senator, we have had about 97 percent of all the plans in, so we have really made some progress here over the past several months. Total number of notices of violations that were issued for the facility side of the plans were 63 notices of violation, and for the vessels, were 89 that have notices of violations for not meeting submittal requirements, Senator.

But again, we have over 97 percent submitted this date. So we are confident that we are going to get all of them in and all of them reviewed and all of them approved, as appropriate, or adjusted as we go back and work with the submitter to ensure that they meet all the requirements of the rule and the law.

Senator BYRD. Have there been corresponding penalties levied against non-compliant companies?

Admiral COLLINS. I do not have the exact figures on that, Senator, with me today, but I will be glad to give you a prompt response on exactly the adjudication of those notices of violation.

Senator BYRD. Very well. If you will, please. How many plans have you sent back for revisions? Would you supply that information also?

Admiral COLLINS. I will provide you with that as well, sir, yes.

[The information follows:]

SECURITY PLANS REQUIRED UNDER THE MARITIME TRANSPORTATION SECURITY ACT

As of April 7, 2004, we have issued Notices of Violations (NOVs) to 95 vessels and 66 facilities. Each of those violations was for failing to submit a completed security assessment and has a $10,000 civil penalty associated with it. Subsequently, we have issued civil penalties in the amount of $25,000 to four of these facilities for failing to submit a completed security plan (for a total fine of $35,000). These penalties were based on violations of 33 CFR Section 104.410 for vessels and 33 CFR Section 105.410 for facilities.

The security plan review and approval process consists of several distinct stages.

For vessels there are two stages. Stage I review determines if a plan contains all critical elements outlined in the regulations, and Stage II review ensures that security measures specified in the plan adequately address the vulnerabilities which are identified in the security assessment. Vessel security plans receive final approval (Stage 2) from the Coast Guard Marine Safety Center in Washington, DC.

For facilities there are three stages. Stage I and II review is parallel with the vessel Stage I and II, which are completed at the National Facility Plan Review Center in Kansas City, KS. Stage III consists of a final review that is completed and approved by the local Captain of the Port.

All vessel and facility security plans through Stage II and Stage III have been completed.

The Coast Guard has also issued a total of 157 Notices of Violation and civil penalties for failure to submit required security plans.

Senator BYRD. What are you learning about the security needs of vessels and port facilities based on the plans that have been submitted?

Admiral COLLINS. What we are learning is from the port security assessments in terms of vulnerabilities. As required, we are doing port security assessments for 55 of our major ports around the country. We will complete them all by the end of this calendar year, a lot of which is classified, by the way.

But there are a lot of things that are coming out in that in terms of vulnerabilities. Generally, I will state, for example, underwater threats and how we are vulnerable in our ports for underwater threats is just an example of some of the things that we are finding in some of these assessments.

These port security assessments will provide a lot of the solid information that we will use to craft these port-wide security plans that are also to be completed this spring. But all these assessments are sort of source documents to get a hold of the vulnerability end of the risk equation that Admiral Stone talked about and then match them up with a threat assessment as well and to have a complete picture of what gaps we need to fill.

The other interesting thing, Senator, the purpose these serve is that when we do evaluate grant applications, that come in for port. We are sort of one of the expert witnesses that review those applications at the local level. We use all the vulnerability assessment we have done as a yardstick against which to measure this application as to whether it addresses a number of the gaps that have been identified in these assessments.

So I think it is a good system that we have, and a comprehensive approach. And we are going to distill down the results of these port security assessments into a geographic information system display

that is available for each one of our port security committees around the country so a ready file of information, very practical information that can be used by the port security including all the stakeholders in the port to make the right decisions about which risks and which gap to address first, second, and third.

PORT SECURITY FUNDING

Senator BYRD. The Coast Guard estimates that $1.125 billion is needed in the first year and $5.4 billion over the next 10 years for ports to comply with the Federal regulations that have been mandated by the Maritime Transportation Security Act. Until fiscal year 2005, the president never requested funding to help ports implement security improvements, as outlined in the MTSA, and his budget request for fiscal year 2005 is 62 percent lower than the amount Congress provided last year.

When Secretary Ridge testified before this subcommittee in February, he said that he believes port facility owners should bear most of the financial burden to harden security at our seaports. What evidence do you have that these owners are stepping up to the plate and investing their own resources in port security?

Admiral COLLINS. Many of them have. Many of them have security plans already in place. Some of them are exercising those. They are aggressively pursuing grants, and use of grants to meet the terms and conditions of the new standards. Over $500 million, thanks, obviously, to the support of Congress in making those funds available. But over $500 million has been distributed to ports and port facilities to undertake some of this hardening, as you put it. There is $46 million within the 2005 budget for additional source of grants for ports, and ports have the ability to also apply through ODP.

The applications are reviewed by TSA, the Coast Guard, and other expert witnesses to also apply for higher levels of funding. There is over $3 billion worth of grant money that is included in the overall Department of Homeland Security budget. So there is $46 million dedicated and another ability to apply for that larger pot, a general pot of grant money as well.

Senator BYRD. But the Administration is proposing to cut those grants by 62 percent. Why?

Admiral COLLINS. I do not know exactly the way that final pot was determined, Senator. It is about $3.4 billion, as it stands now, submitted in the President's budget. Again, we do not administer the overall money. But as I recall, $8 billion overall has been given out in grant money by the Department of Homeland Security. I might look at Admiral Stone to confirm that number, but I believe it is $8 billion overall in the past 2 years. And this represents another $3.5 billion, so a substantial amount of money, by anyone's accounting, that has been distributed to first responders and other requirements throughout the Department, including those port facilities.

Senator BYRD. I am advised that that $8 billion is for first responders, not for port security.

Admiral COLLINS. Again, over $500 million was allocated for ports and port facilities.

Admiral STONE. Yes, sir, and with regard—Senator, may——

Senator BYRD. Admiral Stone.

Admiral STONE [continuing]. I help on that, or——

Senator BYRD. Yes.

PORT SECURITY GRANT FUNDING

Admiral STONE. The comment on the $46 million for fiscal year 2005 for port security grants is indeed reflective of the Department's view that the private sector needs to step up to the plate with regard to the security at our Nation's ports.

Senator BYRD. Mr. Chairman, I hope there is some way we can get our arms around this question as to whether or not port facility owners are stepping up to the plate and investing their own resources in port security, as the secretary continues to advise as being the best way to solve this problem.

We cannot seem to come to grips with it. The secretary says port facility owners need to provide this security, rather than the Federal Government, and yet we cannot seem to find out what port facility owners are doing.

I have one more question. Do I have time to ask it, Mr. Chairman?

Senator COCHRAN. Yes, sir, as long as Senator Inouye is not inconvenienced.

Senator BYRD. Why do not I turn to Senator Inouye and let him ask——

Senator INOUYE. I have no questions.

Senator BYRD If I have time, I will ask another. Thank you.

DEEPWATER BUDGET REQUEST

The budget includes $678 million for Deepwater, the Coast Guard's program to modernize and replace its aging ships, aircraft, and communication systems. While this is a slight increase over the $668 million provided in fiscal year 2004, we believe that a significantly larger amount is needed to keep pace with the Coast Guard's homeland security mission requirements. It was conceived as a 20-year program, but the President's request only keeps the program on a 22-year schedule.

Deepwater was conceived prior to the 9/11 attacks. The intention was to ensure that the Coast Guard had the assets to maintain its overall capabilities. Following September 11th, the Coast Guard's role in protecting the homeland increased dramatically, but the Deepwater program has not been adjusted.

You state in your testimony that the Coast Guard's greatest threat to mission performance continues to be aging assets that are technologically obsolete. Why then are you only requesting enough funding to keep the Coast Guard on pace to complete Deepwater in 22 years when the majority of these assets will reach the end of their service life by 2008? Admiral Collins, please.

Admiral COLLINS. Clearly, we are pleased with the continued support that we are getting from the Administration and from Congress on Deepwater. Obviously, it is a major initiative for us. We feel very, very important. The 2005 budget does keep most of the major pieces on track for Deepwater, and I think how fast we do Deepwater at this point probably falls in the out-year category to continue to consider the flow of assets. One year, of course, of fund-

ing does not continue the total flow. It is how you program these assets over time to get on the right time line.

Again, as the operational commander, I am confronted with the dilemma to try to balance this number and try to balance it between legacy systems, or those old systems that are wearing out, and the new systems that have to replace them. And it is a dynamic process that we are going to have to collectively deal with.

My apprehension, Senator, is that it is going in the wrong direction, that the readiness part, that downward spiral phenomena is something that concerns me as an operational commander, and the ability to deliver the services. So this is a tough question that we have to continue to address.

Senator BYRD. Admiral, you have been a good soldier. You have been a good soldier. You are sticking to the Administration's request, but the Coast Guard submitted a budget request for over $1 billion to OMB for fiscal year 2005. You support the President's request, but I understand that you requested $1.1 billion to OMB for approval. What would the program time line be if your fiscal year 2005 Deepwater budget were $1.1 billion?

Admiral COLLINS. That glide slope, Senator, of course, it is more than 1 year a program makes, but that glide slope, if it was funded at that kind of rate, would be basically a 15-year program. And that is what that number, consistently applied, plus or minus a bit each year customized to the year over time, it would lead to a 15-year program.

Homeland Security Act required the Department and the Coast Guard to submit a report to Congress on the feasibility of accelerating Deepwater. That report was sent last year. It was one of the first reports from the Department that identified the feasibility of accelerating.

The requirement in the Act was to report on the feasibility and desirability of accelerating to a 10-year program and so forth.

So that particular report is a matter of record. It has been sent to the House and the Senate, and it describes this particular course of action as well, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Thank you, Senator Inouye, and thank you, Mr. Chairman. Thank you, Admiral Collins. Thank you, Admiral Stone. You are both good soldiers.

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

QUESTIONS SUBMITTED TO THE UNITED STATES COAST GUARD

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

INTEGRATED DEEPWATER SYSTEM ("DEEPWATER")

Question. The fiscal year 2005 budget request includes an increase of approximately $10 million, for a total of $678 million, for the Integrated Deepwater System initiative. Will the requested level of funding for fiscal year 2005 put the Deepwater program back on track to be completed within the original 20 year time-frame? If not, what level of funding would be necessary to achieve this goal?

Answer. The fiscal year 2005 budget request does not put the Deepwater Program on track to be completed within a 20-year time frame. To complete the acquisition

in 20 years, the Coast Guard estimates the Deepwater Program would require $795 million for fiscal year 2005, and assumes continued funding at this level adjusted for inflation.

Question. The Coast Guard is revising the Deepwater program's Mission Needs Statement (MNS) to coincide with a post September 11th environment. What is the time line for the Department of Homeland Security to approve the revised MNS and what impact will the revised MNS have on Deepwater program costs and acquisition schedule?

Answer. The Deepwater MNS has been revised and is under final review by Coast Guard leadership. Once complete, the MNS will be forwarded to the Department of Homeland Security for review and validation. A formal briefing before the Department's Joint Requirements Council (JRC) is scheduled for May 25, 2004.

As approved by DHS, the Coast Guard will engage our Deepwater system integrator to determine the most economical implementation plan for those new requirements identified in the updated MNS. Some new requirements, particularly those that emphasize DHS and DOD interoperability, will potentially lead the system's integrator to select alternate sub-systems or components in order to achieve any new requirements.

The Integrated Deepwater Systems acquisition strategy and solution remain sound. However, increased mission demands, legacy asset capability obsolescence, and deterioration in legacy asset materiel condition since 1998 have created a performance gap in both capability and capacity. The updated MNS is projected to help close this gap. The cost and schedule implications have not yet been determined. When new requirements are approved, total owner cost estimates and the out-year acquisition schedule will be modified as required.

Question. The fiscal year 2005 budget request for the Maritime Patrol Aircraft (MPA) is $5.3 million, a decrease of approximately $19.6 million from the fiscal year 2004 enacted level. Why is there such a decrease for a program that was significantly funded in fiscal year 2004, for which there is a contract to purchase at least four aircraft? What impact will this proposed decrease have on the MPA program? Will decreased funding for the MPA program delay the delivery of these aircraft? What impact does this have on the Deepwater program in general?

Answer. The Coast Guard is currently acquiring the CASA CN235–300M as the Deepwater medium range Maritime Patrol Aircraft (MPA). The Coast Guard does not have a contract to purchase four aircraft. The Coast Guard funded the acquisition of two MPA in fiscal year 2003 and a third in fiscal year 2004. The Coast Guard's fiscal year 2005 budget request funds the missionization of the third CASA aircraft. This missionization includes the logistic complement required for Full Operating Capability and partial spare parts used for the logistics system start up. Delivery of the first two MPAs is scheduled for 2006, with full operational capability in late 2006 or early 2007.

The Coast Guard is working to align the Deepwater Program with the strategic goals and objectives of the Department of Homeland Security (DHS). The DHS Joint Requirements Council (JRC) reviewed DHS Aviation Requirements in January 2004 at their first meeting. DHS decisions on future aviation requirements will determine the exact mix of aircraft in the Deepwater plan, at which time the funding and delivery schedule will be adjusted, if necessary.

Question. The fiscal year 2005 funding request for the Vertical Unmanned Air Vehicle (VUAV) is $43 million, to continue work that was funded in fiscal year 2004 on two VUAV's; however, the requested funding level is not sufficient to bring either of the two VUAV's into full operational capability. What level of funding would be necessary to make one, or both, of these VUAV's fully operational? If funding is limited, would it not be better to provide the funds required to bring one VUAV into full operation rather than to partially fund two VUAV's, as proposed in the budget?

Answer. The $50 million in fiscal year 2004 provides for detailed design of the VUAV and culminates in VUAV critical design review. The $43 million in fiscal year 2005 is for production of 2 VUAVs and associated ground control stations including developmental and operational testing. However, the fiscal year 2004 & fiscal year 2005 funding of $93 million gets the Coast Guard VUAVs that are at Initial Operating Capability (IOC). These VUAVs will not have the necessary equipment for air space de-confliction and secure data link, which is required for Full Operating Capability (FOC). The funding necessary to bring both VUAVs to FOC (includes equipment for air space de-confliction and secure data link, associated Non-Recurring Engineering (NRE), and testing) is approximately $30 million. Bringing one VUAV to FOC is not cost efficient, as the cost drivers are the design work, NRE and testing, and not the production of the aircraft itself. Additionally, two aircraft are needed for IOC testing.

Question. Re-engining of the HH–65 helicopter was initiated with funds appropriated in fiscal year 2004 for other aircraft programs within Deepwater. From which program lines have fiscal year 2004 funds been moved to address the re-engining of the HH–65? How much funding from each line has been reprogrammed? What impact does this shifting of funds have on those programs in fiscal year 2004? Are changes to the fiscal year 2005 budget request necessary to address the shortfalls in fiscal year 2004 funding for the programs from which funds were shifted for the HH–65 re-engining?

Answer. The fiscal year 2004 Deepwater Appropriation has a $67.7 million Program Planned Activities (PPA Line Item) for "Air Other Contracts/Legacy Sustainment." The HH–65 re-engining is an aviation legacy asset sustainment project, so it was appropriately funded from the Air Other Contracts/Legacy Sustainment PPA and no reprogramming from other PPA line items occurred.

Since the re-engining was not a planned sustainment project for fiscal year 2004, the following legacy asset sustainment projects previously planned for execution under the fiscal year 2004 Air Other Contracts/Legacy Sustainment PPA were deferred in order to fund the fiscal year 2004 portion of the HH–65 re-engining. These deferred projects include: HH–65 Landing Gear Replacement, HH–65 Integrated Radar/FLIR Upgrade, HH–65 Tail Rotor Recapitalization, HH–60 Integrated Radar/FLIR Upgrade, HH–60 Service Life Extension, C–130 APS–137 Search Radar Replacement, and C–130 Weather Radar Replacement. Additionally, HH–60 Avionics upgrade projects was funded at a level lower than planned due to the HH–65 re-engining.

The aviation legacy sustainment projects deferred in fiscal year 2004 will not require changes to the fiscal year 2005 budget to meet shortfalls. Because it is a safety and reliability concern, HH–65 re-engining remains the highest aviation legacy priority in the fiscal year 2005 President's Budget. The aviation legacy asset projects deferred in fiscal year 2004 and fiscal year 2005 are necessary and will need to be funded in the future to ensure the sustainment of those aviation legacy assets until replaced by new IDS assets but do not have the immediacy of HH–65 re-engining.

Question. The fiscal year 2005 budget request for the HH–65 re-engining includes $75 million for approximately 25 aircraft. Will this complete the re-engining effort? If not, what level of funding is necessary to complete the re-engining of the Coast Guard's HH–65 fleet? What is the projected time-frame for completing this re-engining project?

Answer. The $75 million in the fiscal year 2005 budget request will not complete the re-engining effort. Although the exact acquisition costs of the HH–65 re-engining will not be known until receipt of ICGS' proposal, the budgetary estimate is approximately $3 million per aircraft for a total estimated project cost of $288 million. The 25 aircraft re-engined with fiscal year 2005 funds will bring the total number of re-engined aircraft to 41, with 52 remaining to be re-engined. The required funding for the remaining 52 aircraft is approximately $156 million.

By June 2004, the Coast Guard plans to issue a Delivery Task Order (DTO) for the identified solution. The planned implementation schedule will be included as part of the final DTO. The Coast Guard estimates the re-engining of the HH–65 fleet to take approximately 24 months.

Question. Once the Coast Guard has modified the HH–65 helicopters and added more power to them, will all the safety and reliability problems be resolved and will you be able to take the restrictions off? If not, why not?

Answer. The HH–65 re-engining project was designed to address the safety and reliability crisis arising from accelerating frequency of power loss circumstances and restore the HH–65's operational capability. The selected solution, the TurboMeca Ariel 2C2 is expected to provide the safety and reliability required for the HH–65's multi-mission roles. Once the solution is fully implemented, the Coast Guard will be able to lift current operational restrictions.

Question. What is the Coast Guard's logic in using the Integrated Coast Guard Systems for the replacement project? GAO reports that it might have been faster and cheaper had the Coast Guard conducted the acquisition. Could the Coast Guard have completed this project itself?

Answer. The Coast Guard directed Integrated Coast Guard Systems (ICGS) to immediately re-engine the HH–65 after careful consideration of other procurement options for the following reasons:

—The HH–65 is a Deepwater legacy asset. The Coast Guard hired ICGS for the Deepwater project.

—Part of the re-engining requirement for safety and reliability of this Deepwater asset included maximizing operational effectiveness of Integrated Deepwater systems while minimizing total ownership cost impacts. ICGS was best suited to make that determination.

—The ICGS proposal was evaluated based upon cost, schedule and performance.
—The Coast Guard has the advantage of utilizing Deepwater's existing management and measurement systems to track cost, schedule and performance. The safety and reliability crisis dictated that the Coast Guard employ the best method to execute the re-engining project. ICGS' corporate approach brings many talents to the acquisition process (e.g. ability to negotiate volume purchase or offer premiums to more expeditiously acquire required stock of engines).

While the Coast Guard is capable of completing the project, the risk associated with removing the HH–65 re-engining project from the existing contract with ICGS to effect the MCH conversion was deemed to be unacceptably high.

Question. What is the relationship between the HH–65 replacement project and Deepwater? Can you provide us assurances that it won't be necessary to re-engine the HH–65 a third time?

Answer. The Coast Guard has directed that a re-engining project be immediately initiated to restore the HH–65 to unrestricted safe and reliable operations. The project is designed to address the HH–65 engine system, the engine and engine control systems, to remedy this safety and reliability crisis, and restore the HH–65's operational capability.

The HH–65 re-engining project is a separate and distinct effort from the Deepwater Multi-mission Cutter Helicopter (MCH). In the long-term, the Deepwater plan is still to convert the HH–65 to the Multi-mission Cutter Helicopter (MCH). While power increases were not the focus of this acquisition, the engine chosen, while addressing the safety and reliability concerns, also has sufficient power margins to allow for that engine to be used in the continuation of the MCH. As such, another re-engining should not be necessary.

Question. What appropriations are being used for the HH–65 replacement project, and how will this spending affect future spending on helicopters for the Coast Guard?

Answer. The fiscal year 2004 appropriation being used for the HH–65 engine replacement project is the "Air Other Contracts/Legacy Sustainment" Program Project and Activities (PPA) line item. This PPA line item is also projected to fund re-engining in the fiscal year 2005 President's budget request. The effect on future helicopter spending is that the price of the Multi-mission Cutter Helicopter (MCH) should decrease to reflect the fact that engine replacement will no longer be required when the HH–65 is converted to an MCH.

Question. What is the relationship between the HH–65 replacement project, the future Multi-mission Cutter Helicopter acquisition, and Hitron?

Answer. The HH–65 re-engining project is an effort to correct a safety and reliability concern that is separate and distinct from both the Deepwater Multi-mission Cutter Helicopter (MCH) conversion project and HITRON.

The Coast Guard directed the Deepwater acquisition program's systems integrator, Integrated Coast Guard Systems (ICGS), a partnership of Lockheed Martin and Northrop Grumman, to take immediate and definitive action to re-engine the HH–65 fleet to ensure safe and reliable operations. In the long-term, the Deepwater plan is still to convert the HH–65 to the Multi-mission Cutter Helicopter (MCH). While power increases were not the focus of this acquisition, the engine chosen, while addressing the safety and reliability concerns, also has sufficient power margins to be used with the MCH. The HITRON Airborne use of force mission is currently not a Deepwater requirement. There is, however, the potential to include this requirement under future contract modifications. The Turbomeca engine meets the anticipated airborne use of force power requirements should these become part of the future MCH mission profile.

Question. The fiscal year 2005 budget request includes $15 million for capability enhancements for HH–60 avionics for one aircraft. How many HH–60 aircraft are in the Coast Guard fleet? Does the Coast Guard intend to provide these capability enhancements for each HH–60? Is the anticipated cost $15 million per aircraft, or will this funding level decrease after the first avionics upgrade is completed?

Answer. There are 42 HH–60 aircraft in the Coast Guard fleet, and the Coast Guard intends to provide these capability enhancements to the avionics suite of each HH–60. The $15 million request in fiscal year 2005 is for Non-Recurring Engineering (NRE) work associated with the avionics upgrades and does not upgrade any aircraft. The total project cost to upgrade all 42 aircraft is estimated at $121 million. This amount includes: long lead material, NRE, production, and operational test and evaluation. The HH–65 re-engining project is the highest priority aviation legacy asset sustainment project. The HH–60 avionics upgrade may be deferred if these funds are required to meet an accelerated re-engining solution.

Question. The fiscal year 2005 budget request includes $9 million for capability enhancements for HC–130 aircraft radar in one aircraft. How many HC–130 aircraft

are in the Coast Guard fleet? Does the Coast Guard intend to provide these capability enhancements for each HC–130? Is the anticipated cost $9 million per aircraft, or will this funding level decrease after the first radar upgrade is completed?

Answer. The Coast Guard currently has 27 total HC–130 "Hercules" aircraft, 22 of which are operational while 5 are storage or support aircraft. In addition, the Coast Guard recently acquired six HC–130J aircraft, which are not fully missionized. The $9 million in fiscal year 2005 will upgrade the radar on one HC–130H and will also pay for the Non-recurring Engineering and Operational Test and Evaluation of the first upgraded aircraft. Coast Guard does intend to provide these capability enhancements for each HC–130, once funding is available. The average unit cost is approximately $3 million.

Question. Was the fiscal year 2004 funding for the National Security Cutter (NSC) sufficient to complete the first NSC, or will a portion of the fiscal year 2005 requested funding be needed for its completion? The fiscal year 2005 budget request for the NSC is $274.5 million. Is this funding level sufficient to complete the first and second NSC? If not, what additional funding may be necessary for completion?

Answer. The funding for the National Security Cutter (NSC) in fiscal years 2002 through 2004 is sufficient to achieve initial operating capability for the lead ship. The Coast Guard anticipates requesting additional funding in fiscal year 2006 to attain full operating capability. Based on current cost projections, the fiscal year 2005 budget of $274.5 million for the NSC will complete the second NSC through full operating capability.

Question. The fiscal year 2005 budget request includes $5 million for the Offshore Patrol Cutter (OPC). Is this sufficient funding to complete the design for the OPC? If not, how much funding is needed for completion of the design phase? How much is needed to begin construction? When does the Coast Guard anticipate completion of the design, beginning construction, and delivery of the first OPC?

Answer. The $5 million requested in fiscal year 2005 will be combined with the $20 million appropriated in fiscal year 2004 to continue the requirements analysis, risk assessment and composite component analysis associated with the design and development of the Offshore Patrol Cutter (OPC). Based on a current projected cost for the OPC lead ship of $330 million, completion of the design would require an additional $59 million and construction would require an additional $246 million. The originally proposed implementation plan included acquisition of the first OPC in 2012, but the Coast Guard accelerated the design of the OPC to mitigate the risk of the deteriorating condition of the Medium Endurance Cutter fleet. Once the design is complete and the projected costs are refined, a business case analysis will be conducted to determine the optimal time to start the OPC construction, factoring in the latest information on the deteriorating condition of the Medium Endurance Cutter fleet.

Question. The fiscal year 2005 budget request includes $60 million for the 110–123 foot conversions and the Fast Response Cutter, but the request does not specify how much funding is needed for each activity. How many 110–123 foot conversions does the Coast Guard expect to achieve in fiscal year 2005? How much funding is needed per vessel to complete a conversion?

Answer. The Deepwater Program is conducting an analysis to determine the appropriate number of 123-foot patrol boat conversions to complete prior to switching to the Fast Response Cutter. A decision is expected this fiscal year (2004), and the Business Case Analysis will be provided at that time. The unit cost for the 110-foot to 123-foot Patrol Boat conversion is approximately $8.2 million per asset.

Question. The design phase of the Fast Response Cutter (FRC) was started in fiscal year 2003. Does the Coast Guard anticipate completion of the FRC design in fiscal year 2005? How much funding is necessary to complete the design of the FRC? What is the anticipated completion date for the design? When does the design phase end and construction begin?

Answer. The Coast Guard anticipates completion of the Fast Response Cutter (FRC) design in fiscal year 2005. The Deepwater Program is conducting an analysis to determine the appropriate number of 123-foot patrol boat conversions to complete prior to switching to the FRC. A decision is expected in fiscal year 2004, and the Business Case Analysis (BCA) for accelerating the FRC and the number of 123 conversions will be provided at that time. Construction could begin as soon as fiscal year 2006 if supported by the BCA.

Question. The fiscal year 2005 budget request includes approximately $2.3 million for one Long Rand Interceptor (LRI) and three Short Range Prosecutor (SRP) small boats, but does not specify how much funding is needed for each. How much funding is necessary for one Long Range Interceptor? How much funding is necessary for three Short Range Prosecutors?

Answer. In fiscal year 2005, approximately $1.37 million will acquire the three Short Range Prosecutor small boats, and $0.92 million will acquire the Long Range Interceptor lead boat.

Question. The fiscal year 2005 budget request includes $12.5 million for the surface capability sustainment and enhancement of the medium endurance cutter class. This request is an increase of approximately $5.5 million over the fiscal year 2004 funding level. Please explain this increase.

Answer. This increase can be explained by the continuing deterioration of the legacy surface fleet and the subsequent need to recapitalize major subsystems to sustain their operability as projected within the Integrated Deepwater System. The $12.5 million for Surface Capability Sustainment/Enhancements in the fiscal year 2005 budget request will fund a Mission Effectiveness Project (MEP) for the Medium Endurance Cutter (WMEC) fleet. The equipment and machinery slated to be replaced (e.g., evaporator replacement; propulsion control system upgrade; oily water separator replacement; waste heat cooling system modifications; and renewal of auxiliary pumps) is geared towards extending the service life approximately 5–10 years and ensuring the WMECs will remain serviceable until they are retired.

Question. Funding to begin the development and design phase of command, control, communications, computer, intelligence, surveillance and reconnaissance (C4ISR), increment 2, was provided in fiscal year 2004. Will the funding request for fiscal year 2005 complete the development and design of C4ISR, increment 2? If not, how much additional funding would be required to complete this phase of development and design?

Answer. The two C4ISR increments have two design phases. The first design phase is concept and preliminary design; the second design phase is detailed design and development. The funding provided in fiscal year 2004 was for the detailed design and development for C4ISR Increment 1 (the second of the two design phases for Increment 1). The funding requested in fiscal year 2005 is for concept and preliminary design for C4ISR Increment 2. In order to complete Increment 2, the detailed design and development portion must also be funded at approximately $30 million.

Questions. What is the division of program management responsibility between the Coast Guard and Integrated Coast Guard Systems (ICGS)? Is the Federal Government providing management funds to ICGS? How much of the total management cost does ICGS provide? What exactly is the fiscal year 2005 budget request of $45 million for systems engineering and integration? Are program management funds included within each Deepwater line item? If so, how is the Coast Guard certain that there are not any duplications in payment to ICGS?

Answers. The Coast Guard is responsible for all Program Management including oversight of the contract with the prime contractor, which is the systems integrator in the Integrated Deepwater System (IDS) Program. The systems integrator, Integrated Coast Guard Systems, LC (ICGS) has the responsibility for Contract Management including the subcontractors that execute the contract.

The Federal Government is providing Contract Management funds to ICGS, just as it does on all major acquisitions where a systems integrator is engaged to coordinate various subcontracted elements.

Contract Management funds are provided to ICGS through the Systems Engineering and Integration delivery task order. The Coast Guard receives Program Management funding through the Government Program Management budget category. The division of the $83 million requested for these two budget items is approximately 54 percent for ICGS and 46 percent for the Coast Guard. The $45 million budget request for Systems Engineering and Integration represents approximately 8 percent of the total contract value in fiscal year 2005, and approximately 6.6 percent of the Total Capital Acquisition. It must be emphasized that the Government Program Management and ICGS Contract Management are not the same thing.

The fiscal year 2005 budget request for Systems Engineering and Integration provides for the following activities:

—System of Systems Engineering including System Architecture development, Operational Effectiveness analysis, Total Ownership Cost management, and Enterprise level requirements management.
—Enterprise level System Integration
—Enterprise level System Integrator Program Management
—Quality Assurance
—Integrated Product and Process Development
—Integrated Master Schedule maintenance and management
—Aviation, Surface Vessel, C4ISR, and Logistics System Integration at the Enterprise level
—Contract Management

Delivery orders for each Deepwater asset include appropriate funds to execute the delivery order, just as in any other government acquisition. These funds would not typically be classified as Program Management.

The Coast Guard ensures there is no duplication of payment by using detailed statements of work at both enterprise and individual asset levels to clearly distinguish between activities. Furthermore, ICGS' first tier subcontractors maintain and report via timekeeping and billing systems that are under the constant oversight of defense auditing agencies.

Question. The fiscal year 2005 budget request includes $38 million for government program management. Does this request fully fund all program management costs? Are additional program management costs contained within other Deepwater line items? How many people does this funding request support? Is this enough to support all of the necessary personnel to manage the program properly?

Answer. The $38 million for government program management combined with the government personnel (201 military and civilian positions) supporting the program (funded from the AC&I Personnel line item) meets the Deepwater government program management requirement in fiscal year 2005. None of the other line items support government program management. Fifty percent, or $19 million, of the $38 million in government program management provides funding for the equivalent of approximately 124 contracted support personnel. The remaining 55 percent provides funding for such items as modeling and simulation, operational test and evaluation, travel, training, studies, phones and other administrative support materials. The funding provided in the government program management line item and the Deepwater portion of the AC&I personnel line item will support the necessary personnel to properly manage the program at the requested funding level.

GAO DEEPWATER PROGRAM MANAGEMENT REPORT

Question. In 2001, GAO reported on risks facing the Coast Guard as it went forward on Deepwater. Just this month, GAO again reported on these same risks, in particular that key components the Coast Guard needs to effectively manage the program and provide adequate contractor oversight were either missing or not fully developed. What is the Coast Guard's response to these criticisms?

Answer. The Coast Guard is dedicated to the continuous improvement of Deepwater, welcomes GAO's expertise and guidance, and has responded to these management concerns by developing a Plan of Action & Milestones (POAM) to correct deficiencies. As part of our "partnership" with GAO we will regularly report back on the status of this POAM and seek their feedback.

The specific quote in this month's GAO Report that references their audit of 2001 states, "Concerns about the Coast Guard's ability to rely on competition as a means to control future costs contributed to GAO's description of the Deepwater program in 2001 as 'risky.' Three years later, the Coast Guard has neither measured the extent of competition among suppliers of Deepwater assets nor held the system integrator accountable for taking steps to achieve competition."

The Coast Guard has placed particular emphasis on the ability to measure performance within the scope of the program. Over twenty measurement items have been defined and measured in the approximate 20 months that ICGS has been under contract. Additional measures are in the process of being defined and measured. This effort continues to evolve as the program identifies measures and data sources and as the system components mature from design to production, fielding, and disposal.

All of the Integrated Deepwater System items in the first 5 years of the contract were fully competed as part of the competition between the three industry consortiums led by Litton/Avondale Industries, Science Applications International Corporation, and Lockheed Martin Naval Electronics and Surveillance Systems. Going forward from contract award, the Deepwater Program has included Competition as a factor for determining if the contract should be approved for another term and how long that term should be. The measures for Competition being proposed for adoption include:

—Percentage of awards competed;
—Minimizing the number of teaming agreements;
—Number of advertisements publicizing supplier registration;
—Number of vendor outreach programs; and
—Percentage of first tier subcontracts that incorporate the intent of the Federal Acquisition Regulation clause 52–244.5 "Competition in Subcontracting."

The Coast Guard's systems integrator, ICGS, has also adopted the Open Business Model, initially a Lockheed Martin philosophy, as an official policy for ensuring com-

petition. The process ensures full, continuous, and open analysis of supplier alternatives throughout the program's execution.

—This approach entails obtaining proposals/quotes from two or more qualified suppliers, and then balancing the cost, quality and delivery of the components after the qualified suppliers have been identified to provide the required components. This model provides the flexibility to capture commercial technology when needed, and it is projected to provide better performance at equal or lower cost.

—The Open Business Model has been approved by the ICGS Board of Directors and is applicable to all Deepwater transactions.

—To enforce these regulations, ICGS has appointed a Competition Advocate and Ombudsman tasked to draft implementation procedures for regular reporting to ICGS.

—Visits by the ICGS Competition Advocate are also planned with Deepwater's industry partners to examine "make/buy" decisions and competition practices.

In addition to the issue of competition, the Coast Guard is diligently incorporating GAO's recommendations, as well as other best-business practices, into its operating procedures. The Coast Guard is actively addressing those management practices not in place, and is improving and maturing processes for those that are already in existence. The following is a summary of recommendations by GAO for executive action and the Coast Guard's mitigation strategies:

—Improve Deepwater program management—take the necessary steps to make Integrated Product Teams (IPTs) effective; ensure adequate staffing is addressed as outlined in the human capital plan (HCP), and ensure operators and maintenance personnel are prepared for the transition to new Deepwater assets.

  —We have clarified IPT roles and responsibilities over the past 20 months and are improving processes to attain full competency for each IPT.

  —The personnel funding account did not allow for additional personnel in fiscal year 2004. Several key military billets have been civilianized and military personnel have been brought onboard out of cycle.

  —The HCP will be updated and necessary training billets will be budgeted in sync with the fiscal year 2006 budget cycle.

  —ICGS has recently added representatives at the key maintenance and logistics sites to act as the POC for all maintenance coordination issues.

—Improve contractor accountability by improving award fee criteria, award fee assessments, system integrator accountability for IPT effectiveness in award fee determinations, Total Ownership Cost (TOC) baseline measuring cost, and criteria for TOC baseline adjustments.

  —We are addressing our processes for evaluating the contractor's performance. Five specific areas of performance were evaluated during the first term. Strict adherence to Federal Acquisition Regulations (FAR) was an overriding principle in all accounts.

  —The contractor award fee score is much lower than typical industry averages. We are confident that the Award Fee level was fair and represented an accurate assessment of contractor performance.

  —Objective measures are being introduced into the award fee process.

  —The Performance Measurement Plan, and in particular the Balanced Scorecard (BSC) Strategy Map clearly articulate how the objectives of the program's BSC identify input, process, and output measures that provide leading indicators of Operational Effectiveness, Total Ownership Cost, and customer satisfaction. BSC metrics continually measure the status of the program and allow for early course corrections if required. Deepwater, as the largest Performance-based acquisition in the Federal government is firmly anchored to metrics and can demonstrate its value to the taxpayer while meeting our customer's requirements.

  —The program has taken a proactive approach to contractor assessment to ensure that course corrections and adjustments can be made before the Award Term assessment in year four, prior to the end of the first term. An 18-month performance assessment was completed on February 23, and approved on March 4.

—Facilitate cost control through competition with system integrator accountability for competition among second tier suppliers.

  —For subcontracts over $5 million, notification to the Coast Guard is required, to include an evaluation of the alternatives considered, if ICGS subcontracts out to Lockheed Martin and/or Northrop Grumman.

  —The Open Business Model, initially a Lockheed Martin philosophy, is now official ICGS policy and is applicable to all Deepwater transactions. To ensure compliance, ICGS has appointed a Competition Advocate and Ombudsman,

who is drafting implementation procedures for regular reporting to ICGS and will examine Make/Buy and competition practices.

—The program will put additional processes in place to ensure competitive forces are being used to manage costs. An annual independent third party review of transactions will be conducted. The Agency Acquisition Executive will review any subcontract over $5 million awarded to Lockheed Martin or Northrop Grumman.

—A review of ICGS' application of their Open Business Model vis a vis accountability for ensuring competition will be included in the Award Term Evaluation and measured diligently as discussed earlier.

Question. Similarly, GAO has reported that while competition is critical to controlling Deepwater program costs, the Coast Guard does not have a system to measure the extent of competition among suppliers of Deepwater assets nor has it held the system integrator responsible for taking steps to achieve competition. What is the Coast Guard's response to these criticisms?

Answer. All of the Integrated Deepwater System nominated items in the first 5 years of the contract were fully competed as part of the competition between the three industry consortiums led by Litton/Avondale Industries, Science Applications International Corporation, and Lockheed Martin Naval Electronics and Surveillance Systems. The Coast Guard, the DOT, and the Office of Federal Procurement Policy through review and approval of the Request for Proposal indicated that this was appropriate competition for the first award term.

In the current phase of the Deepwater contract the Deepwater Program, based on GAO's recommendations, has now included competition as a factor for determining if the contract should be approved for another term and how long that term should be. The measures for competition being proposed for adoption include:

—Percentage of awards competed;

—Minimizing the number of teaming agreements;

—Number of advertisements publicizing supplier registration;

—Number of vendor outreach programs; and

—Percentage of first tier subcontracts that incorporate the intent of the Federal Acquisition Regulation clause 52–244.5 "Competition in Subcontracting."

The Coast Guard's systems integrator, ICGS, has also adopted the Open Business Model, initially a Lockheed Martin philosophy, as an official policy for ensuring competition. The process ensures full, continuous, and open analysis of supplier alternatives throughout the program's execution.

—This approach entails obtaining proposals/quotes from two or more qualified suppliers, and then balancing the cost, quality and delivery of the components after the qualified suppliers have been identified to provide the required components. This model provides the flexibility to capture commercial technology when needed and it is projected to provide better performance at equal or lower cost.

—The Open Business Model has been approved by the ICGS Board of Directors and is applicable to all Deepwater transactions.

—To enforce these regulations, ICGS has appointed a Competition Advocate and Ombudsman tasked to draft implementation procedures for regular reporting to ICGS.

—Visits by the ICGS Competition Advocate are also planned with Deepwater's industry partners to examine "make/buy" decisions and competition practices.

SMALL BOAT STATIONS

Question. What challenges are small boat stations facing in balancing search and rescue requirements with new homeland security requirements?

Answer. Broadly, the Coast Guard will continue seeking the appropriate balance among all its mission-programs while relentlessly pursuing our stated performance goals. In so doing, the Coast Guard will continue to focus not only on activity levels (hours), but also on achieving the desired outcomes for each Coast Guard mission. Our ability to achieve desired outcomes and performance goals have been significantly enhanced through improved technology, tactics and procedures making our activities that much more effective. Risk-based decision-making by local commanders will continue to be the primary driving factor behind the specific activity levels (hours) accrued in the course of Coast Guard operations.

At the Station level, the biggest challenges in balancing search and rescue (SAR) and homeland security (HLS) requirements are training and maintaining the 68-hour workweek standard. There are two primary factors that will improve training while maintaining the 68-hour workweek standard at Stations: formal training programs and experienced command cadre. In fiscal year 2003 and fiscal year 2004, the

President and Congress provided funding for the Coast Guard to improve both areas.

Formal Training.—The Coast Guard's goal is to increase Boatswain Mate "A" school throughput by 50 percent over the next 4 years. We have also increased recurring proficiency requirements giving qualified boat crewmembers more opportunities to practice necessary skills. In addition, we have increased the throughput at our resident training centers for Small Boat Coxswains, Heavy Weather Coxswains, and Surfmen removing some of the training burden from the field units.

These formal training opportunities provide a strong basic foundation for junior personnel. This strong foundation allows the command cadre to spend less time teaching basic fundamentals and more time teaching job specific tasks.

Experienced Command Cadre.—The Coast Guard used many of the new billets provided by the President and Congress to upgrade senior command cadre billets. Additional support billets were also provided at both Stations and Groups to relieve the command cadre of administrative burdens. These actions were focused on improving management and leadership, and providing more time for the command cadre to conduct training. Once all of the new billets are filled this year and personnel are qualified in their assignments, we anticipate improved training and reductions in the average workweek.

Question. What impact have the additional homeland security requirements had on the small boat stations' ability to meet other mission requirements, such as drug interdiction and fisheries enforcement?

Answer. Immediately following 9/11, the Coast Guard surged resources for homeland security activities. Over the past 2 years, the President and Congress have funded the Coast Guard with additional resources to address homeland security and all other mission requirements.

As required by Congress, some of these initiatives supported Station-level staffing, training, boat standardization, and readiness for all missions. Other initiatives were geared specifically toward the search and rescue program. The Coast Guard will continue to monitor the operating tempo and workload at Stations, and we will work within the Administration if additional resources are necessary. We will also use all of the resources as intended by the Congress.

Fishery Enforcement.—Stations continue to contribute significantly to the Coast Guard fishery enforcement mission. In fiscal year 2002, Stations conducted 974 fisheries enforcement boardings. In fiscal year 2003, Stations conducted 1,313 fisheries enforcement boardings, a 35 percent increase over fiscal year 2002 levels. These boardings contribute the Coast Guard's domestic fishery program goals.

Counter-Drug Operations.—The Coast Guard's overall counter-drug strategy is to interdict drugs offshore, far from the U.S. border. Coast Guard Cutters and Aircraft are primarily used for conducting these offshore patrols, however, Stations continue to respond to both counter-drug and migrant incidents when necessary.

Question. Given the increased operating tempo of small boat stations following September 11th, do stations have the resources—i.e. staff and boats—they need to fulfill all their mission needs? What additional resources, if any, are most needed?

Answer. In fiscal year 2003 and fiscal year 2004, the President and Congress provided funding for Stations to maintain a high level of service in a busy operating environment. Funding was provided for the Coast Guard to add or upgrade over 900 billets at Stations and the training and support facilities that serve them. Additionally, over $5.5 million of Personal Protective Equipment was provided for Station personnel with earmark and supplemental funding. Over 200 Response Boat—Smalls were also funded increasing operational capability. As required by Congress, these initiatives supported Station-level staffing, training, and readiness for all mission areas.

The President and Congress have also provided substantial funding since 9/11 specifically for homeland security. The Coast Guard has used some of this funding to purchase seventeen additional 87 foot Coastal Patrol boats, 13 Maritime Safety and Security Teams, and over 100 Sea Marshals. These new assets have helped reduce the high operating tempo observed at Stations immediately following 9/11. The President's fiscal year 2005 budget requests operating funds for five 179-foot Patrol Coastals providing additional resources to the Coast Guard.

The Coast Guard will continue to monitor the operating tempo and workload at Stations, and we will work with the Administration if additional resources are necessary.

Question. Inspector General reports have raised concerns about the lack of senior personnel available at boat stations in recent years to train new, or more junior personnel. As Coast Guard increases the number of new personnel assigned to stations in fiscal year 2004, what impact will this have on stations operations, including the ability of senior personnel to train less experienced staff?

Answer. In fiscal year 2003 and fiscal year 2004, the Coast Guard addressed the impact of senior personnel having to train less experienced staff by upgrading many senior command cadre positions, providing additional administrative support to Stations, and assigning additional staff to Groups.

These actions are focused on improving management and leadership, and reducing the administrative burden on the command cadre. In addition, we have increased the throughput at our resident training centers to remove some of the training burden from the field units. The Coast Guard continues assessing the impact of these changes to determine what actions, if any, are needed in the future.

The following highlights specific training efforts discussed above:

—Established one Ready Boat-Small Standardization (STAN)/Training Team to improve training, professionalism and performance.

—Added a dedicated course developer/writer/instructor to Training Center Yorktown Coxswain "C" School.

—Added Surfman Apprentices to the National Motor Life Boat School (NMLBS) to reduce the training burden at surf stations and increase the number of qualified Surfmen.

—Added 41 FTP for Boatswain Mate (BM) 'A' School throughput increases.

—Added 18 FTP for NMLB School Training throughput increases.

Question. What steps has the Coast Guard taken to address the issue of its aging 41-foot utility boat fleet, which is reaching the end of its service life?

Answer. The Coast Guard's fiscal year 2005 funding request includes $12 million to begin a limited production of six Response Boats-Medium (RB–M). The RB–M is the replacement for the aging 41-foot utility boat fleet. After initial limited production, the Coast Guard currently projects $140 million in additional funding needs for RB–M in the Five Year Capital Investment Plan, which accompanied the President's fiscal year 2005 Budget request for Coast Guard.

Question. What progress has the Coast Guard made in standardizing its non-standard boat fleet?

Answer. Since fiscal year 2002, the Coast Guard has ordered 255 Response Boat—Smalls. A large majority of these boats were purchased to enhance the Coast Guard's maritime homeland security capability in critical ports; however, some have been purchased to replace non-standard boats. By the end of fiscal year 2004, approximately 100 of the 350 total Non-Standard Boats will be replaced. We expect to replace approximately 12 percent per year thereafter until full replacement in fiscal year 2010.

PORT SECURITY ASSESSMENTS

Question. Is the Coast Guard on track to complete the Port Security Assessments of the 55 most critical ports in the United States by the end of this calendar year? Are additional funds necessary to complete these assessments?

Answer. The Coast Guard has conducted PSAs at 16 of the 55 top economically and militarily strategic U.S. ports. The remaining 39 port assessments are on schedule, funded and scheduled for completion in calendar year 2004.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Question. Please explain the approximately $1.4 million decrease in requested funding for the Coast Guard's research, development, test and evaluation account?

Answer. Prior year CG Research & Development (R&D) appropriations included project funds in addition to operating costs of the CG R&D Center at Avery Point, CT. The $13.5 million requested in the fiscal year 2005 Science and Technology (S&T) budget does not include any project funds; the request is intended to fund only facility and personnel (support and technical) costs at the CG R&D Center. This level is consistent with prior year costs and does not represent a decrease given its intent.

The fiscal year 2004 enacted level of $14.9 million was a significant reduction from the fiscal year 2004 request of $22 million and prior year appropriations causing a fiscal year 2004 imbalance between support costs (facility and personnel) and project funding with only approximately $2 million available for fiscal year 2004 project support. The CG is working with S&T to restore a proper funding balance in fiscal year 2005 and beyond and to develop a project portfolio that supports the many maritime security needs as well as the CG's "traditional" non-security mission-programs. Additional project funding will be critical to properly support mission needs and regain the R&D momentum lost in fiscal year 2004, particularly in areas such as Aquatic Nuisance Species and ballast water research. S&T and the CG have already agreed upon a base level of additional project funding in the amount of $5

million (for a total of $18.5 million) that will be targeted toward non-security related projects including maritime science and research.

Question. Will this line item for Coast Guard research and development continue to be decreased in subsequent fiscal years until there is one lump-sum research and development account within Science and Technology for all of the agencies at the Department of Homeland Security?

Answer. No. The Science and Technology Directorate (S&T) and Coast Guard (CG) are preparing a formal agreement that will detail the coordination and funding mechanisms for future CG Research & Development (R&D) capabilities. The foundation for that agreement is the consolidation of funding requested in the fiscal year 2005 budget ($13.5 million). S&T and the CG have further agreed upon a base level of additional project funding in the amount of $5 million that will be specifically targeted toward non-security related projects including maritime science and research. This funding will support CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to this $18.5 million in funding, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D portfolio detailing approximately $50 million in vital maritime security research initiatives. This portfolio has been validated by S&T portfolio managers and will be considered in the development of future spending priorities and commitments from S&T. Project funding levels for CG and other DHS component requests will depend on the risk and cost associated with the project, effect on agency missions, linkage to S&T strategic objectives, and executability.

Question. How will consolidating the research and development account into the Science and Technology Directorate affect the Coast Guard in general, in terms of control over research projects of particular interest to the Coast Guard and access to all ongoing research at the Department?

Answer. Through its portfolio manager at S&T, the CG will have direct access to, and visibility of, all S&T research and initiatives. While funding will be provided through S&T, the CG will retain control of the projects in support of its non-Security mission programs. The integration of funding and effort will go far to minimize redundancy and maximize the effectiveness of Coast Guard R&D while ensuring that all Coast Guard mission requirements remain a key part of S&T planning and resource decisions.

Question. How will this consolidation directly affect the Coast Guard Research and Development Center in Groton, Connecticut?

Answer. Unrelated to the funding consolidation, the CG is working through the GSA to relocate its Research and Development Center from Groton to a nearby, although not yet identified, location in southeastern Connecticut. The lease for the current facility expires in fiscal year 2006 and cannot be renewed. Even if the current lease could be renewed, the existing facility is unsatisfactory (e.g. not meeting OSHA code requirements) for a variety of reasons and would not be renewed.

Science & Technology (S&T) has no current plans to make other changes to the location or personnel staffing levels of the CG Research & Development (R&D) Center.

ALTERATION OF BRIDGES

Question. Since the fiscal year 2004 funding did not complete the ongoing bridge projects, how does the Coast Guard intend to continue and begin to complete certain bridge projects without additional funds in fiscal year 2005?

Answer. The Coast Guard's Alteration of Bridges request is zero in fiscal year 2005, because the three bridges currently under construction: the Florida Avenue Bridge in New Orleans, Louisiana; the Sidney Lanier Bridge in Brunswick, Georgia; and, the Limehouse Bridge, in Charleston County, South Carolina, are highway or combination highway/railroad bridges, and are eligible for funding from the Federal Highway Administration's Federal-Aid Highway program. Additionally, there are five bridge projects with completed designs for alteration: the Burlington Northern Santa Fe Bridge in Burlington, Iowa; the Burlington Northern Santa Fe Bridge in Fort Madison, Iowa; the Chelsea Street Bridge in Boston, Massachusetts; the EJ&E Bridge in Divine, Illinois; and, the CSXT (14 Mile) Bridge in Mobile, Alabama. These projects will not proceed to construction until approximately 75 percent of the total estimated cost to alter the bridge is available.

Question. If no additional funding is provided in fiscal year 2005 for the Alteration of Bridges, what will happen to the ongoing bridge projects?

Answer. Depending on construction progress and the rate at which billings are made against the projects, the funding for any one of three bridges currently under construction: the Florida Avenue Bridge in New Orleans, Louisiana; the Sidney Lanier Bridge in Brunswick, Georgia; and, the Limehouse Bridge, in Charleston County, South Carolina, may be depleted. At least 30 days prior to depletion of funds, the Coast Guard would give written notice to the bridge owner of such exhaustion of funds, consistent with the "Order of Apportionment of Cost". After receipt of such notice, the owner may continue the work with the understanding that no payment for such work will be made by the Coast Guard until additional Federal funds become available. If the owner elects not to bear the costs, the project would likely have to come to a halt, resulting in contract disruption, increased contractual costs, and the bridge potentially remaining a hazard to navigation.

In addition, the remaining 11 bridges, for which an Order to Alter has been issued, will not proceed to the next phase of development. The following table provides a summary of the status of all active Truman-Hobbs bridge alteration projects.

TRUMAN-HOBBS ORDER TO ALTER (O to A) PROJECT STATUS

BRIDGE NAME	RIVER/LOCATION	YEAR O to A	A/E	DESIGN	BID	ALTER
FLORIDA AVENUE	Inner Harbor Nav. Canal New Orleans, LA	1992	■	■	■	■
SIDNEY LANIER	Brunswick River Brunswick, GA	1991	■	■	■	■
JOHN F. LIMHOUSE	Stono River Charleston Co, SC	1994	■	■	■	■
BURLINGTON NORTHERN & SANTE FE	Upper Mississippi River Burlington, IA	1991	■	■	■	
BURLINGTON NORTHERN & SANTE FE	Illinois River Fort Madison, IA	1992	■	■		
CHELSEA STREET	Chelsea River Boston, MA	1992	■	■		
EJ&E RR	Illinois Waterway Divine, IL	1995	■	■		
14 MILE (CSXT)	Mobile River Mobile, AL	1999	■	■		
BNSF RR	GIWW Galveston, TX	2001	■			
UNION PACIFIC RR	Illinois River Pekin, IL	1996				
IOWA & MONTANA RAIL	Upper Mississippi River Sabula, IA	1996				
UNION PACIFIC RR	Upper Mississippi River Clinton, IA	1996				
GATEWAY WESTERN RR	Upper Mississippi River Louisiana, MO	1997				
CANADIAN PACIFIC RR	Upper Mississippi River LaCrosse, WI	1998				

Question. Could the Coast Guard be forced, by a court of law, to complete bridge projects which had been started because the bridges were deemed to be an obstruction to navigable waters by law?

Answer. Although litigation is a possibility, the Coast Guard does not have authority to fund bridge alteration absent a specific appropriation from Congress. Therefore, the Coast Guard does not believe a court could force it to complete a bridge project, absent an appropriation. Also, the bridge owner cannot claim to have relied on the Coast Guard funding any amount of the project above the amount specified in the Order of Apportionment of Cost. The Order of Apportionment of Cost further states: "Should it become apparent that appropriated funds will be exhausted before additional funds are made available, the Coast Guard will give at least 30 days written notice to the bridge owner of such exhaustion of funds." After receipt of such notice, the owner may continue with the work with the understanding that no payment for such work will be made by the Coast Guard until additional Federal funds become available. Since Congress placed the program under the Coast Guard's control in 1967, no bridge owner has filed a lawsuit to compel the Coast Guard to complete a bridge alteration project, because no project has been halted for lack of funding.

OIL PLATFORMS

Question. How much does the Coast Guard spend each year conducting emergency medical evacuations of personnel from oil platforms located in the Gulf of Mexico? Does the energy industry share any of this cost? If not, at what point should the energy industry bear some of the cost and personnel burden to perform the medical evacuations of their employees?

Answer. The Coast Guard is unable to determine how much it spends each year conducting emergency evacuations to oil platform employees. Many of the medical evacuations from oil platforms are persons injured aboard vessels and brought to nearby platforms for evacuation. The Coast Guard proposes this action when practicable, as it is often safer to land on the platform to load the patient for transport than it is to hoist the individual from a vessel, especially in poor sea conditions. The Coast Guard does not record medical evacuation information distinguishing between oil platform employees and persons injured at sea who were brought to the platform.

Industry normally shares the cost when an injury occurs on an oil platform and an industry supported or procured commercial helicopter at the platform, or at a nearby platform, provides transportation to medical facilities ashore. If a commercial helicopter is not available, or is unable to fly due to poor weather conditions, the Coast Guard generally provides the medical evacuation.

Medical evacuations from oil platforms make up a small percentage of cases in this region. In the past 12 months, the Coast Guard has conducted a total of 200 medical evacuations in that region, 13 of which were from oil platforms. A medical evacuation at sea is considered search and rescue, a traditional Coast Guard mission. The Coast Guard does not charge or accept charges for search and rescue.

Lastly, on a purely voluntary basis, the oil platforms have allowed Coast Guard helicopter to refuel at their platforms, which greatly extends the range of the HH–65. This "good Samaritan" refueling ability pays huge dividends, making Coast Guard operations possible at much greater distance from shore.

Question. Are any critical Coast Guard missions set-aside or overlooked in favor of medical evacuations from the oil platforms in the Gulf of Mexico? How many man hours are devoted to this task?

Answer. No, there are no missions that are set-aside or overlooked in favor of medical evacuations from oil platforms. The Coast Guard performs a small number of medical evacuations from oil platforms. In the past year, only 13 of the 200 medical evacuations that occurred in this region were from oil platforms.

In most cases, when an injury occurs on an oil platform an industry supported or procured commercial helicopter at either the platform or at a nearby platform provides the transportation to medical facilities ashore. However, in the event a commercial helicopter is not available, or poor weather conditions preclude the use of commercial helicopters, the Coast Guard will be contacted and will dispatch a resource to provide the medical evacuation depending upon the seriousness of the injury. A medical evacuation at sea is considered SAR and is a critical Coast Guard mission.

The Coast Guard is unable to determine the man-hours devoted to evacuating oil platform employees. Many of the medical evacuations are persons injured aboard vessels and brought to nearby platforms for evacuation. The Coast Guard proposes this action when practicable, as it is often safer to land on the platform to load the patient for transport than it is to hoist the individual from a vessel, especially in poor sea conditions. The Coast Guard does note record medical evacuation information distinguishing between oil platform employees and persons injured at sea who were brought to the platform.

Lastly, on a purely voluntary basis, the oil platforms have allowed Coast Guard helicopter to refuel at their platforms, which greatly extends the range of the HH–65. This "good Samaritan" refueling ability pays huge dividends, making Coast Guard operations possible at much greater distance from shore.

GULF COAST MARITIME DOMAIN AWARENESS INITIATIVE

Question. There is a concern in the Gulf of Mexico with Maritime Domain Awareness, as well as the need for developing a Common Operating Picture for offshore energy facility security and protection of key port and critical infrastructure. What are the Coast Guard's plans to help address this concern?

Answer. The Coast Guard will install Automatic Identification System (AIS) sensors on platforms that span the Gulf of Mexico from Port Isabel to Mobile, AL. Partnerships will be created with the platform owners to begin collecting AIS data by the end of fiscal year 2004. Plans for the second phase of this project include adding radar and ancillary sensors. All sensor data will be integrated into the Common Operational Picture (COP) that will be displayed at the Eighth District Command

Center in New Orleans, the Joint Harbor Operations Centers, and Sector Command Centers along the Gulf Coast.

Further technological enhancements already planned to improve interoperability and coordination include Rescue 21, implementation of the Global Maritime Distress and Safety System (GMDSS), and the Ship Security Alert System.

Partnerships and teaming efforts are in place to create a community of stakeholders with resources to help prevent security incidents in ports and around platforms. Working through the Area Maritime Security Committee (AMSC), a part of the Gulf Security Committee, we are improving communication among offshore platform operators and the Coast Guard. Outreach efforts with Homeland Security and Homeland Defense partners to create coordinated response procedures are being devised.

Question. Does the Coast Guard support using existing technologies, such as the Navy's Littoral Surveillance System, to demonstrate potential dual use Homeland Security applications to help support the mission?

Answer. The Coast Guard fully supports using existing technologies to expand Maritime Domain Awareness where appropriate. We are evaluating several existing technologies to expand MDA, including the Littoral Surveillance System (LSS). Other systems under review include Network Centric Collaborative Targeting (NCCT) and Global Network-Centric Surveillance and Targeting (GNCST).

Part of the Coast Guard's MDA effort includes the development and fielding of a Common Operational Picture (COP). The COP operates with the Global Command and Control System—Joint architecture. Any systems adopted for homeland security, must be interoperable and compatible with this architecture.

Overall, the LSS provides limited capability when compared to other systems and it is not currently compatible with the Global Command and Control System-Joint Architecture. There are other systems that provide greater capability, such as, the planned Gulf of Mexico project (which includes a NCCT component) and the Hawkeye system that provide port surveillance and tracking functionality. The Coast Guard is partnering with the Office of Naval Research to work on these initiatives.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question. The Trans-Alaska Pipeline System provides 20 percent of the Nation's domestic crude oil and 48 percent of the West Coast fuel supply through the Port of Valdez. Does the Coast Guard have adequate armed helicopter surveillance to protect the vessels moving through the Prince William Sound? If the Coast Guard is intends to arm MH–60 helicopters with M–240 machine guns and sniper rifles, how will this be achieved without negatively impacting the missions that these assets are performing?

Answer. The Coast Guard does not currently have armed helicopter surveillance of vessels moving through Prince William Sound. The Coast Guard conducted a surge operation, during a period of increased national threat (orange) to the Homeland, to protect tankers moving thru Prince William Sound (PWS) and in and out of Valdez, AK. The Coast Guard deployed a MH–68 Helicopter Interdiction Tactical Squadron (HITRON) helicopter to CG Air Facility Cordova. This short-term deployment was in response to validated intelligence and not to an increase in the national threat level.

The Coast Guard is also taking additional measures to protect vessels transiting Price William Sound. Since 9/11/01, three response boats have been located to Valdez. In August of 2003, the cutter LONG ISLAND was relocated from San Diego, CA to Valdez, AK. Additionally, a Marine Safety and Security Team will be established in Anchorage later this year.

The Coast Guard's long-term plan is to add Airborne Use of Force (AUF) capability to all organic helicopters. Arming HH–60 helicopters doesn't detract from their ability to conduct all USCG missions. Rather, it provides Coast Guard operational Commanders an additional capability to counter imminent homeland security threats that currently does not exist in the service's main-stream helicopter fleet.

Question. Alaska is slated to receive a Maritime Safety and Security Team (MSST) by the end of fiscal year 2004. Will this team require armed helicopter support for its missions?

Answer. Currently there are no plans for mandating that the Maritime Safety and Security Team (MSST) have dedicated armed helicopter support to perform their missions. The Coast Guard recognizes the inherent advantage of Airborne Use of Force (AUF) and is exploring this in conjunction with the development of enhanced law enforcement counter terrorism capabilities. The Coast Guard requests $1.8 million for armed helicopters in fiscal year 2005 to begin prototyping AUF aboard the

HH60J helicopters in Cape Cod, MA. The intent is to arm all Coast Guard helicopters in the future. The HH65 helicopter will require upgraded engine power to accommodate the increased weigh of AUF weapons and armor, which should be accomplished coincident to a safety and reliability upgrade of the powertrain over the next 18–24 months. The HH–60J has sufficient power margins to execute the AUF mission now. HH60J units are located strategically throughout the United States, including Kodiak and Sitka, Alaska.

Question. What steps is the Coast Guard taking to ensure that necessary support facilities are available for the forward deployment of C–130s to Shemya, Galena, or Cold Bay during the high threat season along the MBL?

Answer. The Coast Guard regularly deploys C–130 aircraft to Shemya and Galena for Maritime Boundary Line (MBL) and High Seas Drift Net (HSDN) enforcement patrols. Similarly, HH–60 aircraft deploy to Cold Bay for Bering Sea Crab for Search and Rescue (SAR) standby. These airfields are also used periodically outside these deployments. All three airfields are vital to mission performance.

The Coast Guard has found the facilities to be adequate over the last several years. During regular deployments to these airfields, Coast Guard aircrews evaluate the support facilities and work with the air facility directly to address these issues. Prior to deploying, facility assessments are conducted ensuring all requirements are met for the upcoming deployment.

Question. The City of Valdez is currently in the process of completing a feasibility study for constructing a new harbor basin. Does the Coast Guard have shore side infrastructure needs that should be incorporated into the City of Valdez's plan?

Answer. The Coast Guard has shore side and waterfront infrastructure needs in Valdez for small boat forces and the USCGC LONG ISLAND; a 110-foot patrol boat. The Coast Guard is currently evaluating shore infrastructure alternatives at Valdez to meet current and projected needs including construction on existing Coast Guard property, as well as possible integration into the City of Valdez Harbor Basin Project should the City of Valdez decide that a new harbor basin is feasible. The Coast Guard will consider the timeliness and overall cost of the various alternatives and related impacts to current and projected Coast Guard missions prior to deciding on a preferred alternative.

Question. The fiscal year 2005 Homeland Security budget request provides $152,000 to begin implementation of the Maritime Transportation Security Act of 2002 (MTSA) in Alaska. Will the Coast Guard's implementation of the MTSA require commercial fishing vessels and other vessels over 65 feet to purchase Automatic Identification System equipment?

Answer. Yes. Automatic Identification System (AIS) equipment will eventually be required onboard commercial vessels greater than 65 feet in length with the exception of passenger vessels certified to carry less than 151 passengers-for-hire (they will not be required to carry AIS). AIS will also be required onboard towing vessels of 26 feet or more in length and more than 600 horsepower, in commercial service, while navigating in a Vessel Traffic Service (VTS) area. With the exception of fishing vessels greater than 65-feet in length, the above vessels will be required to have AIS equipment not later than December 31, 2004. Fishing vessels greater than 65 feet in length will not be required to carry the AIS equipment until December 31, 2005.

Question. The fiscal year 2005 budget for Homeland Security transfers the Coast Guard's research and development funding to the Science and Technology Directorate. The fiscal year 2005 budget proposes to reduce Coast Guard RDT&E to $13,500,000, a reduction of $1,400,000 from fiscal year 2004 enacted levels. What impact will this reduction and transfer have on the Coast Guard's ability to develop new technologies to help maintain traditional missions in accordance with Section 888 of the Homeland Security Act?

Answer. The Science and Technology Directorate (S&T) and CG are preparing a formal agreement that will detail the coordination and funding mechanisms for CG R&D capabilities in fiscal year 2005 and beyond. The foundation for that agreement will be the consolidation of funding requested in the fiscal year 2005 budget. For fiscal year 2005, the CG R&D center facility, personnel and maintenance expenses will be funded through S&T in the amount of $13.5 million. In addition, S&T and the CG have agreed upon a base level of additional project funding in the amount of $5 million that will be specifically targeted to support "traditional" CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to this $18.5 million in funding, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D port-

folio detailing approximately $50 million in vital maritime security research initiatives. S&T portfolio managers have validated this portfolio. While not yet funded, it will be considered in the development of future spending priorities and commitments from S&T.

Provided that CG mission requirements totaling $18.5 million are adequately addressed and funded, the integration of funding and effort within S&T will go far to minimize redundancy and maximize the effectiveness of CG R&D while ensuring that all CG mission requirements, as outlined in Section 888 of the Homeland Security Act, remain a key part of S&T planning and resource decisions.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

MISSION HOURS

Question. Based on the most recent quarterly report on mission hours, the Coast Guard continues to dedicate less time to traditional missions compared to pre-September 11, 2001 levels. However, the Coast Guard continues to meet or exceed performance goals in those areas. What are the reasons for maintaining or exceeding performance standards in non-homeland security mission areas when mission hours dedicated to those areas have decreased since September 11, 2001? Please include specific technology that has improved performance, improved intelligence mechanisms, and efforts to partner with other Federal, State and local partners that have improved performance.

Answer. Based on measurements in fiscal year 2003, the Coast Guard met its performance goals in each non-homeland security program area. In many mission program areas the Coast Guard is leveraging emerging technology, intelligence, and partnerships with other Federal, State and local governments to increase or maintain specific performance with fewer dedicated resource hours than historical standards. Specific examples include:

Emerging Technologies.—Night Vision Goggles used by cutter, aircraft and maritime safety and security team personnel allow for safe operations and enhanced ability to detect objects in the water during nighttime Search and Rescue operations. Self Locating Datum Marker Buoys used in the search and rescue program provide up to date data that can be used to better determine where to begin a search. The Coast Guard intends for this technology to improve both search effectiveness and efficiency. Boarding officers and marine inspectors are using Personal Digital Assistants (PDAs) to conduct and record their work. The Coast Guard expects that using PDAs will reduce redundant paperwork and facilitate electronic database entries.

Intelligence Improvements.—The placement of Field Intelligence Support Teams to provide tactical intelligence support to Coast Guard operational commanders by collecting and reporting suspicious or criminal activity, communicating with other agencies at the local level, and rapidly disseminating intelligence to the Captain of the Port other local commanders and the Coast Guard intelligence program. New Intelligence Centers were created in 2003; two Maritime Intelligence Fusion Centers have been sited in Atlantic and Pacific Areas. These centers increase collection and analytical capabilities enhancing the Coast Guard's ability to fuse intelligence from various sources and improve the timeliness and quality of theater-level intelligence support to Coat Guard operational forces. In 2001 the Coast Guard joined the United States Intelligence Community (IC), a federation of executive branch agencies and organizations that work separately and together in intelligence-gathering activities.

Partnerships.—Interagency Flight Schedules—In Miami, the Coast Guard and the Immigration and Customs Enforcement office have developed a combined flight schedule to integrate patrol schedules and assets, which has led to less overlap in response efforts, saving time and resources for both agencies. This not only provides efficiencies to security patrols but also frees up Coast Guard assets for non-homeland security missions. Partnerships with organizations such as the U.S. Power Squadron and Boat United States enable the Coast Guard to distribute information on safe boating practices to the recreational boating public. These efforts also advocate for public boating education, which has been shown to lead to improved boating safety. The National Marine Fisheries Service is providing the Coast Guard access to their National Vessel Monitoring System (N–VMS) data, enabling the Coast Guard to better maintain surveillance of fishing fleets and respond to illegal activity. This partnership is allowing the Coast Guard to allocate enforcement resources more effectively.

Question. The Commandant testified that with the budget increases received since fiscal year 2003 and with the increase included in the fiscal year 2005 request, the Coast Guard will be close to levels in place before September 11, 2001 in its traditional mission areas. Since the Coast Guard is already meeting or exceeding performance goals in traditional mission areas with less hours dedicated to those missions, is the Coast Guard adjusting performance goals upward to accommodate for the additional hours that will be dedicated to those areas? If so, please be specific. If not, why?

Answer. The Coast Guard will continue to seek the appropriate balance among all its mission-programs and relentlessly pursue our stated performance goals. The Coast Guard will continue to focus not only on activity levels (hours) but also on achieving the desired outcomes for each Coast Guard mission. Our ability to achieve desired outcomes and performance goals can be significantly enhanced through improved technology, tactics and procedures making our activities that much more effective. Risk-based decision-making by local commanders will continue to be the primary driving factor behind the specific activity levels (hours) accrued in the course of Coast Guard operations.

The Coast Guard's fiscal year 2005–2009 budget request highlights improvements in performance targets for most of the Coast Guard's non-homeland security missions, again driven by desired outcomes and not solely resource hours. For example:

	Fiscal year				
	2005	2006	2007	2008	2009
SAR (percent)	86	87	87	87	88
Marine Environmental Protection	40	40	38	37	35
Aton	1,831	1,748	1,664	1,600	1,535

SAR—Percent of mariners whose lives are in distress that are saved.
Marine Environmental Protection—Number of spills (>100 gallons) per 100 million.
Tons of Oils and Chemicals shipped.
Aton—5-year average number of collision, groundings, and allisions (striking a fixed object).

OPERATION NOBLE EAGLE

Question. Since the attacks of September 11, 2001, the U.S. military has been providing domestic air support for homeland defense purposes. In public discussions, NORTHCOM General Ralph Eberhart said that the Department of Defense was reviewing whether there should be a similar function in place to support Coast Guard efforts in U.S. waters. Is such a plan being discussed with the Coast Guard and what benefits would be gained from U.S. military support?

Answer. Collaboration continues to grow in the area of Maritime Domain Awareness. Several steps have been taken toward establishing a cohesive national strategy to achieve Maritime Domain Awareness, such as establishing a Navy-Coast Guard steering group and the co-sponsoring of an Assistant Secretary of Defense of Homeland Defense—DHS National Maritime Domain Awareness Summit scheduled for May 7, 2004. Maritime Domain Awareness is a mutual effort of the DHS, the DOD, and the entire Intelligence Community. Inherent to our increased awareness will be efforts to improve our national ability to respond to all threats in the maritime environment. Much work has been done to streamline the process of providing DOD assets to the Coast Guard when the situation warrants. These efforts are ongoing and have not yet been fully implemented. Also, an agreement that will allow Coast Guard forces to execute defense missions quickly is close to implementation. Both of these initiatives contribute to a growing integration of effort between the DHS and DOD. Together, NORTHCOM, the U.S. Navy, and the U.S. Coast Guard, Immigration and Customs Enforcement, Customs and Boarder Protection, and Transportation Security Administration are working collaboratively to fashion a more secure maritime environment for the nation.

SUPPORTING EFFORTS IN IRAQ

Questions. The fiscal year 2004 supplemental appropriations act provided $80 million to the Coast Guard for continued operations in Iraq. The Coast Guard currently maintains four 110 foot patrol boats, a port security unit, and other support personnel for operations in Iraq. There are approximately 375 personnel dedicated to Operation Iraqi Freedom.

What is the monthly cost to support and operate these assets? When will the $80 million provided in the fiscal year 2004 supplemental be depleted? The Secretary testified earlier this year that there will not be a supplemental spending request this year for the Department. Will the Coast Guard be able to cover operational ex-

penses related to assets dedicated to Operation Iraqi Freedom in fiscal year 2004? If Coast Guard assets are needed to maintain support for Operation Iraqi Freedom in fiscal year 2005, what will the total cost be to operate and support those assets?

Answer. The average monthly cost to support and operate Coast Guard Assets funded via the 2004 Emergency Supplemental Appropriation supporting the Global War on Terrorism is approximately $6.7 million per month.

The $80 million provided to the Coast Guard in the fiscal year 2004 Emergency Supplemental, via transfer from the Navy, will be completely obligated by September 30, 2004.

The Coast Guard will be able to cover current operational expenses related to missions, assets and personnel dedicated to the Global War on Terrorism (including Operation Iraqi Freedom and Operation Enduring Freedom) in fiscal year 2004.

At the current level of Coast Guard participation in term of assets and personnel requirements, the Coast Guard estimates it will cost between $95 million to $105 million to operate and support the Global War on Terrorism (including Operation IRAQI FREEDOM and Operation ENDURING FREEDOM) in fiscal year 2005. The Coast Guard is continuing to work with the Department of Defense and the Department of Homeland Security to further refine fiscal year 2005 mission tasking in support of the Global War on Terrorism and the overall resources required to support these operations.

DEEPWATER AWARDS TO PRIME CONTRACTORS

Questions. According to a recent report by the General Accounting Office, the Coast Guard does not have the capability to assess the performance of the Deepwater program. Yet, the Coast Guard awarded the prime contractors with a $4.0 million bonus for work accomplished in the first year of the contract based on an 87 percent rating. The ICGS received this rating despite schedule delays, such as the delivery of the 123 foot cutter, which was delayed by 4 months. The schedule for the Maritime Patrol Aircraft has slipped as well.

The Department of Defense recently renegotiated the contract for the USS Dwight D. Eisenhower so that the prime contractor will receive its bonus only if the project is completed on time and meets specified targets. (1) Would the Coast Guard be willing to consider this approach for the Deepwater contract? (2) What benefits do the taxpayers receive by awarding bonuses to the contractor before the work is completed and when specific targets have not been met? (3) What benefits do the taxpayers receive if the contractor receives performance bonuses only if the project is completed on time and meets specified targets?

Answers. Would the Coast Guard be willing to consider this approach for the Deepwater Contract?

Yes—in fact, Deepwater has adopted part of this approach already in the structure of the Award Term incentive. ICGS is only able to earn additional award term periods if deliveries are timely. For instance, in order to earn an additional 5 award term, they must receive a performance rating of "excellent." Under the award term plan an "excellent" rating is defined as: The Contractor's overall performance record strongly supports its ability to manage risks and actually deliver as planned.

At this time, the award fee that is tied to certain Delivery Task Orders is being revised to focus more on schedule as compared to the earlier award fee criteria. One feature of this incentive for an award fee early in the contract to help reinforce the partnership approach, which has been identified as a "Best Practice." To wait until the contract delivered a product before providing an incentive was judged as not keeping with the intent to build a partnership early on between industry and the government. The targets for the award fee that was cited in the GAO report was an annual award fee for System Engineering and Integration.

(2) What benefit does the taxpayer receive by awarding bonuses to the contractor before the work is completed and when specific targets have not been met?

Incentives for contractors serve many purposes. One purpose of incentives is to motivate the contractor to focus on contractor performance/behavior at critical times in the contract. One dimension of the IDS contract incentive approach is to focus on partnership between the Coast Guard and ICGS.

(3) What benefit does the Taxpayer receive if the contractor receives performance bonuses only if the project is completed on time and meets specified targets?

The benefit that the taxpayer receives is that the contactor receives incentives only if the project is completed on time and meets specified targets, is the best-case scenario. However, in a different scenario where the contractor is behind on schedule and cannot make up the time, this creates a situation where there is no additional incentive for the contractor to try to make the delay as short as possible. In this scenario, the contractor will, at the time, be working only to the exact letter

of the contract specifications, not to the spirit of a partnership to reach mutually agreeable results. At that time, any situation in which the government has even partial responsibility will be seized on by the contractor to initiate a contract claim; a claim that could have potentially been avoided if an incentive was still in place. This is the reason that the IDS contract strategy contains two types of incentives:

—*Specific Short-Term Award Fee.*—Results in a short-term (usually 1-year period) award fee. This provides a dollar amount award fee based on an Award Fee Determination is usually targeted at very specific performance for the period.

—*Long-Term Award Term.*—Results in a longer term evaluation and in the case of IDS, the term evaluation period is for the first 5 years and is determined during the last year. This incentive, which if awarded, is for another award term from 1 to 5 years allowing the contractor to keep performing under the contract for the period of time awarded. The following four factors are included in the Award Term Assessment:

—Operational Effectiveness

—Total Ownership Cost

—Customer Satisfaction

—Competition

If deliveries occur late, that performance will be reflected in Total Ownership Coast and Customer Satisfaction. If specific targets are not met, then Operational Effectiveness and Customer Satisfaction will reflect that Performance.

If there is a continuation of late deliveries, the Deepwater Program, which is measuring the schedule, will reflect that in it's Award Term Assessment and the Award Term could be adjusted accordingly; from zero to five additional years under the contract. Again, if ICGS complete all other assets on time and meets all required targets, the Award Term Assessment would reflect this overall performance and balance the achievement of the rest of the deliverables with these start up delays.

By continuing both short and long-term incentives, along with robust performance measuring, Deepwater has the tools and methodology in place to appropriately manage this Performance Based Acquisition, yet respond to any changes in DHS priorities and changes in funding.

With respect to GAO's comments, the following is provided:

—GAO states the Coast Guard does not have the capability to assess the performance of the Deepwater Program. The Coast Guard does have the capability to assess performance. As stated in the GAO report, the Coast Guard assessed the performance for the first year to be 87 percent; since then we have documented and evaluated ICGS' logistics system at 79 percent and their service in providing HITRON at 90.6 percent. The process for assessment does need improvement and more objectivity, which the Coast Guard is currently implementing.

—The award fee that was cited was for the first year's System Engineering and Integration and was not for the 123-foot cutter or the Maritime Patrol Aircraft.

—Delaying any incentive until an approximate 20-year program is complete would not allow the government to recoup the benefit of having incentives consistently provided at smaller intervals of time.

DEEPWATER MANAGEMENT

Question. As GAO states in its recent report on the management of the Deepwater program, the two first tier subcontractors have sole responsibility for determining whether to hold competitions for Deepwater assets or to provide these assets themselves. The GAO said that the Coast Guard does not have the mechanism in place to hold the contractor accountable. What is the Coast Guard doing to ensure that future contract decisions are made on a competitive basis?

Answer. The Deepwater Program, working with GAO, is now including additional competition factors for determining if the contract should be approved for another term and the length of a subsequent term. The measures for competition being proposed for adoption include:

—Percentage of awards competed;

—Minimizing the number of teaming agreements;

—Number of advertisements publicizing supplier registration;

—Number of vendor outreach programs; and

—Percentage of first tier subcontracts that incorporate the intent of the Federal Acquisition Regulation clause 52–244.5 "Competition in Subcontracting."

The Coast Guard's systems integrator, ICGS, has also adopted the Open Business Model, initially a Lockheed Martin philosophy, as an official policy for ensuring competition. The process ensures full, continuous, and open analysis of supplier alternatives throughout the program's execution.

—This approach entails obtaining proposals/quotes from two or more qualified suppliers, and then balancing the cost, quality and delivery of the components after the qualified suppliers have been identified to provide the required components. This model provides the flexibility to capture commercial technology when needed, and it is projected to provide better performance at equal or lower cost.
—The Open Business Model has been approved by the ICGS Board of Directors and is applicable to all Deepwater transactions.
—To enforce these regulations, ICGS has appointed a Competition Advocate and Ombudsman tasked to draft implementation procedures for regular reporting to ICGS
—Visits by the ICGS Competition Advocate are also planned with Deepwater's industry partners to examine "make/buy" decisions and competition practices.

DEEPWATER ESTIMATES

Question. How much would be required in fiscal year 2005 to put the Deepwater program on track for completion in 20 years as originally planned? Please provide the outyear costs to meet a 20 year schedule. Provide estimates for completion in 15 years and 10 years as well.

Answer. This is a complex, multi-variable equation, and as such developing comprehensive systems-wide analysis on various levels is challenging. The table below is based on an approximate total acquisition cost of the IDS project scoped out prior to 9/11 at approximately $12 billion (in 1998 dollars).

Est. fiscal year 2005 funding level	$1,892	$1,105	$795
Est. number of years	10	15	20
Est. completion date	2011	2016	2021
Notes:			

The estimated number of years to complete represents a rough order of magnitude estimation. These estimates will be impacted by the materiel condition of legacy assets, deterioration trends, evolving Coast Guard missions/demands within DHS and fluctuation in funding over the life of the project.

The estimated completion date assumes funding begins in 2002 and ends in year depicted. Actual full implementation is approximately 2 years after end of procurement.

The estimated funding level for 20 and 15 years are in 2005 dollars and assume continued funding at this level adjusted for inflation.

The estimated funding level for 10 years is in 2005 dollars and assumes the cash flows as provided in the March 07, 2003 Report to Congress on the feasibility of accelerating IDS.

Question. For each asset planned to complete the Deepwater program, provide the total cost for each asset a functional description of the use of each asset, and the number of each asset the Coast Guard currently plans to acquire.

Answer. A table is shown below which includes the number and projected unit cost for each major asset the Coast Guard plans to acquire through the Integrated Deepwater System acquisition program.

[Dollars in millions]

Assets	Lead Asset(s) Projected Cost	Lead Asset(s) Qty	Average Projected Follow-on Cost	Follow-on Qty
National Security Cutter (NSC) [1]	$475	1	$265	7
Offshore Patrol Cutter (OPC) [1]	330	1	175	24
Fast Response Cutter (FRC) [1]	78	1	40	57
123′ (110′ to 123′ Conversion)	16.5	1	8.2	[2] 48
Maritime Patrol Aircraft (MPA)	145	2	33	33
Vertical Take-off & Landing Unmanned Air Vehicle (VUAV)	138	2	5.3	66
Multi-mission Cutter Helo (MCH)	82	1	6.2	92
Vertical Take-off & Landing Recovery & Surveillance Aircraft (VRS)	110	2	15.0	32
High Altitude Endurance Unmanned Air Vehicle (HAE–UAV)	In accordance with the original IDS implementation plan, the HAE–UAV will be leased starting in fiscal year 2016 using Operating Expense Funding based on the ICGS Implementation Plan. The lease will provide approximately 16,100 hours of surveillance per year at an approximate cost of $4,000 per hour in fiscal year 2002 dollars. The average annual cost per year is approximately $64.5 million in fiscal year 2002 dollars.			

[1] Includes DHS Capability for CBR (Chemical, Biological and Radiological) capability, interoperability with DHS and other Government Agencies (OGAs), selected counter measures and protection from certain terrorist weapons.

[2] The number of 123′ conversions will be decided based on the Business Case Analysis (BCA) currently underway on when to shift to the Fast Response Cutter (FRC).

At full implementation, the Integrated Deepwater System comprises three classes of new cutters and their associated small boats, a combination of new and upgraded fixed-wing manned aircraft, a combination of new and upgraded helicopters, and both cutter-based and land-based unmanned air vehicles (UAVs). All of these highly capable assets will be linked with state-of-the-art Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems, and will be supported by an integrated logistics regime. The following are functional descriptions of each asset listed above.

Upon departure for patrol, each NSC and OPC will be outfitted with the small boat package and aviation detachment most appropriate for that particular patrol. These cutters will have the capability to deploy with two MCHs or four VTOL Unmanned Air Vehicles (VUAVs) or a combination of these. Additionally, the NSC and OPC will be able to land, launch, hangar, service, and replenish the VTOL Recovery and Surveillance (VRS) helicopter.

Fast Response Cutters (FRCs) can be deployed independently in support of law enforcement, port security, search and rescue, and defense operations missions. Typical missions include near-shore fisheries, choke point interdiction, barrier patrols, and providing a show of presence in areas of concern.

The 123-foot Patrol Boat is a modification of the 110-foot Island-Class Patrol Boat. The renovation extends the length 13 feet to allow for the installation of a stern boat launch—enhancing small boat launch and recovery. The renovation includes a new superstructure and pilothouse, including a 360-degree bridge for increased visibility and a large increase in available deck space. The renovation also includes upgrades to the C4ISR suite to provide for increased capabilities in communications, detection and prosecution.

The Multi-Mission Cutter Helicopter (MCH) is an upgraded version of the legacy short-range recovery helicopter, the HH–65. The HH–65 will undergo a Service Life Extension Plan (SLEP) that will yield a like-new aircraft. The MCH will assist in the missions of search and rescue, enforcement of laws and treaties, as well as maritime homeland security missions.

The CASA CN 235–300M (Maritime Patrol Aircraft) is a transport and surveillance, fixed-wing aircraft that will be used to perform search and rescue missions, enforce laws and treaties including illegal drug interdiction, marine environmental protection, military readiness, and International Ice Patrol missions, as well as cargo and personnel transport. It can perform aerial delivery of search and rescue equipment such as rafts, pumps, and flares, and it can be used as an On Scene Commander platform.

The AB–139 VRS (Vertical Take-off and Landing Recovery and Surveillance Aircraft) is proposed as the Integrated Deepwater System medium-range recovery aircraft, and would begin introduction in 2014. These helicopters will be used as medium range responders for offshore operations, and can provide shore-based aviation surveillance capability.

The Bell HV–911 "Eagle Eye" Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV) is a low maintenance shipboard deployable unmanned aircraft. The VUAV will allow the Coast Guard to extend the surveillance, classification and identification capability of its major cutters through its speed, range, and endurance. This asset will be used for maritime homeland security, search and rescue missions, enforcement of laws and treaties including illegal drug interdiction, marine environmental protection, and military preparedness.

The proposed High Altitude Endurance Unmanned Air Vehicle (HAE–UAV), Northrop Grumman's RQ–4A Global Hawk, will bring even further capability to the Coast Guard aviation solution. Providing an air solution that is built on speed and endurance, the HAE–UAV can get on-site quickly with an air speed up to 400 knots. With its 12,500 nautical mile range and 38 hour endurance combined with satellite and line-of-sight communication links to other air and surface platforms and operations centers ashore, the Global Hawk from a height of 65,000 feet can use its high-resolution sensors to conduct surveillance and monitoring operations in adverse weather conditions, day or night, over an area about the size of Illinois in 24 hours. HAE–UAVs will possess the ability to transmit data and other imagery to shore-based Command and Control (C2) centers as part of the Common Operational Picture (COP).

Question. Provide the total cost that will be required for prime contractor program management in fiscal year 2005 and over the life of the Deepwater contract.

Answer. The table below provides enacted appropriation history for the Integrated Deepwater System (IDS) from fiscal year 2002 through fiscal year 2004, including Total Capital Acquisition and Systems Engineering and Integration (prime con-

tractor program management). The table also provides the funding at the President's Budget for fiscal year 2005, and projections for the outyears until the acquisition is built out.

[In Millions of Dollars]

Fiscal year	Total capital acquisition	System engineering & integration
2002	320.2	53.9
2003	474.9	43.4
2004	664.3	41.9
2005	678.0	45.0
2006	[1] 688.8	[3] 41.8
2007	[1] 700.6	[4] 40.4
2008	[1] 713.2	[4] 38.7
2009	[1] 726.0	[4] 37.4
2010	[2] 739.8	[4] 37.0
2011	[2] 753.9	[4] 38.0
2012	[2] 768.2	[4] 38.4
2013	[2] 782.8	[4] 37.0
2014	[2] 797.7	[5] 36.9
2015	[2] 812.8	[5] 38.2
2016	[2] 828.2	[5] 38.9
2017	[2] 844.0	[5] 40.1
2018	[2] 860.0	[5] 39.7
2019	[2] 876.4	[5] 39.6
2020	[2] 893.0	[5] 40.0
2021	[2] 910.0	[5] 40.7
2022	[2] 927.3	[5] 41.6
2023	[2] 944.9	[5] 39.3
Total		887.9

[1] Then Year Dollars provided in the Coast Guard's Capital Investment Plan.
[2] Then Year Dollars, based on the final year of Capital Investment Plan, inflated using a 1.9 percent inflation factor.
[3] Systems Engineering & Integration amount based on proposal prices provided in June 2002.
[4] Then Year Dollars based on Systems Engineering & Integration amount proposal prices provided in June 2002 and then inflated using OMB/USCG Non-pay Inflation.
[5] Then Year Dollars based on Systems Engineering & Integration amount proposal prices provided in June 2002 and then inflated using a 1.9 percent inflation factor from 2014 through 2023.

DEEPWATER PATROL BOATS

Question. The Deepwater contract with the Integrated Coast Guard Systems (ICGS) calls for the modification and conversion of 49 110 foot patrol boats to 123 foot patrol boats. According to the Coast Guard, the number of 123 foot conversions may change based on an ongoing Business Case Analysis on when to shift to the Fast Response Cutter (FRC).

What is the timeline to complete this analysis and how will it affect resources appropriated to date and requested in fiscal year 2005?

Answer. The Business Case Analysis on accelerating the acquisition of the Fast Response Cutter (FRC) is expected in fiscal year 2004. The results of the Business Case Analysis will not affect resources appropriated to date or requested for fiscal year 2005. The Coast Guard will use this analysis to assist in determining the appropriate number of 123-foot patrol boat conversions, while accelerating the FRC as appropriated in the IDS Patrol Boat Line item.

SECURITY PLANS FOR VESSELS AND PORT FACILITIES

Question. To meet the requirements of the Maritime Transportation and Security Act (MTSA), vessel owners and port facility owners were required to submit security plans to the Coast Guard for review and approval by December 31, 2003.

How many vessel and port facility owners failed to submit a security plan? How many penalties have you levied against non-compliant companies? How many plans have you sent back for revisions? Based on the plans that have been submitted to the Coast Guard, what is being learned about the security needs of vessels and port facilities?

Answer. As of April 7, 2004, the Coast Guard has issued Notices of Violation to 95 vessels and 66 facilities. Each of those violations was for failing to submit a completed security assessment and has a $10,000 civil penalty associated with it. Subsequently, the Coast Guard has issued civil penalties in the amount of $25,000 (addi-

tional) to four of these facilities for failing to submit a completed security plan. These penalties were based on violations of 33 CFR Section 104.410 for vessels and 33 CFR Section 105.410 for facilities.

The Coast Guard is following a three-step process to review and approve facility security plans. The first-step is a broad overview, the second-step is a detailed review, and the third-step is an on-site inspection. On-site inspections have just recently commenced. Plans may require revision during any stage of review or inspection.

The Coast Guard is following a two-step process to review and approve vessel security plans. The two stages are similar to the first two stages used for facility plans, but there is no on-site inspection required. Also like facilities, vessel security plans may require revision during either stage of review.

As of April 7, 2004, the Coast Guard had received 9,250 vessel security plans. Of the total vessel security plans received, 1,884 are being revised. The Coast Guard Marine Safety Center is currently engaging these vessel owner/operators to ensure these vessels meet the July 1, 2004 deadline.

As of the same date, the National Plan Review Center had received 3,181 facility security plans. Of the total facility security plans received, 383 are being revised. The Coast Guard National Plan Review Center is currently engaging these facility owners and/or operators to ensure these facilities meet the July 1, 2004, deadline.

The Coast Guard has two concerns as plans are being reviewed: (1) Assessment Reports required to go forward with the plans are often too abbreviated and may require the COTP to read the entire assessment prior to going forward with approval; and (2) regulations do not require a layout of the facility which would help the plan reviewers. The latter issue can be worked around with overhead images and prior submissions from the facility that have layouts.

Question. When Secretary Ridge testified before this subcommittee in February, he said that he believes port facility owners should bear most of the financial burden to harden security at our seaports. What evidence do you have that these owners are stepping up to the plate and investing their own resources in port security?

Answer. The Federal Government is bearing most of the financial burden to harden security at our seaports. Department of Homeland Security spending on port security increases by $224 million (13 percent) in the President's Budget, from $1,661 million in 2004 to $1,885 million in 2005. Within the 2005 total is $1,675 million for Coast Guard port, waterway, and coastal security activities, including over $100 million to implement the Maritime Transportation Security Act (MTSA). The DHS port security total also includes $164 million in U.S. Customs and Border Protection for the Container Security Initiative and the Customs Trade Partnership Against Terrorism, and $46 million in the Office for Domestic Preparedness for port security grants.

Port facility owners must also do their share. The owners/operators of these regulated facilities realize that they must be fully compliant with approved facility security plans by July 1, 2004 or face suspension of operations. All indicators are that they are working hard in preparation to meet the enforcement date. As of March 23, 2004, 3,205 facilities have submitted security plans to the National Plan Review Center in Kansas City, KS. This represents approximately 99 percent of the facilities required to submit plans. In addition to preparing their plans, facility owner/operators are purchasing and installing physical security equipment and providing training to their personnel. Coast Guard inspectors are observing improved access control and personnel monitoring, fencing, security patrols, and signage during facility security spot checks conducted in conjunction with other required visits.

AUTOMATIC IDENTIFICATION SYSTEM

Question. The Maritime Transportation Security Act, which President Bush signed on November 25, 2002, requires vessels entering U.S. ports to have an automatic identification system (AIS) on board by the end of 2003 that will identify the ship, the size of the ship and the type of cargo on the ship when they arrive at U.S. ports. Congress appropriated $24 million in fiscal year 2004 to install towers at selected ports and to initiate a plan to create a nationwide system for all major seaports. Your fiscal year 2005 request includes only $4 million to continue this effort. The Coast Guard indicates that by the end of fiscal year 2004, only 9 seaports will be able to receive AIS signals from vessels entering our ports. Of the 9 seaports, how many will have full AIS coverage?

Answer. By December 31, 2004, all nine ports will have full AIS capability installed as part of their Vessel Traffic Service (VTS) system:

—New York

—Houston/Galveston

—San Francisco
—Puget Sound (Seattle-Tacoma)
—Prince William Sound (Valdez)
—St. Marys River (Sault Ste. Marie, MI)
—Berwick Bay (Louisiana)
—Lower Mississippi River (New Orleans)
—Los Angeles-Long Beach

In addition, the Coast Guard is already operating basic (primarily receive-only) AIS installations in the following locations:

—Miami and Florida Keys
—Long Island Sound (Groton, CT)
—Hampton Roads (Norfolk, VA)

By the end of CY 2004, the Coast Guard intends to have established additional AIS capability (primarily receive-only, but possibly more robust) at additional locations nationwide. These sites will be determined based on a variety of criteria, including the expected density of AIS-equipped vessels in the area, existing command and control capability to put the data to use, compatibility and support for the more extensive and capable system currently in the planning stages, and coordination with other needs and assessments. These sites will include use of offshore NOAA and other buoys and may include some non-recurring investment in satellite capability. A more detailed plan will be available by June 2004.

Question. The Coast Guard indicated that a contract award to implement a nation-wide system would be made by the end of fiscal year 2004 or early fiscal year 2005. Is that information still accurate? If the $4 million requested in fiscal year 2005 were approved, how many additional ports would be outfitted with AIS technology?

Answer. The Coast Guard is currently developing a nationwide implementation plan for AIS consistent with Coast Guard and Department of Homeland Security requirements associated with major systems acquisitions. We anticipate awarding a contract for this initiative in late fiscal year 2004 or early fiscal year 2005. In the meantime, we intend to deploy interim AIS capability in several ports during fiscal year 2004. By December 31, 2004, the following ports will have full AIS capability installed as part of their Vessel Traffic Service (VTS) system:

—New York
—Houston/Galveston
—San Francisco
—Puget Sound (Seattle-Tacoma)
—Prince William Sound (Valdez)
—St. Mary's River (Sault Ste. Marie, MI)
—Berwick Bay (Louisiana)
—Lower Mississippi River (New Orleans)
—Los Angeles-Long Beach

In addition, the Coast Guard is already operating basic (primarily receive-only) AIS installations in the following locations:

—Miami and Florida Keys
—Long Island Sound (Groton, CT)
—Hampton Roads (Norfolk, VA)

Interim sites will include use of offshore NOAA and other buoys and may include some non-recurring investment in satellite capability. A more detailed plan will be available by June 2004.

The $4 million requested in fiscal year 2005 will be used to continue building out the nationwide AIS system. Once the Acquisition Project Baseline is developed, a total project cost estimate will be known and we will be able to provide an estimate of the number of additional ports that will be outfitted with AIS technology. It is important to note that each port will have unique requirements so there will be no standard AIS cost per port.

RESEARCH & DEVELOPMENT

Question. Section 307 of the Homeland Security Act requires a joint agreement between the Under Secretary of the Science & Technology directorate and the Commandant on R&D spending for the Coast Guard. The Homeland Security Act specifies 10 percent of funding for the Homeland Security Advanced Research Projects be spent on Coast Guard related mission areas. Last year, the Committee was notified that the "Coast Guard is working with DHS to develop processes and policy for compliance with Section 307 of the Homeland Security Act." Has a policy been developed to comply with Section 307 of the Act?

Answer. No. Subsequent to the Coast Guard reply cited, DHS and CG legal counsel advised that without a specific (Homeland Security Advanced Research Project Agency) HSARPA appropriation, no funds are statutorily designated to be set aside for CG related mission areas as outlined in Section 307. Although the Homeland Security Act provides authorization to do so (Figure 1), there have been no funds appropriated specifically for HSARPA since enactment of the Homeland Security Act. HSARPA is not a line item in the S&T budget. Rather, funds have been appropriated toward a number of specific portfolios organized generally by threat. It has evolved into an execution means by which S&T will award competitive, merit-reviewed grants, cooperative agreements or contracts to public or private entities to meet S&T requirements.

Nonetheless, the Science and Technology Directorate (S&T) and CG will develop a formal agreement that will detail the coordination and funding mechanisms for CG R&D capabilities in fiscal year 2005 and beyond. This agreement will not be limited to HSARPA but rather the interaction of the Coast Guard/Maritime portfolio with all the executing arms of S&T (e.g. HSARPA, Office of Research and Development (ORD), etc).

"(2) Authorization of Appropriations.—There are authorized to be appropriated $500,000,000 to the Fund for fiscal year 2003 and such sums as may be necessary thereafter.

"(3) Coast Guard.—Of the funds authorized to be appropriated under paragraph (2), not less than 10 percent of such funds for each fiscal year through fiscal year 2005 shall be authorized only for the Under Secretary, through joint agreement with the Commandant of the Coast Guard, to carry out research and development of improved ports, waterways and coastal security surveillance and perimeter protection capabilities for the purpose of minimizing the possibility that Coast Guard cutters aircraft, helicopters and personnel will be diverted from non-homeland security missions to the ports, waterways and coastal security mission."

FIGURE 1.—EXCERPT FROM SECTION 307 OF HOMELAND SECURITY ACT

Question. For fiscal year 2005, the Department proposes to move funding for Coast Guard R&D to the Science & Technology (S&T) directorate. The S&T request includes $13.5 million to operate the Coast Guard's R&D Center in Groton, CT and an additional $5 million for R&D activities for a total of $18.5 million. In addition to this funding, how will the Coast Guard benefit from S&T research? What specific technologies are being explored to support the Coast Guard's mission?

Answer. Through its portfolio manager at S&T, the CG will have direct access to, and visibility of, all S&T research and initiatives. The integration of funding and effort will go far to minimize redundancy and maximize the effectiveness of Coast Guard R&D while ensuring that all Coast Guard mission requirements remain a key part of S&T planning and resource decisions. For example, S&T has provided $7.1 million of fiscal year 2003/2004 funds for support of a project in South Florida exploring communications, sensors, data fusion concepts, and modeling and simulation (Project Hawkeye). The integration of these technologies provides improved maritime security for Miami and Port Everglades while providing a rapid prototyping prelude to potential Coast Guard-wide installations.

As stated, S&T has also agreed upon a base level of project funding of $5 million that will be specifically targeted toward non-security related projects including maritime science and research. This funding will be designed to support CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to the $18.5 million in funding cited, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D portfolio detailing approximately $50 million in vital maritime security research initiatives. While not yet funded, this portfolio has been validated by S&T portfolio managers and will be considered in the development of future spending priorities and commitments from S&T. As the lead Federal agency for maritime security, the CG is being afforded an important role within S&T to construct and help prioritize research and development needs in the maritime domain.

HH–65 HELICOPTER

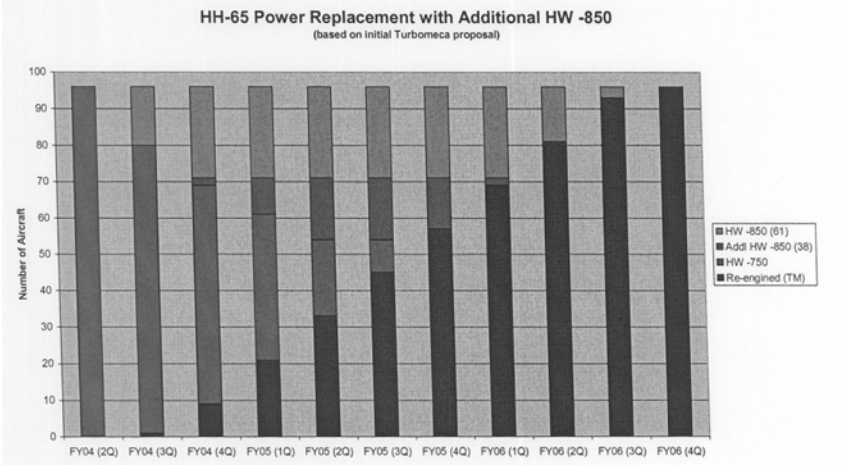
Question. The Coast Guard is currently in the process of purchasing LTS–101–850 engines for the HH–65 to address safety, reliability, and engine power issues. This approach is intended to provide an interim solution to documented power failures. How many of the LTS–101–850 engines have been purchased? How many of the LTS–101–850 engines are needed to provide the interim solution for the HH–65 before full reengineering is completed and what is the associated cost?

Answer. To date, the Coast Guard has purchased 61 LTS–101–850 engines at a cost of $5.9 million.

The only reason to purchase additional 850 engines (38 at $4 million) would be to provide an interim safety and reliability enhancement throughout the approximate 24-month duration of Integrated Coast Guard System's (ICGS) Turbomeca re-engining project. The LTS–101–850 engine, while not equipped with electronic fuel controls, offers an additional margin of safety in an emergency situation. We owe our aircrews nothing less until the fleet is re-engined. Based upon current schedule projections, there is a 10–14 month "underlap" where the Coast Guard would directly benefit from the additional engines.

These engines require long-lead time component purchases that must be accounted for in the procurement decision process. The Coast Guard, however, will wait until the completion of the current field evaluation and subsequent inspection of the LTS–101–850 engines that are installed on two Coast Guard Air Station Miami Helicopters. One helicopter has completed the initial 150 hour evaluation and is currently being inspected, while the second aircraft still has 36 hours of evaluation remaining prior to inspection. After completion of testing and inspection, the Coast Guard intends to re-evaluate the need for additional engines based upon the results and both LTS–101–850 and Turbomeca installation schedule updates

Below is the latest draft installation schedule based on information from the new engine system selected manufacturer, Turbomeca. This schedule is not final. The Coast Guard is hopeful that the new engine installations move further to the "left."



Question. At the same time, the Coast Guard recently announced the selection of Turbomecca to re-engine the HH–65. The Coast Guard estimates that this re-engining will cost $250 million over a 24 month period. Will this engine be compatible with the Deepwater Multi-Mission Cutter Helicopter or will another engine replacement be required?

Answer. The Coast Guard has directed that a re-engining project be immediately initiated to restore the HH–65 to unrestricted safe and reliable operations. The project is designed to address the HH–65 engine system, the engine and engine control systems, to remedy this safety and reliability crisis, and restore the HH–65's operational capability.

The HH–65 re-engining project is a separate and distinct effort from the Deepwater Multi-mission Cutter Helicopter (MCH). In the long-term, the Deepwater plan is still to convert the HH–65 to the Multi-mission Cutter Helicopter (MCH). While power increases were not the focus of this acquisition, the engine chosen, while ad-

dressing the safety and reliability concerns, also has sufficient power margins to allow for that engine to be used in the continuation of the MCH.

HIGH INTEREST VESSEL BOARDINGS

Question. U.S. Customs and Border Protection use an automated targeting system to identify shipments that pose a potential terrorist risk. It is unclear if this information is shared with the U.S. Coast Guard, which could be useful in identifying high interest vessels. Is this information being shared with the Coast Guard? If not, would this information be a useful tool for the Coast Guard to use?

Answer. Yes, Automated Targeting System information is shared through an exchange of liaisons between the Coast Guard and the U.S. Customs and Border Protection's National Targeting Center (NTC). The Coast Guard's Intelligence Coordination Center (ICC) and the NTC have exchanged full-time liaisons to pass information each center develops about suspect ships, people, and cargoes. This has been a highly effective partnership and has given each center much greater visibility into specific maritime cases and concerns as they arise, resulting in better coordination of information flow and operational planning. ICC's COASTWATCH program (a partnership with the U.S. Navy's Office of Naval Intelligence) uses data collected via the ICC/NTC partnership, coupled with the information received through our 96-hour Advanced Notice of Arrival (ANOA) rules, intelligence, and other appropriate law enforcement information, to identify Vessels of Interest, providing crew, cargo, and vessel screening prior to a vessel's arrival in U.S. ports.

At the local level, Vessels of Interest are factored into the decision making process to determine which vessels should be designated and or boarded as High Interest Vessels (HIVs). Additionally, because of the U.S. Coast Guard's solid working relationship with Customs and Border Protection (CBP), input provided by CBP at the local level is also considered when determining which vessels should be boarded as HIVs.

The Coast Guard is incorporating an option into our 96-hour vessel ANOA requirements to permit the electronic submission of information (e-NOA). The Coast Guard and CBP have been working together to incorporate CBP's reporting requirements into the e-NOA system. This consolidated e-NOA system will include the capability to capture crew, passenger, cargo, and vessel arrival information for both agencies. It is anticipated that e-NOA will be operational by the summer of 2004. By allowing industry to submit Coast Guard and CBP reporting requirements together, DHS will enhance its information sharing capabilities, thereby significantly enhancing the processing and identification of security and safety risks posed by vessels entering U.S. ports.

SHORE FACILITIES

Question. The Coast Guard's request for shore facility projects is $5 million in fiscal year 2005. According to the Coast Guard, $146 million is needed on an annual basis for recapitalization needs to support shore facility assets valued at $7.2 billion. With such valuable assets, why does the Coast Guard continue to neglect shore facilities? Does the Coast Guard have a plan in place to address the needs of its shore infrastructure? Provide a list of projects in need of shore facility funding in priority order.

Answer. The Coast Guard is deeply concerned about its entire infrastructure, including shore facilities. However, funding priority must be placed on recapitalization efforts of operational first response platforms such as Deepwater and Rescue 21. Shore facility sustainment will be managed by targeted maintenance practices, increased use of leased facilities, and ensuring shore infrastructure costs are included in major AC&I projects, such as Deepwater and the Great Lakes Icebreaker replacement. Increases in the Basic Allowance for Housing also help and reduce the need for Coast Guard owned housing projects. Additionally, the Coast Guard is pursuing Public-Private Venture housing opportunities authorized in the Maritime Transportation Security Act of 2002. Other Coast Guard initiatives currently being developed that will assist in being good stewards of shore facilities include enhanced real property authorities, such as the ability to sublease and outlease property, exchange and sell property, and dispose of excess property with sale proceeds being reinvested in the capital plant. The Coast Guard is on budget in fiscal year 2005 for $151 million recurring OE shore facility maintenance costs and an additional $5 million for shore AC&I projects.

Provided below is the budgeted Shore Facilities Requirements List (SFRL) for fiscal year 2005, followed by a backlog of listing of fiscal year 2005 unfunded projects. While the Coast Guard planning process addresses projects that require funding be-

yond fiscal year 2005, these projects have not been prioritized and are not included in the fiscal year 2005 SFRL attached.

FUNDED SHORE FACILITIES REQUIREMENTS LIST (SFRL)—FISCAL YEAR 2005

BENEFITTING UNIT	PROJECT DESCRIPTION	EST (000)
MAJOR AC&I: ISC Honolulu	Small Arms Range	$1,600
SURVEY AND DESIGN: Various	Shore Operational & Support Projects	1,000
MINOR AC&I: Various	Minor Construction Projects	1,600
WATERWAYS AND AIDS TO NAVIGATION: Various	Various Locations	800
TOTAL		5,000

UNFUNDED SHORE FACILITIES REQUIREMENTS LIST (SFRL)—FISCAL YEAR 2005

BENEFITTING UNIT	PROJECT DESCRIPTION	EST (000)
MAJOR AC&I:		
ISC Kodiak, AK	Consolidate Support Facilities	$8,500
AR&SC Elizabeth City, NC	Consolidate Facilities Phase I	6,300
Base Galveston, TX	Rebuild Station/Waterfront	6,400
Group Woods Hole, MA	Replace ANT and Admin Building Phase I	3,750
SURVEY AND DESIGN: Various	Shore Operational & Support Projects	4,000
MINOR AC&I: Various	Minor Construction Projects	2,750
WATERWAYS AND AIDS TO NAVIGATION: Various	Various Locations	4,200
COAST GUARD HOUSING:		
Cordova, AK	Replace Cordova Housing, Phase I	4,000
USCGA, New London, CT	Chase Hall Barracks Renovation Phase I	15,000
TOTAL		54,000

MARITIME TRANSPORTATION SECURITY ACT (MTSA) IMPLEMENTATION

Question. The budget request includes $101.7 million for the implementation of the MTSA. What follow-on costs are necessary to meet the requirements of the MTSA (specify by fiscal year)?

Answer. The fiscal year 2005 budget request is designed to bring MTSA implementation close to the annual recurring steady state for personnel, associated support funds, and contract resources. These resources will be used to address the permanent increase in workload associated with MTSA. This workload includes continued verification of domestic vessel and facility security requirements, a robust Port State Control program to ensure compliance with international security requirements, continuous updates and improvements to the National and Area Maritime Security plans, and the assessment of domestic and foreign ports for compliance. Additional follow-on costs of MTSA initiatives are $12.9 million in fiscal year 2006.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

NON-SECURITY MISSIONS

Question. When the Coast Guard was moved to the Department of Homeland Security, Congress included a provision in the Homeland Security Act of 2002 to ensure that the Coast Guard continued to carry out its non-security missions. Section 888 of the Act states that the Secretary, "may not substantially or significantly reduce the missions of the Coast Guard or the Coast Guard's capability to perform those missions, except as specified in subsequent Acts."

However, concern has been raised about the Coast Guard's ability to maintain its non-security missions as the hours ships and aircraft are used for these missions have not reached pre-September 11 levels. I was concerned by a report to the Congress that several of the districts, including Honolulu, have "insufficient personnel" for its search and rescue missions.

It is my understanding that your performance measures were enhanced through the assistance of other agencies. In addition, certain performance goals are not reflective of the success of the maintenance of your effort. I do not find it helpful that the performance measure for compliance with domestic fisheries regulations is how many fisherman, of those reviewed, were found to be in compliance. If the Coast

Guard interviewed one fisherman who was in compliance, the Coast Guard would have 100 percent performance on this measure.

Can you tell me what you are doing to ensure that the non-security missions that are so critical to my state are being met and that the performance measures are a true reflection of your efforts?

Answer. Based on all measurements completed to date, the Coast Guard met its performance goal in each non-homeland security mission-program area including our goal for Search and Rescue for fiscal year 2003. Program performance is the most important element of the Coast Guard Performance Management System. Program managers establish measures to accurately portray organizational performance. The measures are data-driven, fully documented, meaningful, and focus on outcomes. Using the performance measures, and with an emphasis toward improving effectiveness, the Coast Guard Commandant establishes long-term performance outcome targets that are linked to the strategic intent of the organization, including maintaining the balance between homeland security and non-homeland security missions. While the Coast Guard has been lauded in the past for its performance measurement efforts, it has recognized and acknowledged that limitations in these measures sometimes exist. The Coast Guard has been working with GAO through the recent audit examining the relationship between resources and results, and OMB through the Performance Assessment Rating Tool (PART) reviews, and other independent evaluation efforts to continually review and improve program measures' clarity and objectivity. Examples of measures that have recently been revised or are currently under review include:

Several years ago, the Search and Rescue program was measured by the percent of persons in U.S. jurisdictional waters in distress that were saved, after the Coast Guard was notified. This measure was changed to include the percentage all persons in U.S. jurisdictional waters in distress, with no restriction on Coast Guard notification. This change occurred as program managers realized that communication improvements and other non-Search and Rescue safety programs were inputs to the measure of safety as well as that of a simple Search and Rescue response measure.

Two years ago, the Short Range Aids to Navigation (AtoN) program was measured by the statistic of Short Range Aid availability. While this measure provided information on the percent of Coast Guard Aids to Navigation that were working properly and on-station, there was little connection to performance of these aids and benefit to the public. When this was brought to the Coast Guard's attention through an Office of Management and Budget (OMB), Performance Assessment Rating Tool (PART) review, a change was made to measure the AtoN program by the number of Collisions, Allisions and Groundings that occur in U.S. waterways.

The illegal drug interdiction measure was recently refined to include not only cocaine seized by the Coast Guard but also to account for cocaine thrown overboard or destroyed by smugglers. This refined measure, which encompasses both the cocaine lost to the smuggler as Coast Guard assets draw near, causing the smugger to jettison, burn, and otherwise destroy their product, as well as the cocaine actually seized by the Coast Guard, will more accurately reflect counter-drug efforts and results.

With regard to the concern expressed in the question regarding the domestic fisheries performance measure of a compliance rate; both the Coast Guard and OMB, through its PART review, believe this rate to be a sound measure. The observed compliance rate measure is the total number of Coast Guard domestic fishing vessel boardings minus the boardings that had significant violations divided by the total number of Coast Guard fishing vessel boardings. Only boardings that have a significant violation—a living marine resource violation that results in significant damage or impact to the fisheries resource, significant monetary advantage to the violator, or has high regional or national interest—are counted.

Historically, domestic compliance rates, which are based on over 3,000 boardings (post 9/11 statistic) annually, have been within the 95–98 percent range and movement within this range is expected and mostly beyond CG control as economic and social factors other than enforcement presence motivates individuals to violate the law. As a result, a floor has been established at 97 percent observed compliance to evaluate if CG levels of enforcement are sufficient to ensure wide-scale compliance with regulations.

Historical data illustrates Coast Guard enforcement presence does in fact affect observed compliance rates and also that there is a delay between enforcement presence/absence and fisheries compliance rates. Although observed compliance rate will not perfectly indicate the actual industry-wide compliance rate, it should serve as a reasonable indicator of the actual compliance rate when enforcement resource effort is sufficient to make performance tracking possible.

In regard to the comment concerning "insufficient resources" in Honolulu, the Coast Guard is careful to distinguish between mission performance measures and internal program standards put in place to ensure the long-term maintenance of our resources, including our most valuable asset, our people. As stated above the Coast Guard has successfully met all mission performance goals for the search and rescue mission. The Coast Guard has adequate resources to meet performance and on-scene response standards for search and rescue in Hawaii. However, the Coast Guard has recently adopted an internal program standard, driven by requirements set forth in MTSA 2002, requiring command center watchstanders responsible for search and rescue to limit their watch length to 12 hours in duration, except in emergency or unforeseen circumstances.

The Coast Guard measures and reports quarterly to Congress on our ability to meet this standard. The Coast Guard has demonstrated incremental improvement in achieving this standard, however, routine personnel transfers and substantial training requirements for newly assigned personnel continue to challenge the Coast Guard's ability to meet the 12-hour standard at all times. The Coast Guard is reviewing the staffing standards for our command centers, and is developing recommendations to ensure our ability to meet and maintain a year-round capability to meet the 12-hour watch requirement.

PORT SECURITY

Question. As part of the Maritime Transportation Security Act, 9,000 vessels and 3,500 facilities were supposed to have filed security plans by December 31, 2004. It is my understanding that you have received 97 percent of the security plans and that more than half of them are in the second stage of review. Area security and contingency response plans must be completed by July 1, do you anticipate a similar compliance rate? How does the cost of implementation affect the adequacy of the security plans submitted? On December 30, 2002, the Coast Guard estimated the total cost of implementing security in our seaports at $7.2 billion over the next 10 years. Is that estimate still accurate and how much has been spent toward that total to date? The President's budget requests $46 million for Port Security Grants. Will that be sufficient to bring our vessels and facilities into compliance with the security plans?

Answer. Each Federal Maritime Security Coordinator submitted an Area Maritime Security (AMS) Plan to the respective Coast Guard District Commander for initial review on April 1, 2004. In order to meet the entry-into-force date of the new International Ship and Port Facility Security (ISPS) Code and Safety of Life at Sea (SOLAS) amendments, the Coast Guard must review and approve all AMS plans by June 30, 2004 and communicate U.S. port compliance with the ISPS Code to the International Maritime Organization.

In the final MTSA regulations, the Coast Guard estimated the industry cost for implementing Section 102 of the MTSA security requirements as approximately $1.5 billion in the first year, and $7.3 billion over the next 10 years. The port security grants to date have provided approximately $500 million.

The Coast Guard does not believe the cost of implementation affected the adequacy of the facility and vessel security plans submitted for review. The MTSA security regulations were specifically developed to be performance based in order to provide owners/operators the latitude to implement the most cost-effective security controls to meet their specific circumstances.

The fiscal year 2005 Department of Homeland Security (DHS) budget proposes a significant increase for port security activities. Grants to facilities are a small part of DHS's total investment in port security. Department of Homeland Security spending on port security increases by $224 million (13 percent) in the President's Budget, from $1,661 million in 2004 to $1,885 million in 2005. Within the 2005 total is $1,675 million for Coast Guard port, waterway, and coastal security activities, including over $100 million to implement MTSA. The DHS port security total also includes $164 million in U.S. Customs and Border Protection for the Container Security Initiative and the Customs Trade Partnership Against Terrorism, and $46 million in the Office for Domestic Preparedness for port security grants.

HC—130J

Question. The Coast Guard has expanded its mission since September 11, 2001 and has been transferred from the Department of Transportation to the Department of Homeland Security. Thirteen Maritime Safety and Security Teams and eight Port Security Units have been deployed. With these changes, has there been an increased requirement for airlift capacity?

Answer. Yes. Since 9/11, the Coast Guard has redefined and expanded organic lift requirements. The Coast Guard must be capable of providing organic aviation transport of National Strike Force personnel and equipment within 6 hours and must be capable of providing aviation transport of MSSTs within 12 hours of notification. Ongoing efforts to expand the Deepwater contract to reflect post–9/11 mission requirements and DHS Aviation Council study efforts will shape our aviation heavy lift and transport capability.

Question. Pursuant to funding provided in the fiscal year 2001 Military Construction bill, the Coast Guard recently received delivery of the first of six HC–130J Super Hercules aircraft. Could you discuss with us those aircraft, the benefits to DHS, and the advantages of the new 130Js over the 130Hs currently in service? In your opinion, is the HC–130J, the best aircraft available to replace your aging air fleet?

Answer. The HC–130J provides the USCG and DHS a modern long-range patrol and heavy lift aircraft that will remain in the DHS inventory well into the future. This capability will provide DHS the ability to provide heavy-lift through a variety of mission profiles, and will enable the Department to remain in the forefront of disaster response and Homeland Security missions. The HC–130J is a completely new aircraft enabling a substantially better level of performance. Even in their current unmissionized state, the C–130J provides a substantially greater heavy lift capability than the aging HC–130H. Missionization to full capability as maritime patrol aircraft is scheduled to begin in fiscal year 2004. The missionization suite was designed to reflect post 9/11 mission requirements, and will be fully interoperable with DHS, DOD, and the Deepwater systems. Fully digitized and equipped with a contemporary electronics suite, the missionized HC–130J will fly faster and have greater range with a smaller crew. The legacy asset HC–130H is increasingly more expensive to maintain and will be costly to modernize to homeland security and Deepwater mission requirements. At Full Operational Capability (FOC), the HC–130J will meet all current DHS/USCG long range maritime patrol and heavy airlift requirements.

Question. The first six HC–130Js are planned to be based at the Air Station in Kodiak, Alaska. This would leave the Coast Guard with a mix of HC–130Js and Hs in your Pacific Fleet. What are the benefits of an all HC–130J Pacific Fleet?

Answer. In the Pacific Area, C130s operate over some of the world's largest expanses of water in the most arduous weather conditions. In addition to the performance increases and modern replacement benefits, an all C–130J fleet in the Pacific Area would allow the Coast Guard to more rapidly grow an experienced operator cadre/community to operate and maintain this aircraft. Additionally, the service would benefit from reduced training costs, as some members would transfer from one C–130J unit to another, eliminating qualification costs. Economies of scale would produce parts and logistics support savings as well.

Question. What are your funding requirements to fully deploy and maintain the first six HC–130Js? Is that request contained in the President's budget?

Answer. Total additional funding required to missionize and achieve Full Operational Capability (FOC) of HC–130Js by the end of fiscal year 2007 is $187 million. A funding request for missionization and full system acquisition is not included in the President's budget.

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

OVERALL COAST GUARD BUDGET REQUEST ONLY 6 PERCENT INCREASE

Question. The Commandant of the Coast Guard testified that the Coast Guard was on track to restore resources and performance of non-security missions, such as search and rescue of stranded mariners, to pre-9/11 levels. However, a draft GAO report (non-public until mid-March) finds that the resource hours dedicated to the search and rescue mission search & rescue is down 22 percent from pre 9/11 levels. The resource hours dedicated to many other non-security missions, such as fisheries enforcement, living marine resources, and drug interdiction, are all down as well.

Does this budget really fund the Coast Guard at sufficient levels? The request is really only a 6 percent increase over what we enacted last year, if you include the supplementals. Why is Coast Guard getting so little of the increase when it has so many responsibilities related to security and non-security missions?

Answer. Yes, the fiscal year 2005 budget request is sufficient to fund Coast Guard operations. A 6 percent increase is not a fair comparison since the fiscal year 2004 Coast Guard budget includes supplemental funding provided for Iraqi Freedom and Hurricane Isabel. Supplemental appropriations are for specific purposes and are

non-recurring. Therefore, the fiscal year 2005 Coast Guard budget would not reflect this funding.

While the draft GAO report referenced in this question noted that that the resource hours for non-homeland security programs decreased, the report also had the following conclusion: "The Coast Guard's performance results—measures used to track each program's annual progress—generally did not mirror the trends in resource use. Instead, results for programs GAO reviewed were generally stable or improved regardless of the resources applied, and nearly all of the programs that GAO reviewed met their performance targets." (Draft GAO–04–043, March 2004).

Search and Rescue (SAR) is a demand driven mission. While resource hours for SAR are down, it is due to less distress calls than from lack of resource hours. Also from the GAO report: "the search and rescue program's target for fiscal year 2003 was to save 85 percent of mariners in distress and the program achieved this goal by saving over 87 percent of them."

While resource hours are an important measure, the Coast Guard relies on the judgment of the operation commander to apply available resources based on the risks in the relevant area of operations. This flexibility is critical to apply Coast Guard resources to the numerous missions mandated in Section 888 of the Homeland Security Act of 2002.

Question. I am hearing reports that the Coast Guard's resource hours for most non-security missions are still down below pre 9/11 levels. For example, I've heard that the search and rescue mission is down 22 percent from pre 9/11 levels. What can you tell me about that?

Answer. The Coast Guard will continue seeking the appropriate balance among all its mission-programs while relentlessly pursuing our stated performance goals. In so doing, the Coast Guard will continue to focus not only on activity levels (hours), but also on achieving the desired outcomes from those levels. Our ability to achieve desired outcomes and performance goals have been significantly enhanced through improved technology, tactics and procedures making our activities that much more effective. Risk-based decision-making by local commanders will continue to be the primary driving factor behind the specific activity levels (hours) accrued in the course of Coast Guard operations.

The number of resource hours utilized for search and rescue (SAR) decreased by 22 percent in fiscal year 2003 from a pre-9/11 average level. However, this decrease in resource hours was not indicative of a decrease in service or performance. SAR is a demand driven mission, and the Coast Guard continues to respond to all mariners in distress. In fiscal year 2003, the Coast Guard met its 85 percent SAR performance goal by saving 87 percent of all mariners in distress.

The Coast Guard's SAR program is a system with a variety of components. Aircraft, cutters, and boats play a large role in the response system, but overall SAR performance is not based on resource hours alone. For example, maritime safety and prevention programs, technology advancements for the boating public, enhanced communication and tracking systems, and improved safety equipment are just a few of the initiatives that factor into the Coast Guard's SAR program.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Questions. The U.S. Coast Guard awarded General Dynamics Decision Systems a $611 million contract to replace its outdated communications system in a project titled Rescue 21. This is a massive Federal investment in our maritime communications infrastructure. The Rescue 21 section of the Coast Guard's website, however, has not been updated since May 9, 2003, so it is very difficult for the American public to keep updated on the project's implementation process and schedule. Could you please give me a status update on the project? I understand there may be some questions about deficiencies in the design phase of the project. Does the Coast Guard have adequate oversight of the contractor and are financial controls in place to ensure that the public investment is protected? When does the Coast Guard plan to implement Rescue 21 on Lake Champlain and Lake Memphremagog to cover these important border entry points into the United States? The Coast Guard's mission on Lake Champlain can lead to simultaneous rescue calls at opposite ends of the lake. First responders often have to rely on either a Coast Guard helicopter from southern New England or a Vermont Army National Guard helicopter to support them on search and rescue missions. Both options take precious hours to implement and cut short the window of opportunity for a successful rescue. With the Coast Guard seeking a 9 percent increase in their budget this year, are there any plans to post a Coast Guard helicopter on Lake Champlain?

Answers.

Status Update

While conducting Formal Qualification Testing (FQT) in January 2004, several significant software (SW) defects were discovered in functional areas such as archive/restore, fault management, channel performance, Group Command Centers/Station operations, vessels and voice quality that required performance fixes and retesting. An additional FQT test event was scheduled for March/April to retest defects discovered in January 2004.

While conducting preliminary FQT testing in early March to prove that previous issues had been resolved, GDDS discovered a new defect that has a severe impact on the asset tracking functionality of the system. This defect was hidden by an earlier problem and revealed by the latest software fixes. GDDS is currently working with the equipment manufacturer to analyze the defect and identify appropriate corrective action. Until GDDS can fix this asset-tracking problem, the FQT regression testing is necessarily on hold.

Consequently, Initial Operating Capability (IOC) and Full Operating Capability (FOC) schedules will be impacted by the technical issues and testing activities discussed. IOC will be delayed by approximately 1 year (to Sep 2004), and the Coast Guard anticipates the project being 45 percent complete by the end of 2005. Achieving FOC in 2006 is at risk and is still being evaluated. The Coast Guard and GDDS have formed a joint deployment team to streamline the regional deployment process and identify tasks that can be performed concurrently or more efficiently to complete the maximum number of regions by the end of 2006. The deployment team is using the experience of the first 6 regions to redefine processes and align activities to accelerate deployment. Future deployment dates of Rescue 21 will depend upon GDDS's ability to accelerate their work, deploy innovations and do parallel deployments as the system is built out.

The Rescue 21 section of the Coast Guard's website was recently updated on April 9, 2004. IOC and Low Rate Initial Program (LRIP) region schedules were updated. Group schedule updates still pending.

Oversight

The Coast Guard has 54 staff members dedicated to the Rescue 21 project. Several of these staff members are dispersed throughout the United States to ensure appropriate oversight of the nationwide deployment.

Additionally, the Coast Guard has agreements in place with the Space and Naval Warfare Systems Center, San Diego and U.S. Department of Commerce National Telecommunication Information Administration (NTIA)/ITS Institute for Telecommunication Sciences for technical/quality assurance support and Booz Allen Hamilton for project management and administrative support.

Finally, the Coast Guard has leveraged existing GSA contracts to award blanket purchase agreements to a public relations firm to assist with community/public outreach, an environmental consulting firm to ensure compliance with applicable environmental laws and regulations, and an information technology firm to ensure contractor performance metrics are properly developed, monitored and archived.

Financial Controls

Approximately 80 percent of the costs associated with the Rescue 21 deployment will be paid using fixed price delivery orders. These costs were established during the proposal evaluation phase of the project and are not expected to change. The remaining 20 percent of the work will be paid for using cost plus incentive fee delivery orders for which target prices were also established during the proposal evaluation phase. Incentive fee contract structures provide motivation for the contractor to remain within cost goals.

Lakes Champlain and Memphremagog

Lake Champlain will receive Rescue 21 as part of the Activities New York deployment currently scheduled for 2005. Lake Memphremagog was not identified as part of the Rescue 21 operational requirement, and is not scheduled to receive Rescue 21.

Coast Guard Mission on Lake Champlain

Coast Guard Station Burlington, located at Burlington, VT conducts search and rescue (SAR) on Lake Champlain and responds to approximately 200–300 cases annually, mostly during a the peak season for recreational boaters between June through August. Lake Champlain's shoreline includes portions of Vermont, New York and Canada, and measures approximately 100 nautical miles (north and south) by eight nautical miles (east and west). The Coast Guard's small boat response station has 25 persons assigned for Coast Guard missions including search and rescue, and also maintains aids to navigation on the lake.

Coast Guard aircraft from Air Station Cape Cod are capable of responding to search and rescue cases on Lake Champlain within the Coast Guard's SAR program standards. However, they do not normally do so because of the other resources nearby which can provide a quicker response. Considering the narrow characteristics of the lake and that there are a large number of local responders, including local police and fire departments in the cities surrounding the lake, and that helicopters from the New York State Police, the Air National Guard, and U.S. Customs & Border Protection agency provide search assistance, the Coast Guard does not presently have any plans to post an aircraft at Lake Champlain.

QUESTIONS SUBMITTED TO TRANSPORTATION SECURITY ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

FLIGHT CANCELLATIONS

Question. The Department requested a number of international flights to be cancelled at the end of December and again in January due to intelligence of possible terrorist activity. The cancellations caused inconvenience and financial losses for airlines and passengers alike and some aviation organizations have publicly questioned the need to cancel flights without being made aware of what specific intelligence was uncovered.

Do you feel the Department was justified in the cancellation of these flights based on intelligence indicating that commercial airliners continue to be at risk of highjackings?

Answer. The decision to cancel flights was made by the foreign carriers and governments upon specific intelligence that warranted such action. DHS shared information with our foreign counterparts and foreign air carriers, which led to their decisions to cancel flights and/or implement enhanced security measures.

Question. How would you describe the cooperation of commercial airliners in the request to cancel these flights?

Answer. During the holiday period, DHS received specific information and shared it appropriately with French and British allies, resulting in their decisions to cancel these flights. DHS and our European allies continue to work in close collaboration to share best practices and enhance aviation security.

Question. Are passenger manifests being provided in a timely fashion by the airlines to the Department of Homeland Security?

Answer. Air carriers as a general rule are fully compliant with existing CBP requirements for advanced passenger information system (APIS) transmissions, which must be submitted after takeoff. However, to vet flights of interest over the holiday threat period, TSA required that, upon request, airlines provide DHS with passenger manifests a specified time in advance of departure. All such requests were generally accommodated, and DHS continues to work closely with both the State Department and foreign carriers to ensure that additional requests are accommodated appropriately.

Question. With intelligence showing that terrorists have considered a dirty bomb or a chemical or biological weapon release on airliners, what precautions are in place at our Nation's airports to prevent a possible radiological, nuclear, chemical or biological attack on an aircraft?

Answer. TSA believes that existing operating procedures and current technology in the area of explosives detection would enable TSA to detect and interdict such a threat. In addition, the Department of Homeland Security continues to fund an aggressive program to improve the technology capable of detecting and mitigating such threats. As you are aware, TSA is also working to replace its passenger prescreening system to improve our ability to detect and stop any terrorist attempting to board an aircraft, including one possessing unconventional weapons.

Question. Secretary Ridge testified before this Committee that the Executive amendment which directed the airlines to place Federal air marshals on international flights should have more appropriately been sent through diplomatic channels first. What new protocols or procedures have since been implemented by the Transportation Security Administration to communicate through diplomatic channels in the event that future flights are determined to be at high risk of terrorist attack?

Answer. The regulatory instrument that allows TSA to require additional security of foreign air carriers is an emergency amendment to the security program of the affected foreign air carrier. It is the regulated party, (i.e. the air carrier) which must be the recipient of that instrument. However, we are aware that issuance of emer-

gency amendments alone does not provide enough information to the foreign authority (which may differ from country to country) responsible for air marshals or other security functions involved in an emergency amendment. To remedy this, TSA, under DHS leadership, will use diplomatic channels, particularly in cases requiring immediate action by foreign air carriers, to inform affected air carriers and the foreign authority of their respective government concurrently. TSA will work through the Department of State and the affected U.S. Embassies, which will, in turn, reach out to the appropriate foreign authority to ensure that the requirements of the emergency amendment are conveyed.

RAIL SECURITY

Question. Under Secretary Hutchinson testified before this Committee previous to the terrorist train bombings in Madrid that the Transportation Security Administration is working with other Federal Departments and agencies within the Department of Homeland Security to secure various transportation sectors including rail. The Department of Homeland Security recently announced additional security initiatives to further reduce vulnerabilities to transit and rail systems.

In light of the attacks that took place on light-rail, passenger trains in Spain recently can you further elaborate on the luggage screening pilot program announced recently to be carried out by the Department of Homeland Security and coordinated with Amtrack and the Federal Railroad Administration?

Answer. TSA, AMTRAK, and Federal Railroad Administration have combined efforts to institute a passenger and carry-on baggage screening prototype for explosives in a rail environment known as the Transit and Rail Inspection Program (TRIP). Under this project, TSA will seek to determine the feasibility of screening in a passenger rail environment. TSA hopes that such a project will help identify measures that would permit an appropriate level of screening that reflects the individual characteristics of each type of passenger rail traffic. The pilot project leverages present and prototype technologies and will evaluate their feasibility in a rail environment. As the primary stakeholder, AMTRAK is immersed in the review and implementation of this project. This program is expected to commence by early May 2004.

Question. What new technologies and screening concepts will be implemented?

Will explosive detection systems and/or explosive trace detection which are used to screen luggage placed on airliners be used to screen luggage placed on trains?

Answers. The pilot program will assess different types of screening equipment already in use or being tested today.

Question. Will additional funding be requested by the Transportation Security Administration for the additional rail security measures announced yesterday either by a supplemental funding request or by budget amendment?

Answer. TSA will fund the additional rail security initiatives that were recently announced from within its fiscal year 2004 appropriation for Maritime and Land Security. For fiscal year 2005, there are no plans to seek additional funding for rail security above what is included in the fiscal year 2005 President's Request.

Question. Can you provide further detail on how the Transportation Security Administration is using the expertise of Information Analysis and Infrastructure Protection (IAIP) and Science and Technology (S&T) assistance to prevent a terrorist attack on our railways and also on our subway systems?

Answer. TSA staff and its parent directorate, the Border and Transportation Security Directorate, work closely and collaborate on a daily basis with both S&T and the Information Analysis (IA) and the Infrastructure Protection (IP) Divisions of the IAIP Directorate, on issues related to rail and transit security. IA shares intelligence and threat analysis daily with all DHS entities and other relevant stakeholders. Since the Madrid bombings, DHS stood up a working group to develop operational Courses of Action (COAs). Members of this working group include representatives from BTS, TSA, IA, IP and the Department of Transportation.

TSA has partnered with IP on several important issues in safeguarding our nation's critical infrastructure including working together to conduct vulnerability assessments and security reviews. Moreover, IP has invited TSA to participate in site assistance visits (SAV) to determine a baseline level of security for select elements of the nation's critical infrastructure. One current example involves a joint assessment of subway system ventilation shafts to determine vulnerability to chemical or biological attack. Additionally, TSA, in coordination with FRA, IP and industry representatives, is currently conducting an in-depth assessment of the District of Columbia rail corridor.

TSA has been communicating its operational requirements to the Science and Technology (S&T) directorate. TSA has engaged S&T in an effort to help meet the

more immediate R&D needs of screening passengers and their baggage in the rail and transit environment with relevant technologies sensitive to the operational concerns of throughput and high levels of detection.

TSA works closely with IA and S&T to better understand and prevent terrorist attacks on our Nation's railroads. Our warning and information products are vetted with IA and S&T representatives to provide the best informed assessments possible. Additionally, vetting and strong analyst-to-analyst coordination ensure strong positive information sharing across the Department.

Question. Have vulnerability assessments been completed by Information Analysis and Infrastructure Protection on high-density urban areas to target resources toward the railways greatest weaknesses or are these assessments still taking place?

Answer. On May 14, 2003, the Department of Homeland Security awarded $65 million in Mass Transit Grants to help secure the 20 highest risk transit systems in the United States based on ridership. The money may be used for the following: (1) the installation of physical barricades; (2) area monitoring systems such as video surveillance, motion detectors, thermal/IR imagery and chemical/radiological material detections systems; (3) integrated communications systems; (4) prevention planning, training and exercises; and/or (5) operations activities conducted during ORANGE alert from January 2003 through April 2003. New York City Transit received $26.7 million, 41 percent of the $65 million. The Chicago Transit Authority, the second largest transit agency by ridership, received $5.1 million.

On November 13, 2003, the Department of Homeland Security awarded another $53 million to the top 30 transit agencies with heavy rail, subway and commuter rail systems. A weighted average factoring both ridership and system route miles was used to determine the amounts received. Each qualifying system received no less than $800,000. Due to the previous allocation of funds to New York City Transit, the MTA subway system was capped at $10 Million, allowing for the allocation of more funds to other properties.

The grants were administered by DHS's Office for Domestic Preparedness (ODP). TSA provided modal expertise to ODP on the allotment of this grant money to the mass transit industry.

TSA is currently conducting an assessment of critical mass transit assets. The results will be used to identify locations for enhanced, facilitated assessments. Todate, TSA has performed an assessment on approximately 65 percent of critical subway assets. Approximately 30 percent of light rail critical assets have been assessed. The criticality assessment of mass transit assets is scheduled for completion by July 2004.

DHS has conducted Site Assist Visits (SAVs) of several rail stations in high-density urban areas, including New York's Penn Station and Grand Central Station and Washington D.C.'s Union Station. Teams of security experts, along with the owner/operator of the site, identifies vulnerabilities and suggest remediation actions. Thanks to these and other visits to rail facilities, we have compiled Common Characteristics and Vulnerability reports and Potential Indicators for Terrorist Attack reports (CV/PI) for railroad yards and railroad bridges and disseminated them to owners/operators, security planners, and law enforcement agencies. The Department has also funded a study of possible protective measures that can be applied to railcars transporting chemicals and recommendations are expected shortly. In addition we have received dozens of other rail and subway vulnerability assessments, including those for the 30 largest systems in the country and have included them in our database. We have also completed an assessment of a 15 mile DC corridor for HAZMAT rail shipment and are considering additional assessments in other major urban areas.

AIR CARGO

Question. Congress provided $85 million for fiscal year 2004 for the Transportation Security Administration to hire additional screeners to inspect air cargo and for research and development of explosive detection systems in order to screen for explosives in air cargo, both the larger palletized cargo and the individual pallets, or individual boxes known as "break bulk".

With the increase in air cargo security funding provided for fiscal year 2004, how many additional screeners have been hired to inspect air cargo to date, and when do you expect to be fully staffed?

Answer. As of March 23, 2004, the funding provided in the Department of Homeland Security Appropriations Act, 2004 (Public Law 108–90) enabled TSA to hire 100 new cargo inspectors. All 100 cargo inspector positions have been selected, and paperwork is being processed by TSA Human Resources. We anticipate extending job offers to these applicants and bringing them on board within the next 2 months.

Question. What is the status of laboratory testing of commercial off-the-shelf explosive detection systems on air cargo?

How has the current technology performed on break bulk cargo?

When do you expect to issue a request for proposal for this technology, and when will a pilot program begin at selected airports?

Answer. TSA, working with the air carriers, has screened cargo using Explosives Detection System (EDS) technology currently deployed at airports for checked baggage screening. TSA also issued a Market Survey for vendors of currently available explosives detection technology for break bulk cargo screening and is in the process of conducting a lab evaluation and pilot test for the equipment that has been offered by vendors for evaluation. The controlled study of suitability of use of the currently available EDS technology is scheduled to begin in June and will be completed by September 30. Once that study is completed, TSA will determine to what extent the technology is a feasible solution for some categories of cargo screening. TSA is planning on issuing an RFP in the third quarter of fiscal year 2004 to solicit additional vendors to participate in lab evaluations and airport pilots for break-bulk cargo screening.

TSA has also issued an RFP for technology to screen containerized cargo and U.S. mail. TSA is currently evaluating the proposals submitted under that RFP and anticipates awarding grants for technology development in the fourth quarter of fiscal year 2004.

Question. Can the Committee expect to receive by April 1, 2004, the report directing TSA to provide options to inspect air cargo, the associated costs, and timetable for pursuing technological solutions to allow for the most efficient and targeted inspections of cargo being carried on passenger aircraft?

Answer. TSA has prepared the report to Congress covering potential technology solutions for cargo screening. Once review and coordination is completed through DHS, the report will be delivered to Congress.

Question. What enhancements are being made to the current Known Shipper program to guarantee the safety of air cargo?

Answer. Since 9/11, significant enhancements have been made to the Known Shipper program. The requirements for new shippers applying for Known Shipper status have been strengthened. In addition, methods for confirming the authenticity of established Known Shippers have been improved. In order to substantiate the legitimacy of known shippers further, air carriers have been required to conduct site visits of known shippers' facilities. Additionally, TSA is close to completing an automated Known Shipper Database, which will allow TSA to vet applicants to the program more thoroughly for legitimacy by comparing data submitted by applicants against terrorist watch lists, other government databases, and other publicly available information. Eventually, TSA's Known Shipper Database will be one part of a larger freight assessment database intended to target high risk cargo shipments for additional screening.

Question. Would it currently be feasible to inspect 100 percent of all air cargo being placed on aircrafts, as proposed by some in Congress, and, in your opinion, how do you feel the flow of commerce would be affected if air cargo was restricted from being placed on aircraft unless 100 percent inspection of air cargo took place?

Answer. It is neither feasible nor optimal to physically inspect 100 percent of air cargo. The sheer volume of air cargo transported in the United States and limitations on available technology render the inspection of all air cargo infeasible without a significant negative impact on the operating capabilities of the transportation infrastructure of the United States and the national economy. Limitations of technology and infrastructure make physical screening of 100 percent of air cargo impractical in terms of the flow-of-commerce. This would also be an ineffective use of homeland resources.

TSA's goal is to ensure that all cargo is screened to determine risk and that 100 percent of high-risk cargo is inspected. TSA is aggressively pursuing next-generation technological solutions. Meanwhile, TSA is taking steps to implement measures outlined in the Air Cargo Strategic Plan and is doing everything possible to ensure that cargo going on planes is secure, including requiring random inspections of passenger air cargo, prohibiting the transport of cargo on passenger aircraft by unknown shippers, and increasing the number of TSA air cargo compliance inspectors.

Question. To date, what has been learned of the pilot program conducted by the Transportation Security Administration, the United States Postal Service, and air carriers to assess the feasibility of using canine teams to screen certain classes of priority mail?

Answer. In early 2002, TSA, the U.S. Postal Service (USPS) and the aviation industry agreed that additional security screening measures needed to be identified and developed before resuming transport of mail on passenger aircraft. We agreed

that explosives detection effectiveness, throughput capacity, and costs associated with the screening were paramount considerations in identifying additional measures. Protecting the privacy of mail was also a critical factor in determining the least intrusive method to be used.

In June 2002, TSA conducted operational tests and evaluations (OT&E) at six major airports with assistance from the USPS and airline industry. The purpose of these tests was to determine and demonstrate the ability of TSA-certified explosives detection canines to detect explosives in packages that simulated Express Mail and Priority Mail products and which were independently introduced into actual mail. We also wanted to compare the throughput capabilities of both X-Ray and canine resources under actual airline operational conditions.

The results were successful. In November 2002, TSA established eleven major airport canine screening operations for priority mail exceeding a certain threshold through partnership agreements with the USPS and the airline industry. To date, over 17 billion packages have been successfully screened by TSA-certified explosives detection canine teams. Currently we are expanding our TSA Canine Pilot screening efforts into various cargo and mail equipment configurations. TSA is proceeding with OT&E in two phases:

—Phase I tested various explosive targets/distracters that were introduced into multiple cargo configurations at six major airports. All testing was conducted under actual cargo operations and various weather conditions. The OT&E is complete and the preliminary results are promising. The final report is due at the end of April 2004.

—Phase II is tentatively scheduled to begin in May 2004 and to be completed in July 2004. The tests will be conducted at six major airports where we will expand explosives detection investigation using multiple cargo airline containers, airline ground support equipment and USPS rolling stock equipment configurations under actual cargo/mail operations and environments. Test results will be analyzed and recommendations will be proposed to expand and streamline screening of cargo and mail exceeding a certain threshold at other major airports using TSA-certified explosives detection canine teams along with other technologies for mail and cargo being transported on passenger aircraft.

COMPUTER ASSISTED PASSENGER PRE-SCREENING SYSTEM (CAPPS II)

Question. The President's fiscal year 2005 budget requests a $25 million increase for the Computer Assisted Passenger Pre-screening System (CAPPS II) currently being tested by the Transportation Security Administration. However, CAPPS II has been slow in developing because of delays in obtaining passenger data needed for testing due to privacy concerns by air carriers.

How is the Department working with the airlines to alleviate privacy concerns in light of recent disclosures that air carriers have shared passenger records with other government agencies and private contractors without the passengers knowledge?

Answer. Comprehensive privacy training—in-person, online, and via video, for all employees is underway and on track towards completion by the end of calendar year 2004. TSA has already completed an initial "privacy education week" for all 55,000 employees that included live and video privacy training. Many other components of DHS already have systematic privacy education for employees—both upon hiring and annually thereafter. The DHS Chief Privacy Officer, assisted by a privacy compliance officer, has undertaken a DHS-wide review of internal education programs to ensure that all employees are aware of and tested on privacy practices and principles. The Privacy Office will report on the progress of this program in its annual report to Congress later this spring, and annually thereafter. Further, the DHS Chief Privacy Officer proposed the implementation of rules in the public and the private sector governing the use of private-sector data. The DHS Privacy Office has already begun work with numerous private-sector industry groups to facilitate that work. Organizations such as the U.S. Chamber of Commerce, the Council for Excellence in Government, the Air Transport Association, the Markle Foundation, and others, are all considering the evolution of public-private information partnerships. Further, the Department is reviewing the need for a department-wide Privacy Statement that would include principles for the use of private-sector data. Again, many DHS components already have their own privacy statements. We look forward to publishing a DHS Privacy Statement later this summer.

Question. When will the Department issue a security directive to mandate airlines to turn over passenger information to test the CAPPS II system?

Answer. A timeframe for collection of passenger data for testing is still under review.

Question. How can assurances be made to prevent identity theft by a potential terrorist intent on using legitimate individuals information to get around the CAPPS II background checks?

Answer. While no system can be 100 percent effective in preventing identity theft, we believe that the CAPPS II system will represent a quantum leap forward in efforts to defeat this growing problem. CAPPS II will rely on an improved version of the best practices used by the banking and credit industries to combat identity theft and fraud.

Where a legitimate identity is stolen, there is any number of indicia, including errors or inconsistencies in the information as transmitted by the thief, which could reveal the theft. Further, CAPPS II will make use of a database containing up-to-date information about stolen identities, which will further protect against terrorists who use this means to conceal themselves.

Again, no system can be 100 percent effective, which is why CAPPS II will be part of a layered "system of systems" involving physical scrutiny, identity-based risk assessment, and other security precautions on aircraft and at airports.

Question. Do you feel that such a funding increase is warranted for CAPPS II with the delays that have been faced to date?

Answer. Yes, because we expect a new system to be put in place during fiscal year 2005, which will require an increase in resources.

Question. The system currently operated by commercial airlines since 1996, CAPPS I, continues to have problems with "false positives" where passengers are erroneously delayed or prohibited from boarding their scheduled flights due to having a similar name with individuals that have been flagged by airlines as being a potential terrorist.

With the problems faced in the current CAPPS I system, what method of redress will be implemented with CAPPS II to resolve complaints of passengers who believe they are erroneously selected for additional security?

Answer. First, it is important to note that the ID authentication portion of the CAPPS II program under development is expected to reduce dramatically the percentage of individuals mistakenly flagged for automatic additional security screening. In the instances where individuals believe they have been mistakenly flagged under CAPPS II, TSA is committed to providing a fair, comprehensive, and customer-friendly redress process. As part of the development of the CAPPS II system, we are designing a redress process to resolve complaints by passengers who assert that they have been incorrectly prescreened or consistently selected for enhanced screening. An essential part of the redress process is the establishment of the CAPPS II Passenger Advocate. The Passenger Advocate will act as a surrogate for passengers who, for security classification reasons, will not have access to all the information used by CAPPS II. When a passenger submits a complaint and provides the Government with permission to observe and monitor the results of the risk assessment during the complainant's future flights, TSA will work with other government agencies and commercial data providers to determine if the complaint is related to prescreening or due to another part of the screening process (e.g., random selection), and determine if selection by CAPPS II is related to data that may be appropriately corrected. Passengers will be afforded the opportunity to appeal these results to the TSA Privacy or Civil Rights Office and then, if warranted, to the DHS Privacy or Civil Rights Office. The redress program will be published and widely publicized before CAPPS II is implemented.

Question. How does a passenger clear one's name if he or she continues to be flagged as a flight risk?

Answer. Under the current system passengers may be required to undergo secondary screening or be subject to other additional security procedures due to random selection, CAPPS I selection, or the TSA-administered No-Fly List. In addition, airlines may have their own criteria for singling out travelers distinct and independent of the current system. Since CAPPS I is administered by the airlines, TSA is only in a position to address passengers flagged as a flight risk based on the No-Fly List.

The Transportation Security Administration (TSA) currently has established procedures within the Office of the Ombudsman to receive and resolve complaints by any passenger denied boarding because the individual's name appears on the No-Fly List. A traveler who contacts TSA regarding possible discrepancies within the current system is asked a series of questions to ascertain whether the issue is related to the No-Fly List. If it is related to the No-Fly List, the traveler submits a written description of the problems encountered and proof of identity. Upon receipt, TSA will determine whether there is any threat to aviation or national security that would prohibit the individual from flying. TSA may conduct a background check in making this determination. If the traveler is cleared to fly, air carriers and other

appropriate parties will be notified. The TSA Office of the Ombudsman will forward a letter to notify the individual of the results.

CAPPS II, if implemented, will improve this system considerably. CAPPS II will reduce the number of persons requiring additional screening by ending the use of outdated information and rules resident in the CAPPS I system. Further, by using risk analysis and identity authentication tools, CAPPS II should substantially reduce the number of travelers automatically selected for secondary screening.

RESEARCH AND DEVELOPMENT

Question. The Congress made $154 million available for the Transportation Security Administration (TSA) to conduct research and development activities in an effort to improve current transportation sector security technology. Of the funds provided for fiscal year 2004, the Transportation Security Administration will target detection of chemical, biological, or similar threats and devices that could be released on or within an aircraft. With the testimony of Secretary Ridge before this Committee last month that the Department does not currently have the capability to screen for biological weapons that may be carried on board a commercial airliner, significant concern is warranted.

Will the Transportation Security Laboratory conduct separate research on methods to detect chemical or biological weapons or will this research be coordinated with the Science and Technology (S&T) Directorate and the work carried out currently within that directorate's Biological Countermeasures Portfolio?

Answer. TSA will be working closely with the S&T Directorate to identify technological solutions for screening to detect chemical and biological weapons. The TSA's Transportation Security Laboratory will play a critical role in identifying TSA's needs and specific operational considerations that must be taken into account as potential technologies are developed.

Question. The Transportation Security Laboratory previously focused solely on the threat to civil aviation but has begun research and development on threats against cars and trucks by explosives.

How will the Transportation Security Laboratory coordinate its research on transportation targets with the Science and Technology Directorate's High Explosives Portfolio?

Answer. TSA has a strong working relationship with the S&T Directorate. We continue to meet with S&T personnel on a regular basis to discuss ongoing projects to ensure no duplication of efforts and to ensure projects undertaken are consistent with the overall goals of DHS.

Question. Of the funds provided for fiscal year 2004, $45 million has been made available to develop next-generation Explosive Detection Systems (EDS) for the detection of explosive materials in passengers checked baggage.

How has the research and development progressed to date to enhance the performance of existing Explosive Detection Systems that are currently deployed at airports and also with manufacturers of new technologies and when will these new technologies be ready for deployment in our nation's airports?

Answer. Advances including reductions in false alarms, improved machine reliability, and reductions in operational expenditures have sufficiently matured where they will begin to be deployed by no later than next year based on currently-planned equipment deployments. capability, increased throughput, and reduce the size of EDS solutions. Some equipment will be best suited for smaller airports or checkpoints, while other equipment is being designed for in-line deployment.

New technologies will be developed under TSA's Manhattan II project. TSA will be posting a request for information in the third quarter of fiscal year 2004. While TSA will explore the potential of all relevant technologies, we expect promising technologies to include the demonstration of novel x-ray sources, different geometry, and the development of multi-spectral detector arrays. Combined technologies may play a role, and nanotechnology may provide new elements for detection strategies.

Question. Are there any new threat analyses that warrant a need to expand the criteria for certifying Explosive Detection Systems that are not currently included in the screening of passenger baggage?

Answer. TSA continually evaluates its certification criteria for explosives detection technology to ensure both the types and amounts of explosives that the technology can identify are reflective of the threat. TSA has efforts underway to expand the types of explosives that can be identified, while also reducing the amount of explosives that would automatically trigger detection.

Question. The Presidents fiscal year 2005 budget proposes to consolidate all research department-wide into the Science and Technology Directorate, except for the research carried out by the Transportation Security Administration's Laboratory.

With the concern of carrying out research in a parallel manner do you believe it would best serve the Department if the Transportation Security Administration research and development activities were consolidated with the Science and Technology Directorate research activities?

Answer. TSA believes that the constant demand for improved technology performance and the very specific detection capabilities needed to support TSA's mission requires that TSA have a highly specialized applied R&D program. As new weapons are developed, TSA must be able to meet its immediate operational needs by refining and enhancing current technologies to counter those threats and by identifying gaps to ensure R&D is well focused on continually improving capabilities. TSA must also be able to leverage its human factors efforts to identify methodologies, training and operational tools, and develop technology that will foster improved performance. TSA will continue to coordinate closely with the S&T to ensure that we can adapt to and address changing threats without duplicating S&T's efforts.

Question. In the search for new technology to detect and prevent weapons and explosives from being carried onto airliners, the Transportation Security Administration is evaluating technologies to make the screening process more effective and less time-consuming. How has the research and piloting of new passenger checkpoint technologies, such as passenger body scanners and explosive trace detection portals, made promising advances in detecting explosives and/or biological or chemical weapons from being carried onto commercial airliners and when do you believe the piloting of these new technologies at airports will take place?

Answer. TSA has developed a roadmap for the operational testing and evaluation of checkpoint technologies to improve TSA's ability to detect explosives being carried on persons and in carry-on baggage. Highlights from our Roadmap are as follows:

—*Explosives Detection Portals.*—Continued development and pilot deployment in the 3rd quarter of fiscal year 2004;

—*Document Scanners*.—Continued development and pilot deployment in the 2nd or 3rd quarter of fiscal year 2004;

—*Cast & Prosthetic Device Scanners.*—Continued deployment and pilot deployment in the 2nd quarter of fiscal year 2004;

—*Explosives Detection Systems (EDS) for carry-on baggage.*—Define performance metrics and solicit vendor participation 2nd or 3rd quarter of fiscal year 2004;

—*Explosives Detection Technology for screening liquids.*—Establish the performance metrics for this technology and solicit vendors of existing technologies to participate in an evaluation against this qualification standard.

LETTERS OF INTENT (LOI) FOR EXPLOSIVE DETECTION SYSTEM (EDS) INSTALLATION

Question. The Congress has made available over $1.5 billion for the installation of explosive detection systems and the Letter of Intent (LOI) program to safeguard commercial airliners from a terrorist attack by explosives.

What savings can be achieved on an airport-by-airport basis in personnel costs by installing Explosive Detection Systems "in-line" as opposed to terminal lobby protocols?

Answer. The degree of costs vs. benefits will vary from airport to airport because of differing airport configurations. TSA is in the process of refining its return on investment analysis model at the same time that it is revising its staffing model. TSA will continue to assess the extent to which in-line systems benefit operational efficiency.

Question. With the current cost share in place (90/10) and the President's budget request of $250 million, how many Letters of Intent does TSA intend on signing in fiscal year 2005?

Answer. TSA currently expects that all resources will be utilized for currently-signed LOIs as well as other EDS integration activities. However, TSA will assess the need for additional in-line integration and resource availability on an ongoing basis.

Question. How much of the $1.5 billion made available by Congress remains available for terminal modifications and what is the cost estimate to meet the necessary terminal modifications required at all commercial service airports across the country?

Answer. The $1.488 billion appropriated in fiscal years 2002, 2003 and 2004 has been used for the following requirements:

—$828 million to cover facility modification and equipment installation costs to meet the Congressional mandate to provide for and conduct 100 percent screening of all checked baggage for explosives at over 440 airports,

—$259.4 million in support of the first eight completed Letters of Intent (LOIs), including the 2 LOIs issued on February 15, 2004,

—$20 million for contract support to complete various tasks associated with the installation of explosives detection systems (EDS) and explosives trace detection (ETD) equipment, including site acceptance testing of EDS and ETD equipment at the time of delivery from the vendors and once installed at an airport, engineering and installation services from equipment vendors, and administrative and technical support work,

—$30 million to individual airports for completion of projects associated with EDS/ETD equipment installation, including HVAC installation, demolition work, and electrical work,

—The remaining $350 million of the fiscal year 2004 installation funding will be allocated for direct contracts between TSA and individual airports for in-line EDS installations, with a portion to be carried over into fiscal year 2005 to use along with fiscal year 2005 funding to make fiscal year 2005 LOI reimbursement payments for the 8 existing LOIs.

Question. Will the agency fund terminal modifications at airports outside of the LOI process?

Answer. At the current funding level, and applying the 75/25 cost share formula, TSA can support the following:

—Reimbursement payments for the 8 existing LOIs;

—Installation and multiplexing of EDS technology at the LOI airports; and

—EDS and ETD non-LOI installation work needed at 12 airports to provide equipment capacity. The airports selected in this category have a need for increased equipment capacity because of increased passenger loads and airport terminal expansion projects to support increases to air carrier service.

Question. With so many needs and limited resources, how is the agency prioritizing on an airport-by-airport basis?

Answer. TSA continues to use its prioritization factors to determine where limited resources will be allocated. TSA's first priority is to achieve compliance with the 100 percent electronic screening requirement at all airports. Simultaneously, TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions.

PASSENGER AND BAGGAGE SCREENERS

Question. In a report issued last month reviewing the Transportation Security Administration's process for conducting background checks on Federal passenger and baggage screeners, the Inspector General of the Department of Homeland Security made a list of twelve recommendations to the Administrator of the Transportation Security Administration to improve its management of the background check process for screeners. What procedures have been put into place to guarantee all passenger and baggage screeners that are currently employed and also individuals that are applying for a screening position have a full background check?

Answer. TSA is aggressively implementing the Inspector General's (OIG) twelve recommendations. A significant part of our actions have been focused on ensuring that all screeners have had the necessary background checks and that all screener candidates receive a background check before they are hired.

Processes are in place to ensure that all screener candidates are subject to a fingerprint based criminal history check that is successfully adjudicated BEFORE they are hired. In addition, prior to hiring, all screener candidates undergo a commercially conducted pre-screen investigation that checks criminal history (based on an FBI fingerprint check and a check of local criminal histories), credit history and specific watch lists (TSA's No Fly and Selectee Lists). Successful adjudication of both the fingerprint check and the commercially conducted pre-screen investigation are absolute requirements before hiring takes place. After hiring, all new screeners undergo an Office of Personnel Management (OPM) Access National Agency Check and Inquiries (ANACI) investigation.

This combination of background checks, both before and after hiring, provides the best available process to ensure security while maintaining a fully staffed screener workforce. The pre-employment checks (the fingerprint check and the commercially conducted pre-screen background check) take approximately 2–3 weeks to complete, thus allowing timely hiring of screeners. The OPM-conducted ANACI is more thorough but takes several months to complete; the ANACI provides a more in-depth review of a person's background which further mitigates security risk. TSA undertook a major effort in Q3/Q4 of fiscal year 2003 to complete and adjudicate the required background checks (fingerprint, pre-employment and OPM ANACI) on all

currently employed TSA screeners. Since then, all newly hired screeners have been subject to the processes and checks described above for screener candidates.

Question. The Transportation Security Administration is currently in the process of an annual recertification of airport screeners to be completed by the end of this month.

Can you explain the testing standards of the recertification process and what contractor oversight TSA is performing to ensure adequate testing the screeners for recertification is being carried out?

Answer. The Aviation and Transportation Security Act (ATSA) requires that TSA shall conduct an annual proficiency review of each individual assigned screening duties.

TSA completed the 2003/2004 re-certification process in March 2004 for both Federal and private contract screeners. TSA is meeting this requirement through a national re-certification program for Transportation Security Screeners, Leads, and Supervisors. For the 2003/2004 re-certification cycle (October 2003 through March 2004), the program consisted of a series of certification modules for either the Passenger/Dual Function (Passenger and Checked Baggage) or Checked Baggage screening function. The modules used were:

Passenger/Dual Function Screeners:

—*Module 1.*—Standard Operating Procedure (SOP) Job Knowledge Test, (Screener and Supervisor versions)

—*Module 2.*—X-Ray Image Interpretation Test, and

—*Module 3.*—Practical Skills Demonstration

Checked Baggage Screeners:

—*Module 1.*—SOP Job Knowledge Test (Screener and Supervisor versions) and

—*Module 3.*—Practical Skills Demonstration

In addition, a screener must have a "meets standards" for his/her annual Performance Rating by the FSD at his/her airport to be re-certified.

The national re-certification program's objective is to ensure that screeners demonstrated proficiency in the knowledge and skills that are critical to a screener's ability to provide world class security and world class service. As part of the development of this program, TSA employed a rigorous technical process to develop the assessment content and set proficiency requirements (i.e., passing scores) for each module. TSA implemented a valid and fair assessment process with the appropriate standards in place to certify that its screener workforce is proficient and capable of providing the security and service expected.

Modules 1 and 2 were administered by local FSD staff (in most cases the airport Training Coordinator). Our training contractor, Lockheed Martin, administered Module 3. TSA government employees conducted quality assurance audits of the contractor throughout the re-certification process and observed approximately 16 percent of the airports re-certification practical demonstrations.

Question. Are the screeners being tested on TSA standard operating procedures and what is the pass/fail rate of the screeners that have been tested so far?

Answer. Yes, screeners were tested on the standard operating procedures in Modules 1 (SOP knowledge test) and Module 3 (Practical skills demonstration). Less than 1 percent of the screeners failed fiscal year 2003–04 re-certification testing.

Question. Congress limited the number of screeners employed by TSA to 45,000 full time-equivalents (FTE). Currently TSA is under that threshold and intends on hiring more screeners to comply with the 45,000 cap. Do you believe that the 45,000 FTE limitation gives TSA an adequate number of screeners to carry out passenger and baggage screening?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is better coordinating airline schedules and passenger load with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

Question. Is the 10 minute passenger screening standard wait-time still in place or have new standards been implemented?

Answer. TSA is committed to providing world-class customer service while ensuring freedom of movement for people and commerce by keeping our nation's transportation systems secure. We have done research, including focus groups, on customer satisfaction and devised a more robust methodology to assess the passenger experience, focusing not just on wait times, but on the totality of customers' interactions

with the full range of screening processes. We have found that wait time is not a significant driver of the public's satisfaction with and confidence in TSA. In fact, most respondents in focus groups said that they would rather wait longer in line if security was better, and it is more important that the security process be thorough, attentive, and efficient than merely fast.

In light of feedback from our research, TSA has developed a Customer Satisfaction Index for Aviation Operations (CSI–A). The CSI–A is comprised of results from passenger surveys conducted at airports, along with national poll results and complaints and compliments received by TSA. Passenger survey results display a high level of customer satisfaction, as 92 percent of the more than 15,000 respondents indicated they were satisfied" or "very satisfied" with their overall experience. National polls conducted by the Bureau of Transportation Statistics bi-monthly support these findings of customer satisfaction. Finally, airports show a downward trend in complaints relative to compliments.

Nonetheless, TSA is committed to measuring wait time information at Federalized passenger checkpoints. In 2002, initial wait time data was collected at all 82 Category X and I airports (covering approximately 95 percent of annual originating enplanements). Wait times at the remaining airports are predicted to be minimal, so we collect data from a sampling of Category II, III and IV airports in order to identify trends. We have found that most airports do meet the 10-minute standard most of the time. TSA will continue to collect wait time data at all major and a sampling of smaller airports to establish a good understanding of wait times, as well as how our service and staffing models impact wait times. We will continue to monitor wait times system-wide—by collecting data at all major airports for a 2-week period 3 times per year—to ensure that the same patterns hold over time.

REGISTERED TRAVELER PROGRAM

Question. Congress provided $5 million for fiscal year 2004 for the Registered Traveler program to conduct a pilot program at selected domestic airports to expedite the security screening and check-in of passengers that voluntarily submit their personal data for a background check in order to be enrolled into a passenger registration and identity verification system.

What has been accomplished to date on the Registered Traveler program with the funds provided by Congress? What do you intend to accomplish in the pilot program by the end of fiscal year 2004, and what enhancements do you propose with the requested increase of $10 million for fiscal year 2005?

Answer. Over the past year, TSA, in coordination with both internal and external stakeholders has developed a strategy for conducting a limited number of Registered Traveler (RT) Pilots in 2004 that will allow the Department to evaluate the merits of the program without disrupting airport operations or compromising security.

TSA intends to conduct RT Pilots at a limited number of airports beginning in June 2004. The Pilot programs will assess improvements in security and enhancements in customer service for passengers. The pilots will last approximately 90 days. Results of these pilots will be analyzed beginning in October 2004 to determine the program's effect on security and service.

Upon conclusion of the pilots, a determination will be made regarding best practices and necessary enhancements required for a larger implementation of the program. The fiscal year 2005 budget request includes $15 million for additional start-up costs, such as IT infrastructure and staffing for this program. TSA anticipates that future operational program costs for the Registered Traveler Program would be covered by fees incurred by participants. Thus, the Registered Traveler Program would be self-funded.

Question. Will biometrics be the cornerstone of the Registered Traveler program or will is it be just one component being considered as the pilot program takes place?

Answer. During the RT Pilot, TSA will assess biometric technology solutions to enhance identity verification capabilities at the passenger security checkpoint. These biometric tools will be tested in conjunction with business processes, including potential reconfiguration of lines and lanes, to develop a secure and expedited travel experience.

Question. Do you see Registered Traveler as a precursory test for CAPPS II?

Answer. The Registered Traveler Pilot Program is purely voluntary and will offer a secure and expedited travel experience for those who wish to participate. In addition to submitting personal data, RT participants will also be requested to submit biometrics (fingerprint and iris scan) that will not be components of the CAPPS II program. However, depending on the nature and structure of any deployable RT and

CAPPS II program, there may be clear functional synergies and overlapping capability. TSA will work to ensure that these are identified and assessed.

Question. In what airports will the pilot programs take place and how will travelers voluntarily sign up?

Answer. Final decisions regarding specific locations for the Registered Traveler Pilot have not yet been made. TSA envisions that voluntary enrollment for the RT Pilot will likely take place at the designated airport locations.

TRANSPORTATION SECURITY ADMINISTRATION FISCAL YEAR 2004 SHORTFALL

Question. Does TSA have adequate funding for fiscal year 2004 or is it facing funding shortfalls in certain programs and activities?

Answer. The fiscal year Homeland Security Appropriations Act was signed into law on October 1, 2003. In addition to these new appropriations, TSA has carryover funding from fiscal year 2003 that is available to be spent in fiscal year 2004. A spend plan has been developed for fiscal year 2004 that allows TSA to meet its requirements within available funding.

Question. What specific funding shortfalls do you anticipate for fiscal year 2004?

Answer. TSA anticipates that it will meet its fiscal year 2004 requirements within available funding.

Question. How do you intend to address the funding shortfall problems (better management and fiscal controls, a proposed reprogramming of TSA funds, or other funds provided to the Department from other programs and activities)?

Answer. TSA has been working to improve its fiscal controls and management of the agency as it transforms itself from a start-up agency to a maturing organization. In fiscal year 2004, TSA is requesting $154.6 million in funding to be shifted among programs to meet emerging requirements.

Question. If a reprogramming of funds will be necessary, when can we expect that proposal to be submitted to the Committee?

Answer. The reprogramming was transmitted to Congress on April 23, 2004.

Question. Will an amendment to the fiscal year 2005 budget request, as submitted, be required in light of these shortfalls?

Answer. The Administration does not intend to submit a fiscal year 2005 budget amendment for TSA.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

TSA: SECURITY CONTRACT

Question. We recently received notification of a security contract for TSA facilities in Northern Virginia that totals a minimum of $5.3 million a year for 5 years. That appears to be an extremely large amount of money to provide staff and equipment to screen people and their belongings as they enter the two facilities.

Please justify for the record the number of security employees and types of equipment that your agency will be obtaining under this contract. If the response needs to be classified, please provide the subcommittee with an appropriately classified response.

Answer. The contract security guard force at TSA Headquarters at Pentagon City and the Transportation Security Operations Center (TSOC) (formerly TSCC) in Chantilly, Virginia is responsible for protection of the facilities and for processing the entry of employees and visitors to both locations. The decision was made pursuant to guidance received from the Department of Homeland Security (DHS) and also to comply with the guidelines established by the Department of Justice (DOJ) in 1995, entitled "Vulnerability Assessment of Federal Facilities." Security surveys and risk/threat assessments for both facilities confirmed the level of security required. Both facilities house Sensitive Compartmented Information Facilities (SCIF) within their space, as well as other sensitive critical assets. Director of Central Intelligence Directive (DCID) 6/9, effective 18 November 2002, requires an immediate security response to an alarm in this facility. (DCID 6/9; 3.1.2.1) Additional factors, including the fact that both facilities are operational 24 hours a day, 7 days per week and the ongoing threat environment, impacted the decision.

The TSA Protective Security contract was solicited on a competitive basis among eight vendors. This acquisition was awarded utilizing those contractors from the General Service Administration's Federal Supply Schedule 98 (Law Enforcement—Security Facilities Management). Under these guidelines, a 5-year firm-fixed labor hour Blanket Purchase Agreement (BPA) was awarded. Each year, funded individual task orders will be written and ordered against the BPA. After conducting market research on the per hour cost for Security Guards in the DC Metro area,

it was determined that a single contract with one security guard company managed by TSA would be the most cost effective. Among the eight vendors bidding for the contract, the one chosen was the less expensive of the two most qualified vendors, and the cost was well within the Washington area average.

Under this contract, the security guard company will be providing personnel with weapons and uniforms, obtaining clearances for the guards, supplying associated security equipment and training for its personnel, and providing on-site supervision. Security personnel employed by the contractor to protect TSA's facilities are U.S. citizens, and many of them are armed or possess Secret Security Clearance, or both. The total man-hours worked by the Security Guard personnel at both TSA Headquarters and TSCC is approximately 4,000 hours per week. Besides the screening of visitors and their belongings prior to entering TSA facilities, duties include providing escort for contractors, security for VIP visits, responding to alarms, patrolling the grounds and staffing the control center at both locations for 24 hours, 7 days a week.

EXPLOSIVES DETECTION FOR PASSENGERS

Question. In December, 2001, Richard Reid was prevented from exploding his improvised "shoe bomb" due to quick action on the part of the passengers and crew of an American Airlines flight from Paris to Miami. In the intervening 2 years, we appear to have increased the screening of checked baggage for explosives, but there appears to be little effort being made to enhance the screening of passengers themselves for hidden explosives.

The technology and equipment exist to non-intrusively screen passengers for explosives. What is TSA doing to address this potential threat? How much of your fiscal year 2005 budget request is devoted to enhanced screening of passengers for explosives? Of the requested funds, how much are estimated to be used to procure the latest proven explosive detection portals?

Answer. TSA has developed a roadmap for the operational testing and evaluation of checkpoint passenger screening technologies to improve TSA's ability to detect explosives being carried on persons and in carry-on baggage. Below is a list of the technologies to be pilot tested at airports and the timeframe in which that testing will be accomplished:

—Explosives Detection Portals—continue development and pilot deployment in the 3rd quarter of fiscal year 2004;
—Document Scanners—continue development and pilot deployment in the 2nd or 3rd quarter of fiscal year 2004;
—Cast & Prosthetic Device Scanners—continue development and pilot deployment in the 2nd quarter of fiscal year 2004;
—Explosives detection systems (EDS) for carry-on baggage—define performance metrics and solicit vendor participation 2nd or 3rd quarter of fiscal year 2004; and
—Explosives detection technology for screening liquids—establish the performance metrics for this technology and solicit vendors of existing technologies to participate in an evaluation against this qualification standard.

AIRPORT FUNDING FORMULA CHANGES

Question. President Bush signed the FAA Reauthorization bill into law in December, 2003. That law mandates that the Federal government, through the TSA, cover 90 percent of the costs associated with airport security improvements including the installation of explosive detection devices. Less than two months later, however, the President submitted a budget to the Congress that would increase the burden on airports for meeting Federal security mandates. He proposes to change the amount of the Federally-covered expenses from 90 percent to only 75 percent. This appears to be yet another example of this Administration passing the security buck to someone else. In this case it is the airports and local taxpayer-funded airports. In other cases it is seaports or some other transportation entity.

How can the Administration justify agreeing to fund 90 percent of airport security costs in December and then provide funding for only 75 percent of the costs in February?

Answer. The 75 percent Federal funding level has been a long established cost share formula with the aviation industry. Because industry shares security responsibilities with the Federal Government, and because airports and airlines receive efficiency benefits from in-line systems, it is fair that they also share financial responsibilities at this level for installation of systems that will ease passenger flow and provide increased security levels at airports. Additionally at the 75 percent cost share related, TSA can use it allocated funding to support current LOI airports as

well as those airports that have not received LOI but were additional equipment capacity is needed to accommodate increased passenger loads.

CARGO AND CONTAINER SECURITY

Question. Two years ago, Congress created and funded Operation Safe Commerce. Late last year, the Bureau of Customs and Border Protection announced a "smart container" initiative. And just 2 weeks ago, the Homeland Security Advanced Research Projects Agency issued a solicitation for inexpensive container security technologies and offered up to $2 million towards that effort. It appears to me that there are too many cooks in this particular homeland security kitchen. Who is in charge of the security of shipping containers? Which agency is setting the standards and which one or ones is responsible for implementing them?

Similarly, in regard to Operation Safe Commerce, what is TSA doing to set shipping security standards and how is TSA working with CBP in this effort? Once the various OSC shipping tests are completed and the reports submitted, who will be in charge of implementing the "lessons learned" and ensuring that they are implemented? Do you envision the establishment of national standards in this regard?

Answer. Secretary Ridge delegated authority and responsibility for implementing the Maritime Transportation Security Act's Secure Systems of Transportation (SST) and performance standard sections to BTS.

In order to ensure that international and domestic approaches to cargo security are coordinated and policies are consistent, under BTS leadership, a working group consisting of TSA, CBP, USCG and S&T personnel has been meeting regularly, and is conducting a gap analysis on existing cargo security and intelligence programs, coordinate existing containerized cargo security programs and R&D efforts to identify synergies and coordinate existing DHS component activities in the containerized cargo security environment.

The goal of this effort is to ensure effective cargo security from point of origin to final destination. We will achieve this goal by leveraging existing legacy programs like CSI and CTPAT, adding enhancements, and setting minimum performance standards to close identified vulnerabilities. We will also apply lessons learned from Operation Safe Commerce and the SST interagency working group with CBP and USCG.

AIRLINE PASSENGER SCREENING: WAIT TIMES

Question. Last summer, my staff asked TSA personnel for information regarding wait times experienced by airline passengers at various airports. We are concerned that the cap on passenger screeners might be resulting in an increase in the time spent by passengers waiting in lines to be screened. My staff has renewed that request at regular intervals, and yet no information has been provided to them.

Last week, my staff went to Seattle on subcommittee business and had meetings with TSA personnel at the Seattle-Tacoma Airport. They were informed that records are kept every half hour of wait times at the various checkpoints at SeaTac and that average wait time information is submitted to TSA headquarters. Why have your representatives been unable to provide my staff with the requested information? When can we expect to receive this information?

Answer. Each month, TSA instructs approximately 26 U.S. airports to conduct a wait time study covering two consecutive weeks. These airports are selected according to geographical and size categories in order to allow TSA to extrapolate across the full range of airport diversity. All Category X and I airports—as well as select Category II, III and IV airports—will be chosen to collect data at least three times each over the course of the year. The monthly airport selections are balanced in order to provide consistent data for headquarters analysis.

In March, the average wait time for the sample of 26 airports was 3.1 minutes, with an average of 10.4 minutes at peak time. At Seattle, average wait time was 4.2 minutes and the average at peak time was 16.5 minutes.

RAIL SECURITY

Question. Current events such as the subway and rail bombings in Moscow and Madrid prove the point that we need an agency solely focused on protecting all modes of transportation. Congress created the Transportation Security Administration for just that purpose. In light of the Madrid bombings, has TSA developed a broader-based plan that would address the known threat to mass transit and rail security? Did TSA request additional fiscal year 2004 funds from the Department to assist in implementing this plan?

Answer. In the months preceding the Madrid and Moscow incidents, DHS, in close coordination with our partners at the Department of Transportation (DOT), State

and local governments, and transit and rail operators, took a number of steps to address vulnerabilities in the rail and transit systems to improve our security posture against such attacks. These efforts spanned the spectrum of security, from information sharing and awareness through prevention, response and recovery to a potential terrorist rail attack in the United States.

On March 22, 2004, Secretary Ridge announced additional measures to strengthen security for our rail and transit systems. Most of these measures were low or no-cost items and procedures funded out of existing agency resources. DHS will build on many of the security measures recommended during the past 2 years for implementation to mass transit and passenger rail authorities by DHS, the Federal Transit Administration and the Federal Railroad Administration.

Based on assessments from law enforcement and intelligence agencies, specific threat assessments and analysis, and the use of risk management principles, TSA continually evaluates, prioritizes and targets the use of available funds to reduce or eliminate the security threat.

Question. What is TSA doing to more systemically address these threats rather than just reacting to them? Is TSA coordinating efforts in this regard with other agencies in the Department of Homeland Security?

Answer. Ensuring that our nation's transportation systems are secure must be accomplished through effective partnering between appropriate Federal, State, local and private industry entities. We have consistently held that that this responsibility must involve the coordination of appropriate Federal, State, local and private industry partners, many of whom were already in the business of providing security for their particular piece of the transportation puzzle. TSA's main charge, both under ATSA and now as part of the DHS family, is to help coordinate these efforts under the guidance of the Secretary and the Under Secretary for Border and Transportation Security, identifying gaps and working with appropriate partners to ensure that existing security gaps are filled. However, other entities within both the Department and other agencies in the Federal Government have devoted considerable resources to securing modes of transportation other than aviation, including the Coast Guard and U.S. Customs and Border Protection for port, maritime and cargo security, the Information Analysis and Infrastructure Protection Directorate for critical infrastructures; the Office of Domestic Preparedness in transit security grants; DOT modal administrations; and State, local and private sector partners.

TSA's efforts in non-aviation security over the past 2 years have focused on greater information sharing between industry and all levels of government, assessing vulnerabilities in non-aviation sectors to develop new security measures and plans, increasing training and public awareness campaigns, and providing greater assistance and funding for non-aviation security activities. In partnership with other component agencies of the Department of Homeland Security (DHS) and in coordination with the Department of Transportation (DOT), State, local and private sector partners, TSA will continue to leverage existing security initiatives, coordinate the development of national performance-based security standards and guidance; identify areas where regulations may be necessary to improve the security of passengers, cargo, conveyances, transportation facilities and infrastructures; and identify areas where better compliance with established regulations and policies can be achieved. TSA will work with DHS components, modal administrators within DOT, and its government and industry stakeholders to continue these efforts, establish best practices, develop security plans, assess security vulnerabilities, and identify needed security enhancements.

CANINE TEAMS

Question. You mention in your testimony that you request $17 million in fiscal year 2005 to support 354 canine teams. Your prepared statement on this funding seems solely focused on aviation security as it relates to K–9 teams. Yesterday, as part of his rail and transit security initiative, Secretary Ridge said that the Department will develop a rapid deployment Mass Transit K–9 program by using existing Homeland Security explosive K–9 resources.

Once again, it appears that the Department is robbing Peter to pay Paul. It appears that you will be pulling K–9 teams away from airports and the protection of Federal buildings and using them for mass transit, thus degrading security in one transportation mode to begin beefing up security in another mode. By refusing to seek additional funds to address this very real threat it truly calls into question the seriousness of this Administration in its effort to secure the homeland.

Does the initiative announced yesterday mean that you will be pulling existing K–9 teams away from protecting airports and Federal buildings to use them for rail and mass transit security? Did TSA request funds for the creation of new teams this

fiscal year to address the threat to mass transit? Do you anticipate receiving any new resources this year for the creation of canine teams dedicated, trained, and certified for the rail environment? If the Department plans on waiting until the fiscal year 2005 Homeland Security appropriations bill is signed into law, I would caution that intelligence indicates the threat is imminent and the Department's track record on obligating grant funding is spotty at best.

Answer. DHS will establish Rapid Response Teams (i.e., K–9 units) for rail and mass transit security through the Federal Protective Service (FPS). FPS will utilize dog team reasources from across the government. TSA will not be pulling canine units out of the airports unless, potentially, this is part of an action to respond to specific incidents or intelligence which warrants use of a Rapid Response Team. TSA will use its existing resources to provide dog team training assistance to transit operators

THE THREAT FROM HAMAS

Question. On March 22, the so-called spiritual leader of Hamas, Sheik Ahmed Yassin, was assassinated in an attack authorized by Israeli Prime Minister Sharon. It was an attack about which the U.S. government apparently had no advance knowledge. However, as a result of the attack, Hamas has stated that it blames the United States and there are some reports that it plans to bring its reign of terror to U.S. shores.

Not only was Sheik Yassin a spiritual leader, he was also known as the "father of the suicide bomber". I am deeply troubled that the "eye for an eye" tactics of daily life in the Middle East may soon arrive here at home. We have already witnessed backpacks exploding and killing over 200 in Madrid. Based on the Secretary's statement of March 22 and the threat advisories we have seen, I fear that it will not be long before suicide bombers begin detonating themselves in our public places, our sidewalk cafes, our buses, or our subways.

What is the Department doing to prevent these types of suicide attacks in this country? Are there plans prepared to address this looming threat? Or does the Department just plan to wait for the inevitable attack and then respond?

Answer. Suicide bombers usually look for crowded public locations (shops, restaurants, clubs, etc.) to detonate themselves for the sole purpose of killing and injuring as many people as possible. Public transportation targets in other parts of the world have been subjected to suicide bomber attacks, especially busses. Stopping suicide bombers intent on detonating themselves on or near a bus, ferry or other mass transit venue or terminal requires at minimum a multi-pronged approach that includes: (1) good intelligence and law enforcement response; (2) training operators to recognize the behavior patterns and mannerisms of suicide bombers; (3) and educating passengers to do the same. We also should explore physical inspection alternatives, as we are doing on a test basis in New Carrollton, Maryland. It is not clear, however, if this alternative is viable or effective.

TWIC

Question. The MTSA requires the creation of a national Transportation Worker Identification Credential (TWIC). Truck drivers, airport employees and all other individuals requiring access to secure transportation areas in the performance of their duties will be required to carry this credential. Please provide the Administration's views on the wisdom of using a centralized and existing card production facility for the production of the TWIC cards, including an evaluation of the associated costs and benefits. What is the status of the prototype project?

Answer. During the development process, data, technical information and lessons learned were gathered from a wide range of sources including industry stakeholders and other Federal credentialing projects. The RFP for the TWIC Prototype Phase will be released in the immediate future. The proposed plan leverages the stakeholder relationships established over the past 24 months and during the Technology Evaluation Phase, as well as a partnership with the State of Florida for the network of deep-water ports. The goal of the prototype is to evaluate the full range of TWIC business processes within a representative operational environment. The plan includes facilities and workers from all transportation modes and is focused in three regions, Philadelphia-Wilmington, Los Angeles-Long Beach, and the Florida ports.

Various card production options were evaluated within the context of system requirements. Centralized card production using existing Federal card production facilities that meet all of the system requirements was determined to be the most cost effective solution for the prototype phase. Key factors in the evaluation included: physical security and controlled access to the production process; secure supply chains for card stock and special security features (e.g. holograms, special inks, se-

cret keys); standardization of training; and, economies of scale with high capacity production machines. Centralized card production will be further evaluated during the prototype, and the final evaluation report will include a detailed analysis on all card production options and a recommendation for DHS decision.

REGISTERED TRAVELER

Question. Last week TSA announced its plan to begin a registered traveler program in which frequent airline travelers would pay a fee and be provided expedited processing at airport security checkpoints. Your budget request includes $15 million to "expand contract support and technology resources". Please describe the planned registration fee and the estimates of the total cost of the program. How much would the fee need to be increased to cover the proposed $15 million proposed expansion. How can the full cost of the program be recovered from business travelers and others who voluntarily join the program as opposed to passing on some of the costs associated with the program to all taxpayers?

Answer. TSA intends to conduct RT pilots projects at a limited number of U.S. airports beginning in June 2004. The pilot programs will assess improvements in security and enhancements in customer service for participating passengers. The pilots will last approximately 90 days. Results of these pilots will be analyzed beginning in October 2004 to determine the program's effect on security and service.

During the RT pilot, TSA will test technology in the form of biometric tools to enhance identity verification at the passenger screening checkpoint, in conjunction with business processes, including potential reconfiguration of select checkpoint lines and lanes. TSA will be testing a range of technology and operational variables. The RT pilots will monitor and assess possibilities for a secure and expedited travel experience for those who volunteer to participate in the program. The number of participants in the RT pilots will be capped at 10,000 spread across a small number of airport locations. It is anticipated that this small RT pilot test will not have a detrimental effect on either those who do not volunteer or on the screener workforce. Upon conclusion of the pilots, determinations will be made regarding best practices and necessary enhancements required for a larger implementation of the program.

The cost of the RT pilot programs will be funded by $5 million earmarked for the Registered Traveler program in the Homeland Security Appropriations Act, 2004 (Public Law 108–90). Contrary to what was reported in the media, TSA is not planning to charge a fee to passengers who participate in the 90-day RT pilots.

TSA will await the results of the pilot program prior to making any decisions regarding the implementation of a Registered Traveler program in fiscal year 2005, including what costs would be incurred by those passengers who wish to participate in the voluntary program. TSA anticipates that future operational program costs for the Registered Traveler Program would be covered by fees incurred by participants. Thus, the Registered Traveler Program would become self-funded.

HOLLYWOOD JOB

Question. I understand that TSA is looking to hire an individual to serve as a liaison to the Hollywood film and television industry and that the person would be paid at the GS–15 level. How many TSA screeners could be hired with the $136,000 that the GS–15 Hollywood liaison will be paid?

Answer. Public Affairs utilized an open, funded position from one of its bureau offices to create the Director of Entertainment Liaison position to represent the entire Department. By taking an FTE from an office where reorganization had created efficiencies in workload, the position utilized those efficiencies to create a position with value added to the Department.

The Entertainment Liaison Office is a necessary addition to the Office of Public Affairs. This person will work with television and movie producers to ensure that they do not take "editorial license" with Homeland Security matters that could provide the public with false impressions or inaccurate information. We spend a great deal of effort to educate people to help them to be better prepared for any possible disaster—natural or manmade. Millions of Americans get information through the entertainment industry. This position will help to ensure that these people get an accurate portrayal of the department's mission, policies, and activities, while proactively working to help the American public better identify DHS functions. The Entertainment Liaison office will guide the direction of documentaries and law enforcement "reality" shows to provide real information about how the country is better prepared today.

This is not a unique position in government. Many other Federal agencies already utilize a liaison with the entertainment industry. The CIA has a Hollywood liaison, and the Department of Defense houses a large staff to serve the same function.

This position hired at a salary level of $136,000 (GS–15) would be comparable to hiring approximately 3 TSA screeners (see breakout below.)

Base salary	$23,600
Locality pay (assumed Los Angeles area)	+4,732
Benefits	+8,260
Dual position training	+3,130
Total	39,722

$136,000/39,722=3.4 screeners.

MARITIME AND LAND: A LACK OF FOCUS

Question. I remain strongly concerned that moving the funds from TSA will result in a diminishment of focus from your agency—and the Department—on non-aviation modes of transportation. That would be in direct contravention of the intent of Congress when it passed the Aviation and Transportation Security Act in November 2001. That Act gives TSA the responsibility for "security in all modes of transportation."

During the hearing, you indicated that upon further reflection in regard to the movement of TSA's grant funds to ODP, the Department had determined that TSA's "subject matter specialists/expertise" would remain at TSA. Please confirm for the record that this statement is accurate. If this is not the case, please explain why and please tell the subcommittee when you learned that this would not be the case and from whom. Also, please provide the Subcommittee with the number of subject matter specialists TSA employs as of March 19, 2004, in the areas of mass transit, seaports, rail, trucking, and buses.

Answer. It is anticipated that the Transportation Security Administration (TSA) will continue to provide operational expertise on the grant programs through participation in pre-award management functions. These include determination of eligibility and evaluation criteria, solicitation and application review procedures, selection recommendations and post award technical monitoring.

As of April 21, 2004, the Transportation Security Administration (TSA) surface transportation (i.e., maritime and land) had 120, including 23 for rail and mass transit, and 14 for the maritime environment TSA is reorienting its subject matter expertise as roles and missions are better defined between itself and other DHS components. As TSA expands its activities on in rail and mass transit security, for example, we would expect to have additional subject matter experts and few in other areas where such experts exist in other DHS components.

CAPPS II—TESTING

Question. Also, of the funds requested for this program in the fiscal year 2005 budget request, what is requested solely for additional testing of the program—as opposed to implementation and operation of the system?

Answer. There are two components to the plan for CAPPS II testing: testing with historical PNR data and full system testing that will take place once connectivity is established with an airline to test with live data. TSA estimates the cost associated with completing system and performance testing at $5 million. This involves testing the system "end to end" to validate the ability of the system to receive all of the different types of records from the airlines and post the results of the risk assessment on the boarding pass. Once system testing has been completed, performance testing is required to verify that the time required to complete each end-to-end transaction meets the system performance standards.

AIR CARGO SECURITY

Question. On December 24th, 2003 six flights between Paris and Los Angeles were cancelled due to security concerns. In the week following the cancellation, U.S. officials "significantly increased" inspection of air cargo on foreign flights—a source of widespread concern as a potential mode of attack for terrorist.

The vast majority of cargo carried on passenger aircraft still is not screened for potentially deadly threats. Their checked bags and carry-on luggage are screened—even their persons are submitted to oftentimes humiliating searches, but other forms of cargo carried in the belly of the plane are not. In fact, according to a September 2003 report issued by the Congressional Research Service less than 5 percent of cargo placed on passenger airplanes is screened.

The Aviation and Transportation Security Act requires that the agency "provide for the screening of all passengers and property, including United States mail,

cargo, carry-on and checked baggage, and other articles that will be carried aboard a passenger aircraft," yet TSA is primarily relying on an administrative process called the "known shipper program" to meet this requirement instead of physically screening the cargo.

Sadly—even after this Committee and this Congress added funds in last year's budget to enhance research and test methods of inspection for air cargo—your budget fails to provide increased funds to address this very real threat. Mr. Secretary, why have no funds above the $85 million Congress provided in fiscal year 2004 been requested for fiscal year 2005? Does the Bush Administration believe that the threat to air cargo is not real?

Answer. DHS is committed to a strong air cargo screening program and its request bears this out. The Administration's fiscal year 2005 budget request represents a significant increase over the fiscal year 2004 request, and is consistent with the additional funds appropriated last year by Congress in excess of the fiscal year 2004 request, which are being used to accelerate TSA's air cargo security program. TSA has already taken a number of significant steps to reduce vulnerabilities in this arena, including prohibiting cargo from unknown shippers, significantly increasing the number of physical inspections of air cargo on passenger and all cargo aircraft, increasing its air cargo inspections workforce, strengthening the criteria for consideration as a known shipper, automating the validation of known shippers and indirect air carriers, and expediting research and development efforts to identify potential new technological solutions for the inspection of air cargo on passenger aircraft. TSA is also working closely with CBP to develop a targeting tool which will permit effective identification of high risk cargo with the ultimate goal of requiring the inspection of all such high risk cargo.

TSA is committed to a threat-based, risk-managed approach to air cargo security. The Air Cargo Strategic Plan outlines a layered security strategy that does not rely on any single solution, but rather, includes measures that secure critical elements of the entire air cargo supply chain, with the ultimate goal of assessing the relative risk of air cargo and then focus existing resources on inspecting 100 percent of cargo that is determined to be of higher risk. Among the layers within the cargo security system are the Known Shipper program, Indirect Air Carrier certification system, procedures to secure cargo during transport to the airport, training of air carrier and Indirect Air Carrier personnel, and screening directives established in November 2003. TSA has expanded the Known Shipper database by involving more companies and collecting more information. A key change to the Known Shipper program will be the full deployment of TSA's pilot Known Shipper Automated Database. TSA has already begun to implement this automated database and expects full deployment by the end of the calendar year. TSA is committed to advancing evolving ideas and concepts that can be analyzed and implemented to make the cargo security system even more secure. TSA is also aggressively pursuing next generation technological solutions that will allow us to enhance security for the entire air cargo supply chain.

Question. The fiscal year 2004 Homeland Security Appropriations Act called for the hiring of 100 new inspectors to begin a more rigorous focus on air cargo security. We are now halfway into the fiscal year, but I understand that TSA has only offered positions to five people. Why has TSA made so little progress on this important program over the last 5 months? Is hiring air cargo security inspectors not a high priority for TSA?

Answer. The funding provided in the Department of Homeland Security Appropriations Act, 2004 (Public Law 108–90) enabled TSA to hire 100 new cargo inspectors. All 100 cargo inspector positions have been selected, and paperwork is being processed by TSA Human Resources. We anticipate extending job offers to these applicants and bringing them on board within the next 2 months.

TSA: SLOW MOVEMENT OF APPROPRIATED FUNDS

Question. The fiscal year 2004 Homeland Security Act was signed into law on October 1, 2003. Yet in the intervening six months, TSA has yet to obligate the $22 million Congress appropriated for trucking industry grants, the $17 million we provided for Operation Safe Commerce, the $10 million we provided for bus security grants, the $7 million we provided for hazardous material grants, nor the $4 million we provided for nuclear detection and monitoring. Additionally, $50 million still remains unobligated from the funds Congress provided for port security grants.

Please respond for the record on when we can expect these funds to be obligated. The threat to these transportation modes is real and the delay in getting these funds out to the intended recipients does not lay with the Congress.

Answer. In the coming months, TSA plans to request proposals for funding or announce awards for a number of programs. These include:

—TSA anticipates issuing a Request for Applications (RFA) for both the fourth round of Port Security Grants Program ($50 million remaining from fiscal year 2004) and Intercity Bus Security grants by late spring, 2004, with final awarding of grants expected in late summer.

—A fourth quarter fiscal year 2004 release of the RFA is anticipated for both the Highway Watch Program and Operation Safe Commerce, with final award anticipated in the fall.

—TSA intends to announce Request for Proposals for the Truck Tracking Project in early summer. Final award is anticipated in early fall, 2004.

—Award for Nuclear Detection and Monitoring is anticipated by mid-summer, 2004.

TSA FUNDING: ADEQUACY OF FEES

Question. Your budget request for fiscal year 2005 assumes that you will receive $750 million in air carrier fees. The Congressional Budget Office estimates that only a total of $350 million of these fees is expected to be collected during the fiscal year. If that is correct, your budget request is already short by nearly $400 million. I understand that you have the authority administratively to require the collection of the total amount of $750 million of these fees. Do you intend to use that authority?

If you do not intend to exercise your authority, this Committee certainly does not have the resources to fill that kind of a gap in funding. Will you be submitting a budget amendment to seek the additional $400 million? If you do intend to exercise this authority, please provide this Subcommittee with your schedule for announcing this change.

Answer. The air carrier fee was established by Congress as a means to allow the Federal Government to offset some of the costs it assumed from the airlines when the responsibility for passenger and property screening shifted from those airlines to the Transportation Security Administration. The Aviation and Transportation Security Act set the maximum level of this fee at the cost that the airlines incurred for providing security screening in 2000.

To assist TSA with determining what the airlines had spent on security screening prior to TSA assuming those functions, the agency required airlines to complete an extensive cost questionnaire on the costs the carriers incurred in 2000. Industry memorandums and Congressional testimony both pre and post 9/11 indicated that the airlines spent as much as $1 billion on security screening. Based on that information, TSA conservatively estimated that the industry's costs would be $750 million. However, the total reported by the airline industry through the cost questionnaires was around $350 million. Independent audits also could not validate the completeness of the industry's reported costs. As the air carrier fees are currently being paid based on the airline cost submissions, there is an approximately $400 million difference between fees being paid and costs originally reported by the industry.

TSA is continuing to review the results of the audits and is working with the airlines to validate their cost data. Should the data be substantiated, TSA will consider the use of its administrative authority to allocate and obtain these fees. Other alternatives under consideration are the resubmission of the legislation proposed by the Administration early in the current Congress, as well as technical adjustments to TSA appropriations language that would mandate fee collections.

INSUFFICIENT USE OF SCREENING EQUIPMENT—GAO TESTIMONY

Question. On February 12, GAO's Director for Homeland Security and Justice, Cathleen Berrick, testified before the House Subcommittee on Aviation. In her testimony, she observed that while the TSA has made progress in its checked baggage processes, "it continues to face challenges in attaining 100 percent screening using explosive detection systems 100 percent of the time." She notes that, "Of the airports reporting that they were not screening 100 percent of checked baggage the number of consecutive days that they were not conducting this screening ranged between 1 to 371 days."

Rear Admiral Stone, what steps are you taking to remedy the deficiencies noted by the General Accounting Office? Is it the result of a lack of screeners, a lack of equipment, or a lack of sufficient funds to place the right number of screeners with the right equipment in the right locations?

Answer. TSA is aggressively working to resolve both the equipment and staffing issues to ensure that we are able to conduct screening of 100 percent of passengers' checked baggage for explosives at all U.S. airports. To that end, we are deploying additional equipment at five major airports and adding more than 1,400 baggage

screeners to those airports where some baggage is screened through alternative methods allowed by law.

During the next several months, TSA will also complete the development and deployment of a state-of-the-art modeling process that will define the staffing requirements, including those associated with baggage screening equipment, for each airport, as well as for the Agency as a whole.

TSA: INJURY AND ILLNESS

Question. According to a Department of Labor study, workers at the Transportation Security Administration (TSA) suffered from more injuries and illnesses than employees at any other agency in the Federal Government last year. The TSA suffered more than 5 times as many job related injury and illness events as did their counterparts at other agencies. Nearly 20 percent of the 65,250 TSA employees at the time were hurt or sickened in the workplace last year, compared with only 3.7 percent of workers in the rest of the Federal Government. TSA employees were only 3.3 percent of the Federal workforce at the end of fiscal 2003. But their injuries and illnesses, 12,632 during that period, comprise more than 15 percent of all such incidents among government workers, according to the report.

What are you doing to modify your screener training program to ensure that employees are protected from injuries in the work place? What thought, if any, has been given to using different equipment that might assist workers in screening baggage without the chance of serious injury?

Answer. The Department of Labor reported that TSA had the highest injury and illness rate among Federal agencies in fiscal year 2003, measured by the number of employees injured filing claims with the Office of Worker's Compensation.

About 70 percent of TSA's claims were related to baggage handling, which is very different than the work undertaken by most Federal agencies. TSA has compared its injury and illness rate with the rates found in private sector companies performing closely related activities, such as baggage and parcel handling, and found that the rates for that type of work were similar to TSA's experience.

The high injury rate is partially attributable to the necessarily short time frame in which TSA was required to become operational. TSA's new baggage screening equipment had to be placed in airport space that was not designed to accommodate the equipment. Some operations must be performed in ergonomically unsuitable areas where there is insufficient space to perform safely repetitive baggage handling work. Eighty percent of claims related to baggage handling involved sprains and strains primarily to the back, but also to shoulders, knees and wrists.

TSA is currently working to develop and promulgate a series of safety related training topics as part of the screener recurrent training program. A course on safe lifting techniques has already been fielded. Training media will include video and Web-based training. Specific courses in development include Bloodborne Pathogens Awareness, Hazard Communications, Materials Handling and Lock-out/Tag-out, General Safety, and Slips, Trips, and Falls. Safety Action Teams are being established at every airport and programs are underway to identify and train collateral duty safety and health representatives across the agency. Finally, TSA has initiated a program to conduct hazard assessments at all of its airports in order to identify additional areas where accident prevention actions are necessary.

With the installation at some airports of new integrated baggage conveyor, in-line explosives detection systems, that greatly reduce manual baggage handling, some injury rates are already beginning to fall. In time, TSA anticipates that its efforts to field a comprehensive occupational safety and health program, establish a safety culture, train supervisors and employees, and make baggage handling system changes to minimize lifting, will result in significant improvement in TSA's injury rates.

LETTERS OF INTENT

Question. In response to a question during the hearing, you indicated that upwards of 30 airports are seeking letters of intent (LOIs) with you. You also indicated that the Office of Management and Budget had limited the number of LOIs that you are able to enter into to eight. If your analysis of the 30 airports proves the validity of these requests, how much additional funding would be required to fund them?

Answer. While numerous airports have expressed interest in LOI security funding TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine the allocation of resources. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement be-

cause of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. The President's Budget for fiscal year 2005 supports previously issued 8 LOIs for 9 airports, and assumes a 75/25 cost share formula as set forth in the Consolidated Appropriations Resolution, 2003. TSA also supports airports that have not received an LOI, but where additional funding for equipment is needed to accommodate increased passenger loads and new air carrier service. TSA continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Question. The budget request includes $400 million for the purchase and installation of Explosive Detection System (EDS) machines. Letters of Intent (LOI) have been signed with eight airports for the reimbursement of construction costs associated with the integration of the new EDS machines for in-line baggage screening. It is my understanding that the $250 million requested for installation would only cover continued payment of the existing LOIs.

How many airports are on your list for installation, and under the current approach how long would it take to install in-line EDS machines at the remaining airports on your list? What would it cost over the next 4 years to accelerate the program and install in-line EDS machines at all the airports on your list?

Answer. TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine where resources will be allocated. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. The President's Budget for fiscal year 2005 supports previously issued LOIs for 9 airports, and assumes a 75/25 cost share formula as set forth in the Consolidated Appropriations Resolution, 2003. TSA also continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

Question. TSA currently operates under a statutory limit of 45,000 full-time equivalent baggage and personnel screening employees. How has this limitation affected your ability to serve the flying public and ensure short wait times? TSA is required by this limitation to hire significant numbers of part-time employees. Has it been difficult to hire and retain part-time employees for these screening positions?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is better coordinating airline schedules and passenger load with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA now has in excess of 15 percent of its screener workforce as part-time screeners, and TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

While TSA is highly conscious of customer service concerns, the security of the nation's transportation system will always be our top priority. Staffing standards, accordingly, should be determined based on the goal of achieving the appropriate balance between world class security and world class customer service in operating environments unique at each airport. Throughout the workforce transformation process, our screeners have continued to meet world class standards for effectiveness and customer service. They have kept wait time consistent with previous performance across the system, while providing a level of courtesy that received an 86-percent approval rating according to the most recent survey. TSA is proud of the professionalism and dedication that its screeners demonstrate every day in the performance of their duties.

Question. Section 1012 of the USA PATRIOT Act requires a background investigation of holders of Commercial Driver's Licenses (CDL) who seek to carry hazardous materials (hazmat). States must provide biographical and criminal history information and fingerprints to TSA on CDL holders seeking a state hazmat endorsement. The deadline for states to comply has been moved from November 3, 2003 to April 1, 2004, and again to December 1. However, to date, the TSA has not provided the states with sufficient guidance, including technical standards for the collection of

fingerprints, to implement fingerprint-based background checks. In addition, no funding has been made available to the states to implement this program.

What steps has TSA taken to implement the requirements of Section 1012 and what is TSA's timeline to provide guidance to the states on the process and standards for fingerprint collection and transmittal of fingerprints to TSA by the states and notification of qualification by TSA back to the states?

Answer. TSA has been working with the FBI to establish the technical standards and processes for the collection and transmission of driver fingerprints. Once these processes are finalized, they will be transmitted to the States. We estimate that these standards and processes will be provided to the States over the course of the next month.

On April 1, 2004, Secretary Ridge sent a letter to each Governor outlining the current status of the Hazmat Truck Driver Program. In that letter, Secretary Ridge asked each Governor to provide TSA a State Point of Contact (POC) for this Program to facilitate communications between TSA and other organizations involved in this process. All fingerprint standards and processes will be provided to the States through their respective POCs.

TSA has also been working with the American Association of Motor Vehicle Administrators (AAMVA) to develop a system for the transmission of biographical data to TSA for use in the security threat assessment process, and the subsequent results notification to the appropriate State and Federal authorities. Initial information related to this initiative has already been provided to the States. Additional information related to this aspect of the program will be provided to the States through their POC.

Question. Is funding included in your budget request, or the request of any other agency to help states defray the cost of complying with Section 1012?

Answer. TSA has identified limited funding in fiscal year 2004 to support some of the necessary infrastructure to support the Hazmat Truck Driver Program. However, an effective partnership between the Federal Government, the States and industry is both necessary and is currently being forged to develop and fund start-up solutions on a State-by-State basis. Longer term, the Hazmat Truck Driver Program will be fee based and TSA envisions that fees will support the program in its entirety. We anticipate working with the States and industry to develop the details of a fee rule, which will be published later in CY 2004.

Question. When will TSA be ready to accept and process State submitted fingerprints of commercial drivers seeking a hazmat endorsement?

Answer. TSA will be ready to accept and process State submitted fingerprints no later than January 31, 2005 in accordance with the existing final rule. However, we do anticipate a limited number of pilot States beginning to submit fingerprints beginning in fiscal year 2005. Working with these pilot States will allow TSA to apply "lessons learned" during the pilot to systems and processes associated with the submission of fingerprints. We anticipate that this technique will facilitate a much smoother start-up for the vast majority of States.

Question. The budget justification submitted by TSA includes detailed information about the numbers and types of items confiscated by TSA employees at airport security checkpoints. In the last year, TSA has intercepted more than 2.8 million prohibited items and arrested 700 people. Can you help me put that in context and tell me how many how many passenger screenings were performed last year? Also, of the 700 arrests, how many convictions have there been?

Answer. TSA performed approximately 500 million passenger screenings last year. TSA's records in the period February, 2002-February, 2004, show that 2,678 individuals were arrested for possessing a prohibited item that was discovered at a passenger screening checkpoint. The majority of arrests were made by State or local law enforcement agencies; only a small number were performed by Federal law enforcement authorities. The Department of Justice, along with State and local prosecuting authorities, are in a better position to ascertain the exact number of convictions.

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

Question. The budget for FTE's for full time positions was set at 220 for the Transportation Security Administration's Maritime and Land Division, yet it is my understanding that to date, this Division is only operating with 160.

You have a number of responsibilities, such as conducting criminal background checks, that are languishing. What is taking so long in hiring the remaining 60 Full Time Employee positions that, I understand are budgeted for the Transportation Security Administration's Maritime and Land Division but not yet hired?

Answer. TSA is hiring to the level proposed in the fiscal year 2005 President's Budget.

Question. Right now, TSA has absolutely no staffing standards at airports. Wait times vary from nothing to hours, depending upon the airport. On March 9, 2004 the Washington Post said small airport security is no good and that you do not meet the 100 percent screening requirements of the law—yet, classified submissions by TSA continue to tell us that only a handful of airports have problems.

You continue to support a cap on screeners, dooming the process to fail. When will you put in staffing standards that make senses (e.g., a maximum 10 minute wait that Secretary Mineta promised us)?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is working with air carries and airports to improve coordination of airline schedules and passenger loads with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

Throughout the workforce transformation process, our screeners have continued to meet world class standards for effectiveness and customer service. They have kept wait time consistent with previous performance across the system, while providing a level of courtesy that received an 86-percent approval rating according to the most recent survey. Despite the dynamics in the workload, even during the holiday rush season and the recent Orange Threat Level period, our screeners have provided world class security and world class service for effectiveness, efficiency, and customer satisfaction. TSA is proud of the professionalism and dedication that its screeners demonstrate every day in the performance of their duties.

Question. You also committed to putting in explosive detection systems—automated systems in line—when will that job be completed?

Answer. TSA's top priority is security, and consequently, TSA will focus its available funds for EDS at those airports that require additional funding in order to comply with the requirement to conduct screening of all checked baggage using electronic means. Changes to passenger throughputs, terminal modifications, and airport expansions make fulfilling TSA's goal of 100 percent electronic baggage screening a constantly moving target. TSA balances many competing priorities for available funds and will continue to review its priorities to maximize the utilization of the funds available.

Question. Airports are seeking long term letters of intent (LOI) from you to fund reconstruction for security projects. You gave out LOI's to 8 or 10 airports, but there are another 20 or so waiting. How much money do you need to get the job done this year? Miami, for example, is rebuilding the entire airport—a $4.8 billion project, that needs $200 million for security systems, but there is no money in your budget to meet that need.

Answer. TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine where resources will be allocated. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. The President's Budget for fiscal year 2005 supports previously issued LOIs for 9 airports, and assumes a 75/25 cost share formula as set forth in the Consolidated Appropriations Resolution, 2003. TSA also continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. A recent GAO study concluded that the Computer-Assisted Passenger Prescreening System, or CAPPS II, is not ready for prime time. According to the report: "The system as it currently exists offers only limited functionality in a simulated environment." I am concerned that the program's weaknesses may limit its effectiveness and it lacks sufficient protections for the civil liberties of ordinary, law-abiding travelers. I am also concerned by reports that the administration plans to force the airlines to hand over passenger data.

Since I understand TSA plans to launch CAPPS II later this year and has requested a total of $60 million in fiscal year 2005 for further development of CAPPS II, I would like to know the following:

How much has been spent by TSA on CAPPS II development in each fiscal year so far?

Answer. Commitments/obligations on CAPPS II development to date (April 26, 2004) are as follows:

[In millions of dollars]

Fiscal year 2002 & 2003	58.4
Fiscal year 2004 (to date)	28.1
TOTAL	86.5

Question. How exactly does TSA plan to spend the additional $60 million in the fiscal year 2005 budget request should it be appropriated by Congress?

Answer. TSA intends to spend the $60 million in the following manner:

[In millions of dollars]

Facilities leases, Utilities and Maintenance	3.3
IT and Telecommunication	5.2
Infrastructure support (security, FTEs, etc.)	10.8
CAPPS II Development and Operations	40.7

Question. What is TSA doing to address the shortcomings and vulnerabilities of CAPPS II as described in the GAO study and outlined in the January 14, 2004, letter Senator Feingold and I sent to Secretary Ridge and copied you?

Answer. As indicated in the GAO report itself, the primary problem faced by CAPPS II at the present time is the fact that we have not yet been able to begin testing with actual data. The absence of this data has hindered our ability to answer each of the answers sufficiently for GAO, which uses strict auditing review procedures standards, to certify that program development in those areas is complete. We are confident that each of the points raised in the GAO report will be answered to your satisfaction prior to implementation of the system.

Question. According to recent reports, the airline industry has indicated a willingness to participate in CAPPS II, provided that TSA complies with seven privacy principles. Has TSA agreed to these privacy principles? If not, please explain.

Answer. TSA has no disagreement with the seven Passenger Privacy Principles recently released by the Air Transport Association (ATA). The principles are consistent with the Fair Information Principles that TSA used to develop its privacy management program for CAPPS II and the building block for the agency's privacy policies and practices.

Question. Presidential Directive 63 called for the creation of private sector Information Sharing and Analysis Centers to protect our critical infrastructures from terrorist attack. At the request of the U.S. Department of Transportation, the Surface Transportation Information Sharing and Analysis Center (ST–ISAC) was formed. The ST–ISAC collects, analyzes, and distributes critical security and threat information from worldwide resources to protect its members' vital information and information technology systems from attack.

Right now this valuable information is only available to paying members of the ST–ISAC. With the TSA seeking an $892 million funding increase for fiscal year 2005, why was funding not included in the TSA request to make the ST–ISAC information available to all public transit operators across the country—especially since most cannot afford new equipment and operators much less afford to subscribe to the ST–ISAC?

Answer. DHS and TSA utilize numerous avenues for distributing and receiving information for the various transportation sectors. TSA's Transportation Security Operations Center (TSOC) receives information from ISACs as well as from multiple other sources. We provide information to the ISACs for distribution to their members since they have established communication methods with their members. Additionally, TSA is committed to establishing effective lines of communication to all stakeholders regardless of their membership with any particular ISAC. TSA is developing contacts lists for all of the non-ISAC stakeholders. As envisioned, all stakeholders would have access to general information. Specific persons would have access to sensitive information, provided they have signed non-disclosure agreements.

Question. It has been reported that the Federal Government is spending $4.5 billion on aviation security this year but only $65 million on rail security—even though

5 times more people take trains everyday than planes. The catastrophic Madrid bombings reflect that this reality is fraught with severe risks.

Senator Hollings introduced a bill last week to allot $515 million for risk assessments and security improvements for our Nation's rail system. Unfortunately, he has introduced the bill twice before and it has gone nowhere.

Last year a survey of transit agencies by the American Public Transportation Association (APTA) identified some $6 billion in unmet security needs that remain today.

What is TSA's position on the $6 billion in unmet security needs described by APTA? And what does TSA expect to do to address those needs?

Answer. Ensuring that our nation's transportation systems are secure must be accomplished through effective partnering between appropriate Federal, State, local and private industry entities. DHS is charged with responsibility for working to protect all modes of transportation, but it has consistently held that that this responsibility must be shared with Federal, State, local and private industry partners, many of whom were already in the business of providing security for their particular piece of the transportation puzzle. TSA's main charge, both under ATSA and now as part of the DHS family, is to help coordinate these efforts under the guidance of the Secretary and the Under Secretary for Border and Transportation Security, identifying gaps and working with appropriate partners to ensure that existing security gaps are filled.

Recognizing this, the Department of Homeland Security (DHS) has requested substantial resources in fiscal year 2005 across the agencies within the Department involved with securing transportation modes other than aviation, including resources in the Coast Guard and CBP for ports and maritime security; in Customs and Border Protection (CBP) for cargo security; in Information Analysis and Infrastructure Protection (IAIP) for vulnerability assessments, intelligence, and infrastructure protection for all sectors including transportation; and in Emergency Preparedness & Response (EP&R) for emergency response to only name a few. In addition to working with other DHS components, TSA works closely with our sister Federal agencies outside of DHS to ensure that all government resources are maximized. For example, under the leadership of BTS and DHS, TSA is coordinating key standards-setting efforts in areas such as transit and rail security, and is working closely with modal administrations of the Department of Transportation to help leverage their existing resources and security efforts to accomplish security goals.

Specifically, funds provided for transit and rail security in fiscal year 2003 and fiscal year 2004 total $215 million—$115 for transit security grants under the Urban Area Security Program, and $100 million for upgrades to rail tunnels in the Northeast Corridor.

Question. As you may know, law enforcement officials from New England and New York have been national leaders in establishing an initiative for cargo container security called Operation Safe Commerce Northeast (OSC Northeast.) OSC Northeast represents a comprehensive coalition of Federal agencies, State governments, and private sector businesses committed to the concept of enhancing border and international transportation security without impeding free trade and international commerce.

The economy will face a grave disruption should a catastrophic event occur related to international trade corridors. We are very vulnerable along our Northern Border, and the OSC Northeast group would enhance the safety of cargo entering the United States through New England and Canadian ports. Therefore, I believe the TSA should better engage and utilize the resources of OSC Northeast.

In light of administration's budget proposal to cut in half the $58 million Operation Safe Commerce program—citing $28 million in unspent funds already approved by Congress for the program that may be redirected to overspending in other areas of TSA:

Will TSA use some of these funds to expand the program to OSC Northeast since there are no restrictions on aiding just three ports in the second round of appropriations?

Answer. First, it is important to note that TSA's final spend plan submission for fiscal year 2003 included all $58 million earmarked for Operation Safe Commerce. OSC Northeast was eligible to apply for OSC fiscal year 2002–03 funding through any of the three Load Centers, including the Port Authority of New York and New Jersey, but did not do so. OSC Northeast did apply for a port security grant, but its application was not selected. The OSC program is nearing completion. We expect to assess results starting this summer.

Question. What steps are TSA taking to incorporate the efforts of OSC Northeast into our national port security strategy?

Answer. The OSC Executive Steering Committee carefully reviewed the OSC Northeast report of November 2002. The review had a significant impact in guiding the current OSC efforts, including examination of security throughout entire supply chains, use of a systematic approach to container security (including multimodal activities), coordination with related initiatives, examination of costs and benefits of the selected solutions and the need for solutions to work for all modes of transportation.

QUESTION SUBMITTED BY SENATOR HARRY REID

HAZARDOUS MATERIAL TRANSPORTATION FUNDING

Question. Admiral Stone, the fiscal year 2004 Homeland Security appropriations law included $7 million for a hazardous material truck tracking program. The University of Nevada, Las Vegas is working with a national leader in truck tracking to establish a national center to track commercial trucks carrying hazardous material and has submitted a proposal to use a portion of this funding. When can we expect to hear about the allocation of the $7 million?

Answer. The Transportation Security Administration (TSA) expects to solicit proposals on a competitive basis for the truck tracking initiative in the summer of 2004. All interested parties will be invited to submit proposals in response to this announcement.

SUBCOMMITTEE RECESS

Senator COCHRAN. Admiral Collins and Admiral Stone, we appreciate very much your cooperation with our subcommittee. Our next hearing on the budget request for the Department of Homeland Security will be held on Tuesday, March 30, in this room, SD–124. At that time, the Commissioner of the Bureau of Customs and Border Protection, Robert Bonner; the Assistant Secretary of the Bureau of Immigration and Customs Enforcement, Michael Garcia; and the Director of the Bureau of Citizenship and Immigration Services, Eduardo Aguirre, will be here to discuss the budget for the programs and activities under their jurisdiction. Until then, the subcommittee stands in recess.

[Whereupon, at 12 noon, Tuesday, March 23, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 30.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

TUESDAY, MARCH 30, 2004

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

The subcommittee met at 10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Shelby, Byrd, Leahy, and Murray.

DEPARTMENT OF HOMELAND SECURITY

STATEMENTS OF:

EDUARDO AGUIRRE, JR., DIRECTOR, U.S. CITIZENSHIP AND IMMIGRATION SERVICES

ROBERT C. BONNER, COMMISSIONER, BUREAU OF CUSTOMS AND BORDER PROTECTION

MICHAEL J. GARCIA, ASSISTANT SECRETARY, BUREAU OF IMMIGRATION AND CUSTOMS ENFORCEMENT

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The hearing will please come to order. Today we continue our review of the President's fiscal year 2005 budget request for the Department of Homeland Security. We will specifically consider the request for programs and activities of three of the department's agencies: Citizenship and Immigration Services, Customs and Border Protection, and Immigration and Customs Enforcement.

I am pleased to welcome the Director of Citizenship and Immigration Services, Mr. Eduardo Aguirre; the Commissioner of the Bureau of Customs and Border Protection, Mr. Robert Bonner; and the Assistant Secretary of the Bureau of Immigration and Customs Enforcement, Mr. Michael Garcia. We thank you for submitting copies of your statements in advance of the hearing. These will be made a part of the record. And we invite you each to make any comments you think would be helpful to the committee's understanding of the budget request.

Before asking the witnesses to proceed, however, I am happy to yield to Senator Byrd and other Senators who may wish to make opening statements.

Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you, Mr. Chairman, comrades on the committee. You see, I am ahead of everybody else on the Hill. Fifty-one years on the Hill entitles me to call my friends here "comrades."

Welcome to our distinguished witnesses. The men and women under your direction have a great impact on the safety of American citizens, as well as visitors to our country. Secretary Ridge has promoted the concept of one face at the border. And I support that concept. However, I remain concerned that there are real vulnerabilities facing us Nation that require immediate response.

Last December, Secretary Ridge said, "The strategic indicators, including al-Qaeda's continued desire to carry out attacks against our homeland, are perhaps greater now than at any point since September 11." On March 11, terrorists armed with backpacks filled with explosives coordinated an attack that resulted in the deaths of nearly 200 people in Madrid. I would expect that the administration would anticipate these kinds of threats and address such threats with a robust defense.

REVIEW OF THE PRESIDENT'S BUDGET

Yet, as I review the administration's budget, America's defense is far too reliant on paper, on studies, and on reports, rather than on the layered defense that the President and the Secretary often describe in their homeland security speeches. Let me just give a few examples.

Nearly 9 million commercial containers are brought into this country each year through our ports. Yet, only 5 percent of them are inspected. We have all heard these figures time and time again.

On January 5, 2004, the new visa tracking system, known as US VISIT, began operation at 115 airports and 14 seaports. Customs and Border Protection inspectors are collecting data on visitors entering our country, but the Bush Administration still has no clear plan for confirming who is exiting the United States. We have no way of knowing whether aliens, who are supposed to have left the country, have in fact left the country.

At the same time, we need to ensure that sufficient funds are provided to integrate the various existing biometric databases. We need to make sure that the US VISIT system and the Border Patrol IDENT system are compatible with the FBI's Integrated Automated Fingerprint Identification System. At our March 9 hearing, Secretary Hutchinson attempted to address this issue, but I believe that he fell short in his response.

NEED FOR INTEGRATED SYSTEMS

We need to have integrated systems that can talk to each other. We must know whether an alien trying to come into this country, or already in this country, has a criminal history. By integrating these systems, CBP would know if an alien is a security risk and could refuse him entry into the country, or remove him from the country, or imprison him. We simply cannot be satisfied with the incompatible systems that result in murderers and other criminals walking through holes in our border security.

SHORTCOMINGS IN BUDGET REQUEST

The Federal Air Marshal Service does not have sufficient resources this year to maintain the number of air marshals on targeted domestic and international flights. And because the Administration has proposed no increase for next year, a bad problem could become even worse next year.

The President has proposed a sweeping amnesty for people already residing illegally in this country. Yet, the President's budget request includes only modest increases for programs that attempt to cope with our growing illegal alien population, and provides insufficient funds to robustly enforce our existing immigration laws. When I inquired of Secretary Ridge just how he would pay to implement the President's amnesty program, he could not provide an answer.

I want to make sure that this subcommittee and this Congress provide real homeland security to the American people, not just assurances on paper. The President stubbornly has told this agency not to seek supplemental appropriations this year. Just last week we learned that, more than a year after setting up the new department, there still is not a complete accounting of the funds which have been made available for the operation of your agencies.

HIRING FREEZES

The department has imposed hiring freezes so that the department's accounts, along with its OMB overseers, can audit the books. Air marshals are not being hired. Inspectors at our ports of entry and criminal investigators are not being hired. We are 6 months into the fiscal year. I simply do not understand why the Administration has not proposed a solution to this problem. Homeland security cannot wait.

THE NATION IS VULNERABLE

I have never claimed to be the Oracle at Delphi, but there are many times these days when I feel like Diogenes. I am looking for an honest man. I am seeking someone who can tell this President that this Nation is vulnerable and that this President leaves us vulnerable for another year.

Time and again, my colleagues and I have tried to provide this department with the additional resources we believe it needs to surely provide security to the homeland. And time and again, this Administration has stiff-armed our efforts, labeling amendments for border security, port security, air cargo security, and rail security as wasteful spending.

ALLEGED BUDGET SHORTFALL

I hope we can get to the bottom of this alleged budget shortfall for the department quickly. It is a problem not of Congress's making. I will be discussing many of these issues. I appreciate the fine work of our witnesses and the courageous men and women who work for you. I look forward to hearing from you.

Thank you, Mr. Chairman.

Senator COCHRAN. Senator Leahy.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman. I could not help but think as I listened to both your statement and to Senator Byrd's statement, that the witnesses before us this morning all bear great responsibility for keeping our Nation secure. All three of you do. And we all thank you for your service.

HIRING FREEZES FOR ICE AND CBP

But when we come together here today, I am concerned about the hiring freeze that is in place in part or in all of your agencies. I understand that the Bureau of Immigration and Customs Enforcement, ICE, the Bureau of Customs and Border Protection, CBP, are facing a budget shortfall of more than 12 percent. It is really inexcusable to hear about a hiring freeze in critical national security agencies, especially after the administration has so stridently opposed efforts by Senator Byrd and others, many others, in Congress to make homeland security the priority that it needs in the national budget.

We know full well that the administration budget's priorities ultimately is the White House prerogative and not yours. My criticism is not directed at you. But this morning the American people need to hear an explanation how this could have happened and what this freeze will mean to the missions of your agencies and what is being done in the meantime to protect the security of the American people.

We ask these questions because, as Senator Byrd has pointed out so many times, under the Constitution the question of spending starts here in the Congress, not on the other end of Pennsylvania Avenue. We hold the purse strings.

LAW ENFORCEMENT TRAINING CENTER IN WILLISTON, VERMONT

Now I am glad that ICE is making increased use of the Law Enforcement Support Center, LESC, in Williston, Vermont. For years the LESC has done an excellent job of providing information to State and local police departments throughout the Nation regarding the immigration status and identities of aliens suspected, arrested, or convicted of criminal activity. I had the pleasure of joining Mr. Garcia there last summer.

I recall at one point during the discussion we were talking to somebody about that it is open 24 hours, 7 days a week. What happened earlier that winter, one time we had a 3-foot snowfall overnight. And this got kind of puzzled looks. Well, everybody came to work, of course. I mean, what else would they do? It was only 3 feet. It kind of screwed up the parking lot, but everybody got to work.

But I think that when it is done, including this work at ICE, Operation Predator, designed to catch sex offenders, I think that is extremely important. But I am also concerned that LESC may not receive the resources its needs to accomplish its additional workload. I hope that will be addressed today.

TRIPS AROUND THE COUNTRY TO VARIOUS OFFICES

Incidentally, I know all of you make trips around the country to the various departments. Those are meaningful. I mentioned to Mr. Garcia earlier this morning, when I was coming out of mass on Sunday, somebody came up to me and said that they were there when he came through and was delighted that he actually took time and asked them what they do and how they do it, what is involved in their job. I am sure there were a whole lot of other people he asked. But this particular person remembered this. It was almost a year later.

CIS BUDGET REQUEST CONCERNS

Now turning to Mr. Aguirre's agency, I am concerned about the President's proposed budget for Citizenship and Immigration Services, CIS.. The budget calls for a 40-percent cut in the amount of directly appropriated funds for CIS from the nearly $235 million appropriated for the current year. They are cutting it, Mr. Chairman, to $140 million for fiscal year 2005.

Now this cut comes at a time where we are way, way, way far from fulfilling the President's own promise to reduce the average wait time for applicants for immigration benefits to 6 months by 2006. It was a great speech. It was a great promise. I agree with the President entirely. But after making the speech, he did not cut the funds to make sure the promise could be realized.

It also comes at a time when the President has proposed a worker program that would significantly increase the CIS workload. Yet another great speech, a large Hispanic population. But I guess it proved unpopular with some in the President's party, so we have not heard more about it. But we know it is still floating out there.

In fact, I wrote to the President in January. I asked him to submit a legislative proposal to Congress for implementing his plan. He announced it with great fanfare. And I was curious just how it is going to be done. We only have a few real working days left in the Congress this year, and we have yet to receive a response.

INCREASE CAP FOR THE H2B VISA PROGRAM

I would like to raise one other policy issue while Mr. Aguirre is here. I hope the CIS and the administration as a whole will support bipartisan efforts in Congress to increase the cap for the H2B visa program. Your department recently announced that the statutory cap for this program has already been reached, if I am correct. It is causing tourism-dependent businesses across the country to fear they will be unable to serve their customers this summer.

PREPARED STATEMENT

I am enjoying with at least 13 of my colleagues, including Senator Stevens, the chairman of the full committee, to introduce S. 2252, the Save Summer Act of 2004. It would increase the cap for the current fiscal year by 40,000. I would urge the administration to support it.

Mr. Chairman, I look forward to the testimony. I thank you for your usual courtesy and giving me a chance to make a comment.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

The witnesses before us this morning all bear great responsibility for keeping our Nation secure, and we thank you for your service. Yet as we come together today, there is a hiring freeze in place at all or part of each of your agencies.

I understand that the Bureau of Immigration and Customs Enforcement (ICE) and the Bureau of Customs and Border Protection (BCBP) are facing a budget shortfall of more than 12 percent. It is outrageous to hear about a hiring freeze in critical national security agencies after the Bush Administration has so stridently opposed attempts by the Ranking Member and many, many others in Congress to make homeland security the priority that it needs to be in the national budget. We know full well that setting the Administration's budget priorities ultimately is the White House's prerogative, and not yours. But this morning the American people need to hear an explanation of how this could have happened, what this freeze will mean to the missions of your agencies, and what is being done in the meantime to protect the security of the American people.

Meanwhile, I am glad that ICE is making increased use of the Law Enforcement Support Center (LESC), in Williston, Vermont. For years, the LESC has done an excellent job of providing information to state and local police departments throughout the nation, regarding the immigration status and identities of aliens suspected, arrested, or convicted of criminal activity. I had the pleasure of joining Mr. Garcia last summer at the LESC to announce an expansion of its role, including its work in ICE's Operation Predator, designed to catch sex offenders. At the same time, I am concerned that the LESC may not receive the resources it needs to accomplish its additional workload. I hope that Mr. Garcia will address those concerns today.

Turning to Mr. Aguirre's agency, I am concerned about the President's proposed budget for Citizenship and Immigration Services (CIS). The budget calls for a 40 percent cut in the amount of directly appropriated funds for CIS, from the nearly $235 million appropriated for the current year, to $140 million for fiscal year 2005. This cut comes at a time when we are still far from fulfilling the President's promise to reduce the average wait time for applicants for immigration benefits to 6 months by 2006. It also comes at a time when the President has proposed a guest worker program that would significantly increase the CIS workload. Of course, the guest worker program may have simply fallen off the President's radar screen now that it has proven unpopular with some in his party. I wrote to the President in January and asked him to submit a legislative proposal to Congress for implementing his plan. Despite the ever-shrinking legislative year ahead of us, I have still not received a response.

I would like to raise one other policy issue with Mr. Aguirre while he is here. I hope that CIS and the Administration as a whole will support bipartisan efforts in Congress to increase the cap for the H–2B visa program. Your department recently announced that the statutory cap for this program had already been reached, causing tourism-dependent businesses across the country to fear they will be unable to serve their customers this summer. I have joined with at least 13 of my colleagues—including the Chairman of the full committee—to introduce S. 2252, the Save Summer Act of 2004. This bill would increase the cap for the current fiscal year by 40,000. It is a necessary response to a critical and unexpected problem, and I urge the Administration to support it.

I look forward to hearing your testimony.

Senator COCHRAN. Thank you, Senator.

Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman.

First, Mr. Secretary, let me thank you for the bureau's efforts to stop the exploitation of children. I have worked with you and your predecessors for many years to ensure that the people that would take advantage of and seek to prosper from the exploitation of children are prosecuted to the fullest extent of the law. I remain committed to working with you to eliminate the threat to our children.

In addition, I know you have been working with our partners at the National Center for Missing and Exploited Children. Let me encourage you to maintain that partnership. I think it has been

very valuable and it works. The center is an invaluable asset, I think, in our quest to protect our children in America.

OPERATION PREDATOR

I understand that Operation Predator is underway. And Senator Leahy alluded to that. I am interested in its progress and what the funding requirements are to maintain this important program in 2005. I am also interested in learning of any additional programs that are dedicated to eliminating crimes against children, I would appreciate it if you would take the time to go over some of these in your testimony or questions.

NUMBER OF ILLEGAL ALIENS RESIDING IN THE UNITED STATES

Among your many goals here is the charge to secure our borders, Mr. Director, and to control illegal immigration. I am told that the most current estimates place the number of illegal aliens in our country at over 8 million. I believe it is much more than that.

Gentlemen, what is your best estimate on the number of illegal aliens currently residing in this country? How many new illegal aliens entered the country last year? Is that an increase or a decrease from the previous year? I fear that it is an increase. If we are so uncertain about the numbers, does that not seem to indicate that we are not doing enough to secure our borders and our homeland?

OVERSTAYS

Another major problem with our immigration system is the fact that many of these people currently counted as illegals actually entered the country legally, but have overstayed their visas. Do you have any recent numbers on visa overstays, given that this makes up a large part of our illegal population?

Next, what is your agency doing right now, and what are you planning to do in the future, to ensure that this does not continue to be a problem? That is, they get a visa, they come in, they do not go back, and you do not know where they are. There must be a way to keep track of these folks.

STEMMING THE FLOW OF ILLEGAL ALIENS INTO THE UNITED STATES

I spent this past week conducting county meetings all over the State of Alabama, my State. Without fail, at every meeting I was asked what the Federal Government was doing to stem the flow of illegal aliens into the United States. Unfortunately, my answer to them was, "obviously not enough."

What is the directorate doing to make our borders more secure and eliminate the influx of illegal aliens in this country? How many aliens have been detained and deported in the last year? I am asking these questions, and I hope you will touch on all of them.

If a Mexican citizen looking for work can pay a fee to a coyote to traverse our border, what is to keep terrorists that will do us harm from doing the same thing? I have been told many times, and I believe it, that rewarding bad behavior only encourages more bad behavior. We learn that as children. Currently, if you break the

law entering the United States, you get a job. Now that is not what the law provides, but it sure seems to be what is happening.

I have serious concerns about the ramification of proposals that sound a lot like the amnesty of 1986. If the current proposals are put into effect, the criminal would not only get a job, but social security and welfare benefits as well. I have been told that the rate of illegal immigration actually increased after the 1986 amnesty. Is there any truth to that statement? Would you agree that we spend too much time and money on the vetting process for those following the paths to legal immigration, and not enough trying to catch those people who are willing to break the law and pay $50 to be at work in the States in a couple of days. What are we going to do, or what are you going to do, to rectify the problem?

I know I have posed a number of questions here in a short time. And I hope you will address them.

Mr. Chairman, thank you.

Senator COCHRAN. Thank you, Senator.

Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman. I want to join all of my colleagues in welcoming our witnesses today. You have a tremendous task before you. And I want to thank you for your service.

$1.2 BILLION SHORTFALL CAUSE OF HIRING FREEZE

I became increasingly concerned about the level of the President's budget request when I read that, according to the Wall Street Journal, a $1.2 billion shortfall has caused a hiring freeze within your agency. So I hope your testimony will clear up whether that is actually a computer glitch or an accounting error resulting from combing budgets from legal agencies or a real budget shortfall that this subcommittee will need to deal with.

SECURING LAND AND SEAPORTS-OF-ENTRY

Mr. Chairman, my questions today will focus on the administration's plan for securing our ports of entry, both on land and our seaports. As we all know, many experts in the security arena, including some in your own department, have said that securing cargo coming into this country should be one of our Nation's highest priorities. I could not agree more. We absolutely need a coordinated plan for a nationwide cargo security regime.

TURF BATTLES

However, I have been very disappointed with the turf battles that have been going on between Customs, TSA, and the Coast Guard as to who is in charge of cargo security. So I will want to explore with Commissioner Bonner how he plans on working under Secretary Hutchinson to implement each of the Department of Homeland Security's port and security programs into one coordinate regime.

CUSTOMS OFFICERS

I am also interested to hear how our Customs and Border Protection (CBP) officers are being received overseas and the level of cooperation foreign customs agents are provided within programs like CSI and C–TPAT. I will also have questions about the implementation of security technology, such as radiation portal monitors at our ports of entry.

Mr. Chairman, as always, I look forward to an informative hearing. I will have more specific topics to discuss with our witnesses during the question and answer period.

Thank you very much.

Senator COCHRAN. Thank you, Senator.

Senator Stevens.

Senator STEVENS. Mr. Chairman, thank you very much. I have come to hear the testimony. No questions.

Senator COCHRAN. Thank you very much, Senator.

We are now ready to proceed. Mr. Aguirre, we will be glad to hear from you any opening statement that you have or comments in explanation of the President's budget request for your agency.

STATEMENT OF EDUARDO AGUIRRE, JR.

Mr. AGUIRRE. Good morning, Chairman Cochran and Ranking Member Byrd and members of the subcommittee. My name is Eduardo Aguirre. And I have the honor of serving as the first Director of the U.S. Citizenship and Immigration Services within the Department of Homeland Security.

In previous congressional testimony, I have shared my story of having arrived to the United States as a 15-year-old unaccompanied minor from Cuba. My parents sent me here to escape a repressive regime and to experience the freedoms and opportunities found only in America. I became a product of the legal immigration track, the very system that I am now charged with fundamentally transforming.

We are a welcoming . And hard work and patriotism of our immigrants has made our Nation prosperous. We seek to continue to improve the administration of immigration benefits for the more than 6 million applicants who legally petition USCIS every year. Last year, upon creation of the USCIS, a team of 15,000 and I embraced a simple but imperative mission, making certain that the right applicant receives the right benefit in the right amount of time or preventing the wrong individuals from obtaining our benefits.

THREE PRIORITIES

We established three priorities that guide every aspect of our work: Eliminating the immigration benefit application backlog, improving customer service, while enhancing national security. As we mark our institutional 1-year anniversary, I am particularly pleased with the progress we have made and the professionalism exhibited by our employees day in and day out, while mitigating security threats that we know to be real and relentless.

ACCOMPLISHMENTS TO DATE

To date, we have initiated online options for two application types, as well as case status updates. And we will be adding six more applications in May, which will account for over 50 percent of our work. We have established the Office of Citizenship. We have eliminated lines at some of our highest volume offices, and much more.

USCIS is one of the largest fee-funded agencies in the Federal Government, charging fees from a variety of benefits from individuals seeking to enter, reside, or work in the United States. Therefore, the actual cash flow for our business operations vary from year to year with the number of immigration benefit applications received.

BACKLOG REDUCTION

Mr. Chairman, as you know too well, backlogs from immigration benefit applications began to grow during the 1990s, seeing an overall 77-percent increase from fiscal year 1993 to fiscal year 2001. Beginning with fiscal year 2002, President Bush pledged and the Congress supported a multi-year $500 million initiative to attain the universal 6-month processing time standard by fiscal year 2006 for all immigration benefit applications while providing quality service to all customers.

The President's fiscal year 2005 budget request seeks an additional $60 million in appropriated funds to boost the total dedicated to backlog reduction efforts to $160 million. The overall budget request for USCIS is $1.711 billion, which is $140 million in discretionary appropriated funds and $1.571 billion in fees.

The old INS developed a comprehensive backlog elimination plan prior to September 11, 2001, to achieve this goal. And we initially realized significant improvements in fiscal year 2002. Processing times for applications averaged by type between 3 and 72 months. By the end of the year, these same averages were reduced to between 1 and 26 months. However, as we all know, September 11, 2001, profoundly affected our business operations, employees, and stakeholders. New guidance was issued. Security background checks were enhanced. And new processes were implemented. Already, many applications were subject to fingerprint and background checks. The enhanced checks instituted in July 2002 represents an additional set of name checks against a variety of workout databases housed in the Interagency Border Inspection System, which is also called IBIS.

SECURITY CHECKS

Approximately 35 million security checks were performed last year by our agency. This change in the way we process immigration benefit applications has meant higher processing costs for USCIS. We make no apologies for our commitment to the integrity of the immigration system. And we will not cut a single corner or compromise security to process an application more quickly. We are making America safer against security and criminal threats one background check at a time.

SECURITY ENHANCEMENTS

To ensure that our backlog does not increase further, we are currently seeking to adjust our fee schedule through the regulatory process by recovering costs associated with comprehensive security enhancements instituted after September 11, 2001. The cost of these security enhancements is about $140 million annually or $21 per application.

NEW PRIORITIES

The fee adjustments will also support new priorities, such as establishing a refugee corps and establishing the new Office of Citizenship. In addition, USCIS will develop study materials and teaching guides to ensure that the process of preparing for naturalization is more meaningful, as well as developing standardized testing procedures.

We fully realize that increased funding along will not enable us to realize our goals. We are taking a hard look at the way we currently conduct our business. We are aggressively working to modernize our systems and increase our capacity through the reengineering of processes to include developing mechanisms to interact with customers in a more forward-reaching manner.

NEW BACKLOG ELIMINATION PLAN

We are now in the process of finalizing a new backlog elimination plan that will outline changes to our business processes and which will set forth our revitalized mission of delivering immigration service in the future.

TEMPORARY WORKER PROGRAM

On January 7, as has been mentioned here before, President Bush courageously confronted a broken system, one that has been ignored for too long. From the East Room of the White House, he called for Congress to deliver true reform and a new temporary worker program that facilitates economic growth, enhances national security, and promotes compassion. Many have asked how USCIS would implement its part of the President's temporary worker program should Congress pass the legislation.

One of the principles of the President's proposed program is that it should be simple and user friendly, thus one that can be effectively administered. The President's proposal calls for aliens present in the United States as of January 7, 2004, to pay a processing fee upon enrolling in the program. USCIS anticipates recovering the cost of processing the applications through collections of a processing fee, as it is done currently with most immigration applications. The processing fee will be set based on a full cost recovery.

PREPARED STATEMENT

Mr. Chairman, this concludes my prepared remarks. Thank you for your invitation to testify before this committee. And I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF EDUARDO AGUIRRE, JR.,

Good afternoon Chairman Cochran, Ranking Member Byrd and Members of the Subcommittee. My name is Eduardo Aguirre and I have the honor of serving as the first Director of U.S. Citizenship and Immigration Services, within the Department of Homeland Security.

We are a welcoming Nation, and the hard work and patriotism of our immigrants has made our Nation prosperous. We seek to continue to improve the administration of immigration benefits for the more than six million applicants who petition USCIS on an annual basis.

We continue to commit ourselves to building and maintaining an immigration services system that provides information and benefits in a timely, accurate, consistent, courteous, and professional manner; while preventing ineligible individuals from receiving benefits. Put more simply, it is our job to make certain that the right applicant receives the right benefit in the right amount of time, while preventing the wrong individuals from obtaining our benefits.

USCIS is one of the largest fee-funded agencies in the Federal government—charging fees for a variety of benefits from individuals seeking to enter, reside, or work in the United States. Therefore, the actual cash flow for our business operations, including a network of 250 local offices, Application Support Centers, Service Centers, Asylum Offices, National Customer Service Call (NCSC) Centers, Forms Centers, and Internet portals, varies from year to year with the number of immigration benefit applications received.

In any typical work day, our workforce of 15,500 (one-third of whom are contractors) will:

—Process 140,000 national security background checks;
—Receive 100,000 web hits;
—Take 50,000 calls at our Customer Service Centers;
—Adjudicate 30,000 applications for immigration benefits;
—See 25,000 visitors at 92 field offices;
—Issue 20,000 green cards; and
—Capture 8,000 sets of fingerprints and digital photos at 130 Application Support Centers.

USCIS has established three priorities: (1) eliminating the immigration benefit application backlog, (2) improving customer service, while (3) enhancing national security. In our first year of operation we have: initiated on-line options for a few application filings and case status updates; established the Office of Citizenship; eliminated lines at some of our highest volume offices; introduced a toll-free customer service help line; streamlined the Certificate of Citizenship process for internationally adopted children; developed a more secure travel document for permanent residents; and fleshed out our leadership team.

Backlogs of immigration benefit applications began to grow during the 1990s. Overall, there was a 77 percent increase from fiscal year 1993 to fiscal year 2001. The primary factors contributing to the backlogs were a dramatic increase in the number of applications and petitions received, delays in securing funding and positions to process this increasing number of applications, the lengthy 2 amount of time it takes to recruit, hire and train adjudicators, and the lack of a comprehensive approach to monitoring, supporting and maintaining timely processing.

Beginning in fiscal year 2002, the President pledged, and the Congress supported, a multi-year $500 million initiative to attain a universal 6-month processing time standard for all immigration benefit applications while providing quality service to all customers. We developed a comprehensive Backlog Elimination Plan prior to September 11, 2001 to achieve this goal. The Plan called for improvements to processes and expanded quality assurance efforts designed to achieve a high level of performance. We initially realized significant improvements. In fiscal year 2002, processing times for applications averaged, by type, between 3 and 72 months. By the end of the year, these same averages were reduced to between one and 26 months.

However, September 11, 2001 profoundly affected our business operations, employees, and stakeholders. New guidance was issued, security background checks were enhanced, and new processes were implemented, including conducting interviews for the National Security Entry Exit Registration System (NSEERS) Program.[1] Additionally, since July 2002, we formally enhanced our security background checks on the processing of all immigration benefit applications to ensure that those who receive immigration benefits have come to join the people of the United States in building a better society and not to do us harm.

[1] Program transferred to BTS in November of 2003.

The process of performing enhanced security checks has been designed to compare information on applicants, and other beneficiaries as appropriate, who apply for an immigration benefit against various Federal lookout systems. The enhanced check instituted in July 2002 represents an additional set of name checks against a variety of lookout databases housed in the Interagency Border Inspection System (IBIS). Already, many applications were subject to fingerprint and background checks.

The purpose of conducting security checks is to help law enforcement agencies identify risks to the community and/or to national security and to prevent ineligible individuals from obtaining immigration benefits. On the vast majority of applications, we perform two checks; one when the application is initially received, and one at the time of adjudication. Approximately 35 million security checks are performed annually.

In most of these cases (some 97 percent), the checks take only a few minutes. In the event of a "hit", however, we must hold that application without resolution until the security issue at hand is resolved. Last fiscal year, we processed a little over six million immigration benefit applications. Approximately 7 percent of the applications processed resulted in an initial security hit, and after further scrutiny, 2 percent resulted in confirmed security or criminal threat matches.

This change in the way we process immigration benefit applications has meant higher processing costs for USCIS because the costs of performing these checks were not factored into the existing fee schedule. As a result, existing resources have been diverted to perform the additional security checks until the fees could be adjusted to cover these costs. Although the security enhancements have meant longer processing times in some categories and a significant growth in the application backlog, USCIS has taken the position that security absolutely will not be sacrificed in our search for increased efficiency. USCIS will continue to coordinate and identify suspected benefit fraud cases and refer them to ICE for enforcement action.

Our intra-government coordination demonstrates that our approach realizes the intended results. By way of example, within the last month our background check procedures identified individuals wanted for murder in Portland and sexual assault in Miami. We are making America safer against security and criminal threats, one background check at a time.

I believe that the President's fiscal year 2005 budget will set us on the right path toward enhancing immigration services. The budget includes a total for USCIS of $1.711 billion, $140 million in discretionary appropriated funds and $1.571 billion in fees, and seeks an additional $60 million to boost the total dedicated to backlog reduction efforts to $160 million. Our overall goal is to achieve a 6-month processing time standard for all immigration benefit applications by fiscal year 2006.

To ensure that our backlog does not increase further, we are currently seeking to adjust our fee schedule through the regulatory process by recovering costs associated with comprehensive security enhancements instituted after September 11, 2001. The annual cost of these security enhancements are about $140 million or about $21 per application.

The fee adjustments will also support new activities such as establishing a refugee corps to improve the quality of refugee adjudications and establishing the new Office of Citizenship[2] to promote instruction and training on citizenship responsibilities to both immigrants and U.S. citizens. The Office of Citizenship is developing initiatives to target immigrants at two critical points on their journey toward citizenship: when they obtain permanent resident status and as they begin the formal naturalization process. In the past, the Federal government provided few orientation materials for new immigrants. In contrast, CIS will reach out to new immigrants at the earliest opportunity to provide them with information and tools they need to begin the process of civic integration. In addition, CIS will develop study materials and teaching guides to ensure that the process of preparing for naturalization is meaningful, so that immigrants who choose to become U.S. citizens have a real understanding of the commitment they are making when they take the Oath of Allegiance to the United States. The establishment of a Refugee Corps will provide a strong and effective overseas refugee processing program able to fulfill the U.S. Refugee Program's humanitarian objectives and more efficiently identify inadmissible persons and those who are of national security interest.

We fully realize that increased funding alone will not enable us to realize our goals. We are taking a hard look at the way we currently conduct our business. We are aggressively working to modernize our systems and increase our capacity through the reengineering of processes, the development and implementation of new information technology systems, and the development of mechanisms to interact with customers in a more forward-reaching manner. For example, USCIS has re-

[2] As required by the Homeland Security Act of 2002.

cently eliminated the backlog of applications for the Certificate of Citizenship on Behalf of an Adopted Child with a program that proactively provides parents the certificate.

We are now in the process of finalizing a new Backlog Elimination Plan that will outline changes to our business processes, and which will set forth our revitalized vision of delivering immigration services in the future.

Additionally, we are examining the standard of knowledge in the current citizenship test to ensure that prospective and new citizens know not only the facts of our Nation's history, but also the ideals that have shaped that history.

The project management team for this initiative recently met with over a dozen historians, civics experts, and adult educators to discuss the redesign of the U.S. history portion of the naturalization test with the goal of making the test more meaningful, substantive, and fair. This group is examining the meaning of significant events that occurred in our Nation's history, and is exploring ways in which naturalization candidates may better retain the significance of these events. Recognizing that many Americans have strong beliefs about what our new citizens should know about our country, we plan to publish the proposed test content in the Federal Register and ask for public comment. We believe that many Americans would like to have a say in what we are asking our new citizens to learn, and we are eager to hear from them. We look forward to briefing you and other Members of Congress on our proposed new citizenship test content and receiving your feedback, as well.

In a related effort, this same team is working to redesign the current citizenship testing methodology in an effort to ensure more uniform results. Currently, a candidate in Los Angeles is, in all likelihood, not tested the same way or asked the same questions as a candidate taking the same exam on the same day in Boston. Therefore, we are developing standardized testing procedures so that applicants can be assured that they are experiencing an equitable testing process.

We do not want to make the test more difficult. We do not want to make it less difficult. We want to make it more meaningful in a way that does not have an adverse impact on any particular group of applicants. Therefore, we will carefully pilot test the revised English, history, and government tests before implementing them. And, we will continue to consult with our stakeholders to solicit their input.

Our plan is to implement the new test and testing process in 2006. Given the importance of the ultimate benefit for those tested—U.S. citizenship—this process is not one that can or should be rushed. We are committed to improving the current process and to improving it in the right way.

As we celebrate our institutional 1-year anniversary, USCIS has stood up an organization of which we are very proud. We have established a leadership team, improved many of our operational processes, and continue to strive to make further improvements. The funding requested in the President's fiscal year 2005 budget request is an important factor in continuing to improve the service we can offer our customers.

This concludes my prepared remarks. I thank you for the invitation to testify before this committee and I would be happy to answer any questions.

Senator COCHRAN. Thank you, Mr. Aguirre.

Mr. Bonner, we will be glad to hear from you now.

STATEMENT OF COMMISSIONER ROBERT C. BONNER

Mr. BONNER. Yes, Mr. Chairman. Thank you. Senator Byrd, other members of the subcommittee, I am pleased to be here to discuss the Customs and Border Protection, or CBP, 2005 budget request. Let me just make a couple of observations. First of all, one of the most important ideas of the reorganization into the Department of Homeland Security was to do, as Secretary Ridge put it, create one face at the border, one agency for our borders to manage and secure the borders of our country. And that started on March 1, 2003, just over a year ago.

When all of the immigration inspectors of the former INS, all the agriculture border inspectors from the Department of Agriculture, all of the border patrol agents merged with the bulk of the U.S. Customs Service to form the Bureau of Customs and Border Protec-

tion, an agency within the Department of Homeland Security, responsible for managing and securing our Nation's borders.

CBP is the largest and perhaps one of the most profound actual mergers of people and functions taking place as a result of the Department of Homeland Security reorganization. The number of employees in CBP equals about one-fourth of all the employees of the Department of Homeland Security. And that is not particularly surprising when one considers the importance of the security of our borders to the security of our homeland.

By unifying the border agencies we are, and we will be, more effective and more efficient than we were when border responsibilities were literally fragmented among four different entities or agencies of our government, reporting to three different departments of our government, which is the way we were organized before March 1, 2003, before the creation of the Department of Homeland Security.

And I will also report to this subcommittee that we have made great progress towards successfully completing this historic merger.

In the last year alone, I have selected one port director for each and every one of the 300 plus ports of entry to the United States. We no longer have two or three different port directors for agriculture, immigration, and customs. We have one port director at all ports-of-entry into this country.

CBP INSPECTORS

We have provided antiterrorism training for all CBP inspectors and equipped all front line inspectors with radiation detection devices. We have implemented unified primary inspections at our international airports. So for the first time, we are performing a primary inspection, not just for immigration, but for all purposes, immigration, customs, and agriculture purposes. No more running the gauntlet of three different agencies when you enter the United States at one of our international airports.

INTEGRATION OF PASSENGER ANALYSIS UNITS AND CONSOLIDATED ANTITERRORISM SECONDARY EXAMINATIONS

We have integrated our passenger analysis units and consolidated our anti-terrorism secondary examinations, so that all of our customs and immigration expertise and authorities are brought to bear, and are used in identification, questioning, and searching of potential terrorists arriving at our borders.

NEW CBP UNIFORM FOR ALL CBP INSPECTORS AND CREATED AN OFFICE OF THE BORDER PATROL

We have rolled out a new CBP uniform for all of CBP inspectors at our ports of entry. All 19,000 CBP inspectors will be in this new uniform by July of this year. And many of them already are. And we have integrated the border patrol in CBP by creating an Office of the Border Patrol. We have revised the border patrol's national strategy to reflect the priority mission of CBP and the Department of Homeland Security. And we have implemented portions of that by stationing now over 1,000 border patrol agents at our northern border sectors.

PRIORITY MISSION OF CBP

The priority mission of CBP is preventing terrorists and terrorist weapons from entering our country, but we recognize that to do that mission we need to carry it out without stifling the flow of legitimate trade and travel that is so vital to our country's economy and to our way of life. Those do not have to be mutually exclusive and we are pursuing smart border initiatives to make them mutually reinforcing.

For example, rather than physically inspecting the approximately 23 million containers that arrive by sea, rail, and truck into the United States yearly, which would be tantamount to closing our borders down and shutting down our economy, we have taken measures to identify the high-risk containers and inspect them rapidly, using state-of-the-art technology when they arrive at our seaports or our land borders.

We are obtaining electronic data on virtually all shipments that are coming to the United States. And we are using that data in our automated targeting system to identify all potentially high-risk containers, particularly for the terrorist threat. And we are inspecting all high-risk containers for terrorist weapons using our non-intrusive inspection technology and our radiation detection technology.

CONTAINER SECURITY INITIATIVE

We are also, though, employing a layer defense which is an extended border strategy. And that is through the Container Security Initiative. We are pushing our zone of security beyond our physical borders by placing our personnel overseas to work with other governments to target, identify, and inspect their high-risk containers destined for the United States, and destined for our seaports before they are loaded aboard vessels at foreign seaports.

I am not going to discuss this chart I put up here but that chart indicates in a nutshell that already countries, 38 foreign ports, have agreed with us to deploy and implement the Container Security Initiative. And we have already moved out rapidly and have implemented, by stationing our personnel overseas as CSI targeters at 18 foreign seaports. And, of course, we are not stopping there. We are going to continue to expand the container security initiative.

CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM

We also, under the Customs Trade Partnership Against Terrorism, we are working with the private sector to increase the security of their supply chains, literally from the foreign loading docks to our ports of entry into the United States.

FISCAL YEAR 2005 BUDGET REQUEST

Our budget request, Mr. Chairman, for 2005 for program increase is $190 million. That includes funding for the container security initiative to continue its expansion, funding to expand the Customs Trade Partnership Against Terrorism. There is some significant funding for radiation detection equipment to further expand our portal radiation monitors and other detection equipment

at our ports of entry into the United States to better detect against radiological and even nuclear weapons.

PREPARED STATEMENT

There is funding for the enhancements of our automated targeting system, as well as for surveillance and sensoring technology for the border patrol, and some funding for UAVs to deploy and operate Unmanned Aerial Vehicles to better detect illegal crossings at our borders.

So I want to thank you, Mr. Chairman and members of this committee, for the support you have given already to Customs and Border Protection. And in working together, I am confident that we will succeed in better securing our borders against the terrorist threat.

That concludes my statement, Mr. Chairman. And I will answer any questions at the appropriate time that you or this subcommittee may have.

[The statement follows:]

PREPARED STATEMENT OF ROBERT C. BONNER

INTRODUCTION AND OVERVIEW

Chairman Cochran, Ranking Member Byrd, Members of the Subcommittee, it is a privilege and an honor to appear before you today to discuss Customs and Border Protection's (CBP) fiscal year 2005 budget request.

I want to begin by expressing my gratitude to the Committee on Appropriations for the support it provided for important initiatives implemented by CBP last year. That support enabled CBP to make significant progress in protecting our country against the terrorist threat. I also want to thank Congress for the support it provided in creating the new Department of Homeland Security, and the new Customs and Border Protection agency within that Department. As the head of CBP, I look forward to working with you to build on these successes.

The priority mission of CBP is to prevent terrorists and terrorist weapons from entering the United States. That extraordinarily important priority mission means improving security at our physical borders and ports of entry, but it also means extending our zone of security beyond our physical borders—so that American borders are not the first line of defense.

And we must do this while continuing to perform our traditional missions well. These missions include apprehending individuals attempting to enter the United States illegally, stemming the flow of illegal drugs and other contraband, protecting our agricultural and economic interests from harmful pests and diseases, protecting American businesses from theft of their intellectual property, regulating and facilitating international trade, collecting import duties, and enforcing U.S. trade laws. In fiscal year 2003, CBP processed 26.1 million trade entries, collected $24.7 billion in import duties, seized 2.2 million pounds of narcotics, and processed 412.8 million pedestrians and passengers and 132.2 million conveyances.

We must perform all of this important security and border-related work without stifling the flow of legitimate trade and travel that is so important to our nation's economy. In other words, we have "twin goals": Building more secure and more efficient borders.

Our total program increase request for fiscal year 2005 is $223 million. These funds will help CBP fulfill its priority mission of preventing terrorists and terrorist weapons from entering the United States. As Commissioner, I will also devote needed funds to support the automation and information technology programs that will improve overall operations of the agency, and I will devote funds to support the traditional missions for which CBP is responsible.

Mr. Chairman, although I will touch on each of these areas in my statement, and outline the actions CBP has taken or is planning to take in each, I want to point out that in many cases, funds spent in one area have a direct and positive impact on other areas. For example, funds spent on automation and information technology provide invaluable assistance to our priority mission of preventing terrorists and terrorist weapons from entering the United States. Also, funds spent on our priority

mission often result in improvements in our effectiveness and efficiency in carrying out our traditional missions, such as interdicting narcotics, and vice versa.

By way of summary of the fiscal year 2005 budget for CBP, I can tell you that the program increases we are requesting include:

—$25 million for the Container Security Initiative, which will support the continued expansion of the program, including the stationing of CBP personnel in additional key international seaports to examine high-risk cargo before it is placed on ships bound for the United States;

—$15 million for the Customs-Trade Partnership Against Terrorism to increase supply chain security and expedite the clearance of legitimate trade;

—$50 million for Radiation Detection and Non-Intrusive Inspection Technology to detect weapons of mass destruction;

—$21 million for Targeting Systems Enhancements to identify high-risk travelers and goods for inspection while allowing the vast majority of law abiding travelers and commerce to continue unimpeded;

—$64 million for Border Patrol Surveillance and Sensor Technology for the expansion of the remote video system along the southern and northern borders to detect illegal crossings and to increase the effectiveness of agents responding to such crossings;

—$10 million for Unmanned Aerial Vehicles to develop, procure, deploy, and operate a system of unmanned aerial vehicles to support the Border Patrol by detecting and monitoring illegal border crossings; and

—$5 million to support the International Trade Data System (ITDS) to revolutionize the way international trade data is collected, disseminated, and used.

In my statement, I will discuss these programs and others that CBP has been working on during the past year. I would like to begin, though, with a brief update for the Subcommittee on the status of CBP after 1 year.

CUSTOMS AND BORDER PROTECTION AT 1 YEAR

On March 1st, the Department of Homeland Security celebrated its 1 year anniversary as a Department. The anniversary marked the successful transfer of approximately 42,000 employees from the U.S. Customs Service, the Immigration and Naturalization Service, and the Animal and Plant Health Inspection Service (APHIS) to the new Customs and Border Protection agency in the Department of Homeland Security. CBP is the largest actual merger of people and functions within the Department of Homeland Security. Indeed, about one-fourth of the personnel of DHS are housed within CBP. That is not surprising considering how important the security of our borders is to the security of our homeland.

One Face at the Border

To create CBP, on March 1, we took a substantial portion of U.S. Customs and merged that with all of the immigration inspectors and Border Patrol from the former INS, and inspectors from the Department of Agriculture's APHIS. This means that for the first time in our country's history, all agencies of the United States Government with significant border responsibilities have been integrated and unified into a single Federal agency responsible for managing, controlling and securing our Nation's borders.

At CBP, we are creating, as Secretary Ridge has called it, "One Face at the Border"—one border agency for our country. In the year following its creation, CBP has made significant strides toward unification. And America is safer and its border are more secure than they were when border responsibilities were fragmented in three different departments of government, as they were before March 1, 2003—before the creation of the Department of Homeland Security.

On March 1, 2003, CBP designated one Port Director at each port of entry and put in place a single, unified chain of command. This was the first time there has ever been one person at each of our nation's ports of entry in charge of all Federal Inspection Services. And in terms of an immediate increase in antiterrorism security, on Day One, all frontline, primary inspectors at all ports of entry into the United States were equipped with radiation detection devices. Since March 1, 2003, all inspectors have also received antiterrorism training.

Last year, we began rolling out unified CBP primary inspections at international airports around the country, starting with U.S. citizens and Lawful Permanent Residents. Unified primary means that the CBP inspector in the booth will conduct the primary inspection for all purposes—immigration, customs, and agriculture. Launched at Dulles, Houston, JFK, Newark, LAX, Atlanta, Miami, San Francisco, unified primary is now operational at all major international airports. This is a major step forward in eliminating the process of travelers potentially having to "run the gauntlet" through three separate inspection agencies. Although legacy customs

and immigration inspectors have assumed interchangeable roles at the land border ports of entry for years, this is the first time unified primary has been done on a national scale at our country's airports.

Along with unified primary, we have also developed and are implementing combined anti-terrorism secondary which leverages the expertise and authorities of both legacy customs and immigration to conduct a joint secondary inspection of passengers deemed high-risk for terrorism. CBP has also begun to coordinate and consolidate our passenger analytical units—the units that identify potential high-risk travelers for inspection. Again, this brings together the customs and immigration experience and authority to more effectively and efficiently identify and interdict individuals who pose a possible terrorist risk.

Unifying Symbols and the CBP Officer Position

Since July 2003, we have begun rolling out a new CBP uniform and patch for all CBP inspectors at our Nation's ports of entry. It will replace the three different customs, agriculture, and immigration inspectional uniforms and patches. The new uniform and patch represent our most visible unifying symbols to the American public. The new uniform is being implemented in four phases. In the first phase, completed as of October 1, 2003, all CBP managers and supervisors converted to the new uniform. Other CBP uniformed personnel will be phased in at various points with implementation scheduled to be complete by July of this year.

All of these actions are helping us unify and become more effective as an agency. Perhaps our most significant step toward achieving "One Face at the Border," though, was announced by Secretary Ridge on September 2, 2003: the rollout of the new "CBP Officer" position. As of October, 2003, we stopped hiring and training legacy "immigration" or "customs" inspectors and began hiring and training a new group of "CBP Officers," who will be equipped to handle all CBP primary and many of the secondary inspection functions, in both the passenger and cargo environments. We are also deploying CBP Agriculture Specialists to perform more specialized agricultural inspection functions in both these environments.

Integrated Training

Training is a very important component to the roll out of the CBP Officer. We have created a new 14 week, 71-day basic course that provides the training necessary to conduct primary processing and to be familiar with secondary processing of passengers, merchandise, and conveyances in all modes of transport—air, sea, and land. The new CBP Officer course was built from the 53-day basic Customs inspector course and the 57-day basic Immigration inspector course, with redundancies removed, and with additions to address anti-terrorism and CBP's role in agriculture inspection. The training also supports the traditional missions of the legacy agencies integrated in CBP. Our first CBP Officers were hired on September 22, 2003, and they immediately started training at the Federal Law Enforcement Training Center (FLETC).

Enhanced Security Between Ports of Entry

We have also worked very hard to integrate the Border Patrol into CBP and simultaneously to improve the security of our country between the ports of entry. We have revised and refocused the Border Patrol's National Strategy, which had previously been focused on preventing the flow of illegal aliens and drugs between ports of entry on our border with Mexico. It now includes an aggressive strategy for protecting against terrorist penetration, at both our northern and southern borders.

And we have started implementing this Strategy. On 9–11, there were only 368 authorized positions for Border Patrol agents for the entire northern border. In the last year, we have added almost 500 agents to the northern border, giving us more than 1,000 total—exceeding the goal I set soon after March 1, 2003. This staffing increase will better secure our border against terrorist penetration.

But we are doing more than just adding staffing. We are adding sensors and other technology that assist in detecting illegal crossings along both our northern and southern borders, including Remote Video Surveillance (RVS) systems. These RVS systems are real-time remotely controlled force enhancement camera systems, which provide coverage along the northern and southern land borders of the United States, 24 hours per day, 7 days a week. The RVS system significantly enhances the Border Patrol's ability to detect, identify, and respond to border intrusions, and it has a deterrent value as well.

And we have seen gains in security by integrating the Border Patrol into CBP. For example, the Office of Field Operations and the Office of the Border Patrol are now able to quickly and easily share equipment and information to support one another, and have done so on many occasions, whether it be the use of radiation detec-

tion equipment at higher threat conditions, or the use of truck imaging equipment to detect and deter human smuggling.

MEETING OUR TWIN GOALS: BUILDING MORE SECURE AND MORE EFFICIENT BORDERS

As the single, unified border agency of the United States, CBP's mission is vitally important to the protection of America and the American people. In the aftermath of the terrorist attacks of September 11th, we have developed numerous initiatives to meet our twin goals of improving security and facilitating the flow of legitimate trade and travel. Funds from the fiscal year 2005 budget will help us expand those initiatives and to begin new ones to ensure further protection of both the American people and the American economy. Our strategy in implementing these initiatives involves a number of factors, including: (A) constantly improving and expanding our targeting systems to better screen more people and goods entering and departing the United States; (B) pushing our "zone of security outward" by partnering with other countries; (C) pushing our "zone of security outward" by partnering with the private sector; (D) deploying advanced inspection technology and equipment at our ports of entry to detect weapons of mass destruction; and (E) deploying advanced detection and monitoring equipment between our ports of entry to detect illegal crossings.

Enhancing our ability to identify high-risk people and cargo

Information is one of the most important keys to our ability to increase security without stifling legitimate trade and travel. Good information enables us to more accurately identify—or target—what is "high risk," defined as a potential threat, and what is low risk or absolutely no risk whatsoever. The separation of high risk from no risk is critical because searching 100 percent of the cargo and people that enter the United States would unnecessarily cripple the flow of legitimate trade and travel to the United States. What is necessary and advisable is searching 100 percent of the highrisk cargo and people that enter our country. To do this, we need to be able to identify what is high risk, and do so as early in the process as possible. CBP has several programs and initiatives that help us accomplish that task.

Advance Electronic Information

Since September 11th, CBP has taken numerous steps to ensure that it has the information it needs, at the right time, to identify all high-risk people and shipments destined for the United States. As a result of these efforts, and the strong support of the Congress, CBP now has, among other authorities, the statutory authority to require Advance Passenger Information and Passenger Name Record data on all people flying into and out of the United States, as well as advanced, electronic manifest data on cargo destined for or departing the United States. CBP has worked aggressively to promulgate and implement regulations pursuant to these enabling statutes. For example, we are currently implementing regulations requiring advance, electronic manifest (or similar) data on virtually all cargo coming into the United States by any mode (rail, truck, aircraft, vessel), whereas this data was previously provided on a voluntary, and very limited basis. These requirements should be fully implemented by early fiscal year 2005.

National Targeting Center (NTC)

The NTC began around the clock operations on November 10, 2001, with a priority mission of providing tactical targeting and analytical research support for Customs' anti-terrorism efforts. As personnel from Customs, the INS, and the USDA came together on March 1, 2003, under the umbrella of CBP, the NTC mission broadened commensurately with the CBP role in support of Homeland Security.

The NTC is primarily staffed by CBP Officers and analysts that are experts in passenger and cargo targeting for air, sea, and land operations in the inbound and outbound environments. The NTC develops tactical targets—potentially high-risk people and shipments that should be subject to a CBP inspection—from raw intelligence, trade, travel, and law enforcement data. NTC also supports CBP field elements, including Container Security Initiative (CSI) personnel stationed in countries throughout the world, with additional research assets for passenger and cargo examinations.

In January 2003, the NTC staff relocated to a state-of-the-art facility. The new facility is designed to accommodate representatives from all CBP disciplines, including representatives from the Office of Border Patrol, the Office of Intelligence, and the Office of Information and Technology, as well as liaison staff from the law enforcement and intelligence communities. The NTC has developed liaison with the Office of Naval Intelligence and the U.S. Coast Guard via an exchange of personnel with the National Marine Intelligence Center. NTC has also exchanged personnel

with the Transportation Security Administration, the Department of Energy, and provided targeting expertise to the DHS Operations Center.

The funding sought in fiscal year 2005 will enable the NTC to continue to expand its infrastructure and personnel to meet the needs of CBP as we see continued increases in passengers and commercial shipments coming to the United States. It will also enable the NTC to continue to play a central role in interagency activities related to identifying highrisk people and cargo.

Automated Targeting System

The Automated Targeting System (ATS), which is used by NTC and field targeting units in the United States and overseas, is essential to our ability to target high-risk cargo and passengers entering the United States. ATS is the system through which we process advance manifest and passenger information to pick up anomalies and "red flags" and determine what cargo is "high risk," and therefore will be scrutinized at the port of entry or, in some cases, overseas.

The funding increases sought for ATS in the fiscal year 2005 budget will allow for the continued improvement of the system as well as provide it with the capacity to process the electronic data related to the ever-increasing number of people and goods entering the United States. For example, the funding will allow us to develop and implement a version of ATS that, for the first time, will be able to identify potentially high-risk travelers in passenger vehicles. It will also be used to upgrade our passenger targeting system by improving the amount of government data that the system can access and analyze as well as provide us with the capacity to train more people on the use of the system. On the cargo side, the funding will permit ATS to increase its capacity and upgrade its capabilities by utilizing cutting edge information analysis technologies developed by CBP and the private sector.

Pushing our Zone of Security Outward—Partnering with Other Countries

Container Security Initiative (CSI)

To meet our priority mission of preventing terrorists and terrorist weapons from entering the United States, I believe CBP must "push our zone of security outward"—so that our borders are not the first line of defense to keep terrorists and terrorist weapons out of the United States. We have done this by partnering with other countries on our Container Security Initiative (CSI), one of the most significant and successful homeland security initiatives developed and implemented after 9–11.

Almost 9 million cargo containers arrive at U.S. seaports annually. Because of the sheer volume of sea container traffic and the opportunities it presents for terrorists, containerized shipping is uniquely vulnerable to terrorist attack. Under CSI, which is the first program of its kind, we are partnering with foreign governments to identify and inspect high-risk cargo containers at foreign ports, before they are shipped to our ports and pose a threat to the United States and to global trade.

The four core elements of CSI are:

—First, identifying "high-risk" containers, using ATS and the 24-hour rule, before they set sail for the United States.

—Second, pre-screening the "high-risk" containers at the foreign CSI port before they are shipped to the United States.

—Third, using technology to pre-screen the high-risk containers, including both radiation detectors and large-scale imaging machines to detect potential terrorist weapons.

—Fourth, using smarter, "tamper-evident" containers—containers that indicate to CBP officers at the port of arrival whether they have been tampered with after the security screening.

CSI continues to generate exceptional participation and support. The goal for the first phase of CSI was to implement the program at as many of the top 20 foreign container ports—in terms of volume of cargo containers shipped to United States seaports—as possible. Those ports account for nearly 70 percent of all cargo containers arriving at U.S. seaports. Today, the governments representing 19 of the top 20 ports have agreed to implement CSI, and I am confident that we will reach agreement with the 20th port very soon.

We announced the second phase of CSI in June 2003. Under CSI Phase II, we will implement CSI at other foreign ports that ship a significant volume of cargo to the United States, and that have the infrastructure and technology in place to support the program. We have already signed CSI agreements with Malaysia, Sweden, South Africa, and Sri Lanka. Once we have Phase II implemented, we anticipate that CSI will cover approximately 80 percent of the containers coming to the United States.

Right now, CSI is operational in the following locations: Rotterdam, the Netherlands; Le Havre, France; Bremerhaven and Hamburg, Germany; Antwerp, Belgium; Singapore; Yokohama, Japan; Hong Kong; Gothenburg, Sweden; Felixstowe, United Kingdom; Genoa and La Spezia, Italy; Busan, Korea; Durban, South Africa; and Port Kelang, Malaysia. These locations account for nearly 70 percent of all cargo containers destined for the United States.

I want to express my gratitude to the Committee members for their support of CSI in fiscal year 2004. With the $25 million increase in funding that we are requesting for CSI in fiscal year 2005, we will have CSI in place and operational at as many as 40 seaports around the world.

Immigration Control Officers (ICOs)

Over the last few years, we have also started applying the concept underlying CSI, i.e., pushing our zone of security beyond our borders, to the movement of people. This effort originated with the INS and its Immigration Control Officer (ICO) program. Through CBP, this effort is continuing, and being refined to better address the terrorist threat.

The roles and responsibilities of the ICOs are to: (1) seek to prevent the onward movement of people positively identified as presenting a security threat to the carrier or passengers on international flights destined to the United States; (2) disrupt and deter the smuggling of special interest aliens, or fraudulently documented and otherwise inadmissible aliens destined to the United States; (3) provide advance notice of passengers on onward transit airports and destination airports whose true identity and purposes warrant closer inspection; (4) collect law enforcement intelligence on known and suspected smugglers and smuggling facilitators; (5) seek, through cooperation with host government law enforcement agencies and U.S. law enforcement agencies, the apprehension and prosecution of smugglers, facilitators and other identified criminal aliens; and (6) provide training in fraudulent detection, migration trends, passenger assessment and related topics to United States and host government law enforcement, immigration and carrier personnel. The ICOs carry out their responsibilities in accordance with the Code of Conduct for Immigration Liaison Officers of the International Air Transport Association.

Canada, Australia, the United Kingdom and the Netherlands have ICOs stationed around the world. In concert with our international partners, the INS launched Operation Global Shield in October 2002 with the deployment of officers to more than a dozen locations, including major transit hubs in Central and South America, Europe and the Far East. This was a very successful effort. Operation Global Shield resulted in 2,971 interceptions in a 5 month period.

CBP is now building on the lessons learned from Operation Global Shield as well as the experiences of our international partners to refine the ICO concept to better respond to the threat of international terrorism. The United States currently has over 70 legacy immigration personnel overseas, many of whom are engaged in ICO activities, but not on a full time basis. At CBP, we will be working with these personnel to refine their ICO work to ensure that we prevent potential terrorists from boarding aircraft destined for the United States. We will also be putting in place a new, refined ICO program in Warsaw, Poland in the near term to test and refine our antiterrorist measures before expanding the program to other locations.

Pushing our Zone of Security Outward—Partnering with the Trade

Customs-Trade Partnership Against Terrorism (C–TPAT)

The Customs-Trade Partnership Against Terrorism (C–TPAT) is a voluntary partnership between CBP and industry to secure international supply chains from end to-end. Through C–TPAT, participants develop and maintain secure supply chains from the foreign factory floor to the ultimate destination in the U.S. CBP, in return, offers C–TPAT shipments expedited processing and provides C–TPAT participants with other benefits.

The program is rigorous. In order to join C–TPAT, a company must conduct a self-assessment of its current supply chain security procedures using C–TPAT security guidelines developed in partnership with logistics and security experts from the trade. A participant must also commit to increasing its supply chain security by addressing any vulnerabilities that exist. Perhaps most importantly, participants also make a commitment to work with their business partners and customers throughout their supply chains to ensure that those businesses also increase their supply chain security. By leveraging the influence of importers and others on different participants in the supply chain, C–TPAT is able to increase security of U.S. bound goods at the time of container stuffing. This reach—to the foreign loading dock—is critical to the goal of increasing supply chain security.

Although C–TPAT is a partnership, we are not simply taking the participants at their word when it comes to their supply chain security. As a former President once said: "Trust, but verify." Applying this lesson, we have created a cadre of specially trained supply chain security specialists to validate the commitments made by C–TPAT participants—to ensure that they are increasing supply chain security as they have promised CBP. These specialists meet with personnel from C–TPAT participants and their business partners and observe the security of their supply chains, including security at overseas loading docks and manufacturing plants. Through this process, we work with C–TPAT participants to identify ways that they can further increase their supply chain security and we ensure that companies that are not honoring their commitments lose their C–TPAT privileges.

C–TPAT is currently open to all importers, cross-border air, sea, truck, and rail carriers, brokers, freight forwarders, consolidators, non-vessel operating common carriers (NVOCCs), and U.S. Marine and Terminal operators. We are currently enrolling certain foreign manufacturers in the C–TPAT program as well, and we will continue to develop ways to include this important element of the supply chain in the program. The intent is to construct a supply chain characterized by active C–TPAT links at each point in the logistics process.

As of March 12, 2004, the C–TPAT participation and validation numbers are as follows:

	Partners	Security Profile Received	Certified Partners	Insufficient Security Profiles	Responses Sent	Oldest Security Profile Not Reviewed	Validations Initiated	Validations Completed
Importers	3,519	2,434	1,580	277	1,857	41	305	65
Carriers	998	803	519	90	609	34	183	40
Brokers/Forwarders	1,205	934	759	109	868	31	208	106
Foreign Manufacturers	118	58	45	1	46	21	0	0
Marine Port Auth. & Terminal Op.	41	32	23	4	27	36	22	10
Total	5,881	4,261	2,926	481	3,407	N/A	718	221

Free and Secure Trade (FAST)

Building on C–TPAT, we have created the Free and Secure Trade (FAST) program with Canada and Mexico. This program increases the supply chain security of goods moving across our land borders and also facilitates the movement of legitimate commerce by aligning customs processes on both sides of the border and offering the most expedited customs processing available on the land border. To be eligible for FAST processing, importers, carriers, and manufacturers (on the southern border) must participate in C–TPAT and must use a FAST-registered driver. Because each participant must meet C–TPAT supply chain criteria and the driver must be vetted by CBP (including exhaustive database checks and a personal interview), the FAST program substantially increases the security of supply chains across our northern and southern borders. And because FAST relies on advanced electronic data transmissions and transponder technology, CBP can offer FAST shipments the most expedited clearance procedures available today. With these procedures in place, CBP can focus its security efforts and inspections where they are needed most—on high-risk commerce.

FAST is currently operational at 11 major northern border crossings and 2 major southern border crossings. The program will expand to additional locations in fiscal year 2005.

I would like to thank the Committee for its consistently strong support for C–TPAT and FAST. The $15 million funding increase we have sought for C–TPAT in fiscal year 2005 will enable us to continue to expand both programs by enrolling additional participants. It will also allow us to add a substantial number of supply chain security specialists to our ranks, thereby ensuring that as the program grows, we will be able to conduct an appropriate number of validations. As a result, we will substantially increase the security of our international supply chains.

Using Technology to Detect Weapons of Mass Destruction at our Ports of Entry

As trade increases, CBP's reliance on Non-Intrusive Inspection (NII) technology to secure the borders becomes more and more critical. Only by using NII technology to speed the inspections process for weapons of mass destruction and contraband can CBP meet its twin goals of increasing security and at the same time facilitating trade.

CBP uses various technologies in different combinations to substantially increase the likelihood that a nuclear or radiological weapon or weapons grade material will be detected. In addition, CBP uses NII technology to detect and interdict narcotics, currency and other contraband secreted in large containers and commercial shipments. Technologies deployed to our nation's land, sea and air ports of entry include largescale X-ray and gamma-imaging systems—systems that can image the contents of an entire container in seconds. These systems include the Vehicle and Cargo Inspection System (VACIS), Mobile VACIS, Truck X-ray, Mobile Truck X-ray, Rail VACIS, Mobile Sea Container Examinations Systems and the Pallet Gamma-ray System. In September 1996, our first large-scale NII system, a Truck X-ray, became operational in Otay Mesa, California. Today, we have 145 large-scale NII systems deployed.

In addition, we have developed and begun implementing a national radiation detection strategy. Pursuant to that Strategy, we are deploying nuclear and radiological detection equipment to include personal radiation detectors (PRDs), radiation portal monitors (RPMs) and next generation radiation isotope identifier devices (RIIDs). In combination with our layered enforcement strategy—working overseas to prevent the proliferation of nuclear materials and to detect them before they are shipped to the United States—and our use of multiple inspection technologies, these tools currently provide CBP with significant capacity to detect nuclear or radiological materials. Our fiscal year 2005 request for $50 million would provide CBP with the funding to continue to purchase and deploy the technologies needed to implement its national radiation detection strategy.

Using Technology to Detect and Monitor Illegal Crossings Between our Ports of Entry

Integrated Surveillance Intelligence System (ISIS)

ISIS is a critical part of CBP's strategy to build smarter borders. By using remotely monitored night-day camera and sensing systems, the Border Patrol can better detect, monitor, and respond to illegal crossings. This, in turn, is critical to the Border Patrol's ability to increase its apprehension capabilities, particularly along our northern border. As a result, the deployment of ISIS is a critical component of the Border Patrol's revised National Strategy to prevent terrorists from entering the United States and to gain control of our nation's borders.

ISIS consists of three independent components: (1) the remote video surveillance (RVS) camera system; (2) sensors; (3) the Integrated Computer Assisted Detection

(ICAD) database. The RVS system integrates multiple color, thermal and infrared cameras, which are mounted on various structures, into a single remote controlled system. The network of sensors consists of seismic, magnetic and thermal devices used to detect and track intrusions. ICAD software components assist in the coordination and data collection of agent deployment in response to sensor alarms.

The $64.1 million in ISIS funding sought in 2005 would enable CBP to broaden substantially its ISIS coverage of the northern and southern borders—to deploy the system where no ISIS coverage currently exists. This is important because Border Patrol experience has shown that in locations where ISIS is deployed, fewer agents can do a better job of securing the border. ISIS acts as an important force-multiplier that allows Border Patrol agents to remotely monitor the border and respond to specific illegal border crossings rather than having to exhaustively patrol an area adjacent to the border. By contrast, Border Patrol operations without ISIS support are not only less effective, they are more resource-intensive and less safe for Agents.

Unmanned Aerial Vehicles (UAVs)

Like ISIS, Unmanned Aerial Vehicles (UAVs) are both an important part of the smarter border strategy and an essential element of the Border Patrol's revised National Strategy. UAVs equipped with sophisticated on-board sensors have the potential to provide unparalleled surveillance capability. UAVs provide long-range surveillance. As a result, they are especially effective force-multipliers because they have the capacity to remain on station much longer than other airborne assets, and are particularly useful for monitoring remote land border areas where patrols cannot easily travel and infrastructure is difficult or impossible to build.

UAVs will perform missions involving gathering intelligence on border activities was well as conducting surveillance over open water along the Gulf Coast, the Florida peninsula and the Great Lakes region on the northern border. The high endurance of the larger classes of UAVs permits uninterrupted overnight or around-the-clock coverage, and the size and operating altitudes can make UAVs effectively undetectable by unaided human senses. UAVs will also contribute to enforcement effectiveness and officer safety by providing communications links for coordinating multiple units on the ground is important in remote border operating areas.

The $10 million in funding sought for UAVs will enable CBP to capitalize more fully on the UAV research that has taken place in a military context, and to apply UAVs in support of the Homeland Security mission. The funding would allow CBP to deploy and operate a system of unmanned aerial vehicles in support of the Border Patrol and other components of Customs and Border Protection. The use of UAVs will complement the other intrusion detection and intelligence gathering components of the border surveillance network to meet the mission of stopping the illegal entry of terrorists, smugglers and others into the United States.

AUTOMATION/INFORMATION TECHNOLOGY

Mr. Chairman, no discussion of a successful strategy to protect the American people and the American economy in the 21st century would be complete without consideration of the central importance of automation and information technology to CBP's mission.

Automated Commercial Environment

The Automated Commercial Environment (ACE) is an important project for CBP, for the business community, for our country, and for the future of global trade. If done properly, it will reform the way we do business with the trade community. It will also greatly assist CBP in the advance collection of information for targeting high-risk cargo to better address the terrorist threat. And in doing so, it will help us expedite the vast majority of low-risk trade.

The successful implementation of ACE has been and continues to be one of my top priorities as Commissioner. Increasing support from Congress and the Administration for ACE has been essential to the development of the new system. Funding of $319 million in fiscal year 2004 has enabled us to continue development and begin to deliver on the first installment of ACE benefits to the trade community. Indeed, since my testimony last year, I can tell you that the development of ACE and the efforts to put its capabilities to work on America's borders have continued full throttle while CBP works with the Homeland Security Investment Review Group to analyze the existing IT systems being used by DHS agencies, identify redundant technology investments, and plan for the DHS's IT architecture. Among many other accomplishments, this past year brought ACE release to the public for the first time. Currently, 50 importer accounts and related CBP personnel have access to the ACE Secure Data Portal to conduct their CBP business transactions online. This portal provides reliable, secure, highspeed access to critical information.

When fully deployed, this will be the basic tool by which all users within the trade community and government access ACE.

I want to thank Congress again for its past support of ACE. The continued support of ACE with $322 million in funding for fiscal year 2005 will enable us to keep pace with our schedule for ACE releases in 2004 and 2005. Those include:

—*Summer 2004.*—Release 3 (Account Revenue: Periodic Statements and Payments): Initial account revenue will be enabled, allowing accounts to centralize payment processing and utilize periodic statement and payment capabilities as well as ACH Credit and Debit.

—*Winter 2005.*—Release 4 (Truck Manifest and e-Release): Cargo Processing will be introduced with the implementation of Automated Truck Manifest and Preferred & eRelease for trucks. This will allow for quicker entry for pre-filed and pre-approved cargo.

International Trade Data System (ITDS)

One important, fully integrated component of ACE is the International Trade Data System (ITDS). The ITDS initiative is an e-Government strategy being designed developed, and deployed jointly with ACE that will implement an integrated, government-wide system for the electronic collection, use, and dissemination of the international trade transaction data required by the various trade-related Federal agencies.

ITDS will simplify and streamline the regulation, promotion, and analysis of international trade. It will also assist importers, exporters, carriers, and brokers in complying with Federal trade, transportation, and other regulations by streamlining business processes. ITDS is customer focused and will serve as the government's "single window" into international trade data collection and distribution.

In conjunction with ACE, ITDS will also improve risk assessment. By centralizing and integrating the collection and analysis of information, ACE will enhance CBP's ability to target cargo, persons, and conveyances. The trade data will allow for advanced inter-agency assessment of risks and threats to determine which goods and people must be scrutinized. In addition, Through ACE, the ITDS will be capable of linking the government's law enforcement and other databases into one large-scale relational database that tracks all commerce crossing our borders. ITDS thus extends the functionality of ACE by bringing together critical security, public health, public safety, and environmental protection agencies under a common platform.

The $5 million increase we are requesting in the fiscal year 2005 budget for ITDS will allow us to ensure integration of ITDS with key Federal agencies, and keep us on schedule to have full functionality rolled out by winter 2006–2007.

OTHER TRADITIONAL MISSIONS

Although CBP's priority mission is preventing terrorists and terrorist weapons from entering the United States, we know that we must—and will—accomplish that priority mission while continuing to perform our traditional missions well. Included among those missions are our responsibilities for interdicting drugs, apprehending 16 individuals who enter the United States illegally, regulating and facilitating international trade, and protecting U.S. agricultural and economic interests from harmful pests and diseases.

Drug Interdiction

Our counterterrorism and counternarcotics missions are not mutually exclusive, and one does not necessarily come at the expense of the other. The initiatives we have put in place to prevent terrorists and terrorist weapons from entering the United States have enabled us to be more effective in seizing other illegal contraband, including illegal drugs. Indeed, one of the first results we saw after implementing ATS for commercial trucks on the land border was a large narcotics seizure from a targeted shipment. And, it is worth noting that the lessons we have learned in our battle against international drug trafficking will help us in the fight against international terrorism.

It would be a grave mistake for drug traffickers and other criminals to misinterpret our focus on terrorism as a weakening of resolve on other fronts. If anything, we have made life even more miserable for drug smugglers as we have intensified our overall presence along America's borders. Our heightened state of security along America's borders has strengthened, not weakened, our counternarcotics mission. As we have added staffing for both inspectors at the ports of entry and Border Patrol Agents between the ports of entry, acquired more inspection technology, conducted more questioning of travelers, and carried out more inspections of passengers and goods in response to the terrorist threat, we have seized greater amounts of narcotics. In fiscal year 2003, for example, we seized more than 2.2 million pounds of

illegal drugs, and made some of the largest individual seizures ever recorded by officers safeguarding our borders.

Effective coordination between inspectors at the ports of entry and agents who carry out investigative activities is essential to the success of our counternarcotics mission. For that reason, CBP will continue to cooperate closely with special agents from U.S. Immigration and Customs Enforcement to carry out this mission.

Apprehending individuals entering illegally between the ports of entry

The Office of the Border Patrol is specifically responsible for patrolling the 6,000 miles of Mexican and Canadian international land borders and 2,000 miles of coastal waters surrounding the Florida Peninsula and the island of Puerto Rico. Its primary task is securing America's borders between official ports of entry by preventing the illegal entry of people, goods, and contraband across our borders.

The Border Patrol relies on agents, enforcement equipment (such as a fleet of specialized aircraft and vehicles of various types), technology (such as sensors and night vision cameras), tactical infrastructure (such as roads and vehicle barriers), and intelligence to carry out its mission. Applied in the correct combination, these resources can effectively deter, detect, monitor, and respond to illegal border crossings, as we have seen in locations such as the San Diego Sector and during operations such as Desert Safeguard.

In fiscal year 2003, the Border Patrol played a key role in safeguarding the United States from the entry of terrorists, criminals, and illegal immigrants. Among the 931,557 people apprehended by the Border Patrol in fiscal year 2003 were:

—Two Indian aliens illegally in the United States who were wanted in Canada for attempted murder after they allegedly tied-up, tortured, doused in gasoline, and lit a person on fire;

—One of the ten most wanted criminals in Texas;

—An Iranian citizen illegally in the United States with an extensive criminal history and who may have been involved in bomb making and other serious illegal activity at the time of his arrest at the San Clemente checkpoint;

—A Turkish citizen illegally in the United States who may have been involved in serious illegal activity at the time of his arrest at McAllen International Airport; and

—An alleged resident of the United Arab Emirates illegally in the United States who may have been involved in serious illegal activity at the time of his arrest in Louisiana.

Building on these gains, and drawing on the lessons we learned during Desert Safeguard, CBP is working with other agencies and the Mexican Government to implement the Arizona Border Control Initiative this year. Under this initiative, CBP will substantially reduce the number of illegal entries that occur in Arizona this year and, as a result, will reduce the number of deaths that occur as aliens try to cross the Arizona desert during the warmest months of the year.

Preventing individuals from entering illegally at the ports of entry

With respect to preventing individuals from entering the country illegally at the ports of entry, CBP continues to stop hundreds of thousands of people a year who are inadmissible into the United States for a variety of reasons, including prior immigration violations, criminal history, or the possession of false or fraudulent documents.

We are helped in this effort by our close work with the Department of State to ensure CBP inspectors have the tools they need to verify the identity of visa holders and the authenticity of visas issued by the Department of State. Data on holders of immigrant visas is transferred electronically to ports of entry. When the electronic record is updated to reflect an immigrant's admission at a port of entry, that data is transferred electronically to the Bureau of Citizenship and Immigration Services (CIS) for production of a permanent resident card and creation of the immigrant file.

More importantly, with the successful implementation of US VISIT at our international airports earlier this year, CBP officers now have access to photographs and data transmitted electronically by the Department of State relating to holders of nonimmigrant visas. This permits officers on the primary line to review visa application data and verify the identity of the holder. This has virtually eliminated the possibility that a traveler could use a false or fraudulent visa to enter the United States.

Regulating and facilitating international trade

CBP maintains responsibility for regulating and facilitating legitimate international trade. As I mentioned earlier, many of the initiatives CBP implements serve the twin goals of increasing security and facilitating trade. With the right

level of industry partnership and the right combination of resources, we can succeed not only in protecting legitimate trade from being used by terrorists, we can actually build a better, faster, more productive system of trade facilitation for the U.S. economy.

We have continued to work with the trade on these matters over the past year, and we will continue to do so in the year ahead. For example, we worked with all segments of the maritime trade to make changes to the 24-hour rule and our computer systems to better facilitate the movement of sea containers in our domestic seaports and to inland destinations. We also worked very closely with the trade to craft and implement our Trade Act regulations, and we will continue this process during the rest of this year. Finally, we have partnered with the trade and technology companies to design and test a smarter, more secure sea container. More importantly, members of the trade are using this container. Through C–TPAT, we have partnered with several large importers to begin using these containers, and we expect to see their use rise substantially in the months ahead.

Protecting U.S. agricultural and economic interests and the food supply

CBP now overseas the enforcement of the laws and regulations pertaining to the safe importation and entry of agricultural food commodities into the United States. The traditional goals of the Agriculture Inspections (AI) program have been to reduce the risk of introduction of invasive species into the United States, protect U.S. agricultural resources, maintain the marketability of agricultural products, and facilitate the movement of lawabiding people and commodities across the borders. Accordingly, inspecting potentially high-risk travelers and cargo is critical to keeping the prohibited items out of the United States, monitoring for significant agricultural health threats, encouraging compliance with regulations, and educating the public and importers about agricultural quarantine regulations.

With the creation of CBP, the AI program has expanded its focus to include a new priority mission of preventing potential terrorist threats involving agriculture. Indeed, the threat of intentional introductions of pests or pathogens as a means of biological warfare or terrorism is an emerging concern. To address this threat and to enhance its traditional AI missions, CBP has already begun using the Automated Targeting System, and its collective expertise regarding terrorism and agriculture, to strengthen our ability to identify shipments that may pose a potential risk to our agricultural interests.

In addition, CBP has worked closely with the Food and Drug Administration (FDA) to implement the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 to guard against threats to the food supply. In the last several months, we have modified our electronic data collection systems to collect data from the trade required under the Bioterrorism Act, implemented a joint risk-management system for food shipments with FDA that builds off or Automated Targeting System, and commissioned CBP officers to utilize FDA authorities in certain circumstances at the ports of entry. These efforts have built on our priority and traditional missions to make the food supply more secure, and will be supported in part by the targeting funding sought in the fiscal year 2005 budget.

CONCLUSION

Mr. Chairman, Members of the Subcommittee, I have outlined a broad array of initiatives today that, with your assistance, will help CBP continue to protect America from the terrorist threat while fulfilling our other traditional missions. Because of your support, and because of the creation of DHS and CBP, we are far safer today than we were on September 11th. But our work is not complete. With the continued support of the President, DHS, and the Congress, CBP will succeed in meeting the challenges posed by the ongoing terrorist threat and the need to facilitate ever-increasing numbers of legitimate shipments and travelers.

Thank you again for this opportunity to testify. I would be happy to answer any of your questions.

Senator COCHRAN. Thank you, Mr. Bonner.

Mr. Garcia, you may proceed.

STATEMENT OF MICHAEL J. GARCIA

Mr. GARCIA. Thank you, Mr. Chairman. Good morning. Good morning, Senator Byrd, distinguished members of the subcommittee. It is a pleasure to be with you today to discuss the President's fiscal year 2005 budget request for the Department of

Homeland Security's U.S. Immigration and Customs Enforcement. The request of just over $4 billion reflects the vital role ICE plays in the Department's overall mission of ensuring the security of the American people.

A little more than 1 year ago, ICE was formed by combining the investigative and intelligence arms of the former INS and the U.S. Customs Service, including Air and Marine operations, as well as the Federal Protective Service and more recently the Federal Air Marshal Service. By integrating these once-fragmented resources, the Department of Homeland Security not only created the second largest investigative agency in the Federal Government, but it also created a dynamic and innovative new law enforcement organization focused on homeland security, specifically border security, air security, and economic security.

Senator Byrd mentioned that we are looking at the vulnerabilities facing this. And the primary mission of ICE and the Department of Homeland Security is to detect and address those vulnerabilities in our national security, whether those vulnerabilities expose our financial systems to exploitation or our borders to infiltration.

ACCOMPLISHMENTS WITHIN THE PAST YEAR

Earlier this month, the dedicated men and women of ICE joined me in celebrating our 1-year anniversary and our many accomplishments within the past year. I will highlight only a few.

ICE is protecting U.S. economic security. And since last March, ICE financial investigations have yielded more than 1,300 arrests and seized more than $150 million in assets.

In July, ICE launched Cornerstone, a comprehensive initiative that forms a new partnership with the financial, commercial, and trade sectors to identify and mitigate U.S. economic vulnerabilities.

Last fall, ICE launched Ice Storm, a comprehensive initiative to combat violent human smuggling organizations along the southwest border, with particular focus on Arizona. Ice Storm has resulted in more than 2,000 administrative and criminal arrests, 170 indictments, and the seizure of more than 80 weapons and $2 million. Local police credit Ice Storm with the more than 30-percent drop in homicides in the Phoenix area in the last quarter of 2003 compared to the same period of a year ago.

OPERATION PREDATOR

Senator Shelby mentioned Operation Predator. That is an operation we launched last July with the secretary. We targeted child sex predators worldwide under this operation, which fuses the authorities and resources of virtually every ICE component into a comprehensive campaign against child sex predators. To date, Operation Predator has produced unprecedented results with the arrest of more than 2,000 child sex predators nationwide.

FEDERAL AIR MARSHALS SERVICE

The ICE Federal Air Marshals Service became a distinct ICE division in November of 2003. ICE agents are being cross-trained as Federal air marshals, giving ICE FAMS a cadre of trained agents

for use when needed. Since September 11, ICE FAMS have provided security on hundreds of thousands of flights, protected millions of passengers, flown millions of miles. Their efforts have helped keep the U.S. civil aviation sector free of terrorism since September 11, 2001.

FISCAL YEAR 2005 BUDGET REQUEST

The President's fiscal year 2005 budget will continue to strengthen ICE's efforts to protect the homeland through the unique investigative and enforcement tools of this agency. The proposed 2005 budget and plan to enhance the department's commitment to securing the homeland is designed to build upon the strong foundation I have just described. The President's 2005 budget request seeks over $4 billion for ICE, $320 million more than 2004, an increase of 8 percent.

The requested increases include $186 million for ICE to fund improvements in immigration enforcement both domestically and overseas, including the more than doubling of current worksite enforcement efforts, increased resources to combat benefits fraud and investigate violations of the SEVIS and US VISIT systems, and approximately $100 million increase for the detention and removal of illegal aliens. Detention or removal illegal aliens present in the United States is critical to the enforcement of our immigration laws. And the requested funding will expand ongoing fugitive apprehension efforts, the removal from the United States of jailed illegal aliens, and additional detention and removal capacity.

Critical to the removal process is ICE's ability to effectively litigate cases before the immigration court. The budget includes our request for $6 million enhancement to provide additional attorneys to keep pace with an increasing caseload. Our budget also seeks $14 million to support our international enforcement efforts related to immigration, including enabling ICE to provide visa security by working cooperatively with U.S. consular offices to review these applications.

The budget request also seeks $40 million in total enhancement for Air and Marine operations, for long-range radar, and increased P–3 flight hours.

RECONCILIATION OF THE FISCAL YEAR 2004 BUDGET

Many challenges lie ahead, including reconciliation of the 2004 budget, as was mentioned earlier today, and the mapping issues that go with that. These are serious issues, and this is a serious undertaking. I very much appreciate the support of the subcommittee members. It is a great responsibility. We are committed to protecting the homeland with new approaches to old problems and new approaches to the new challenges we face after September 11.

PREPARED STATEMENT

We are committed to managing the transition, as Commissioner Bonner mentioned, of the INS distribution of assets, as well as the Customs breakup. This is a very complex reorganization. And in it we are also committed to being fiscally responsible.

I look forward to working with you, Mr. Chairman and members of this subcommittee. This concludes my prepared statement. I would be happy to answer any questions you might have at this time.

Senator COCHRAN. Thank you, Mr. Garcia.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL J. GARCIA

Introduction

Good morning Chairman Cochran, Senator Byrd, and distinguished Members of the Subcommittee. It is a pleasure to be with you today to discuss the President's fiscal year 2005 budget request for the Department of Homeland Security's (DHS) U.S. Immigration and Customs Enforcement (ICE). This $4.011 billion request reflects the vital role ICE plays in the Department's overall mission of ensuring the security of the American people and our way of life.

A little more than one year ago ICE was formed by combining the investigative and intelligence arms of the former Immigration and Naturalization Service (INS) and the U.S. Customs Service, including Air and Marine Operations, as well as the Federal Protective Service and the Federal Air Marshal Service. By integrating these once fragmented resources, the Department of Homeland Security not only created the second largest investigative agency in the Federal government, but it also created a dynamic and innovative new law enforcement organization uniquely and exclusively focused on homeland security—specifically border security, air security, and economic security.

The primary mission of ICE and the Department of Homeland Security is to detect and address vulnerabilities in our national security—whether those vulnerabilities expose our financial systems to exploitation or our borders to infiltration. With its enhanced ability to investigate immigration and customs violation—for example our ability to target human smuggling alongside of narcotics, weapons, and other forms of smuggling and follow the illicit money trail wherever it may lead—ICE is in a unique position to enforce our homeland security missions in ways never before possible.

Earlier this month the dedicated men and women of ICE joined me in celebration of our one-year anniversary and our many accomplishments within the past year. This, of course, could not have been accomplished without the support of Congress and the fiscal year 2004 Appropriations. Our accomplishments this year are many but I will only highlight a few:

Targeting Child Sex Predators Worldwide.—Operation Predator fuses the authorities and resources of virtually every ICE component into a comprehensive campaign against child sex offenders. To date, Operation Predator has produced unprecedented results with the arrest of more than 2,057 child sex predators nationwide.

Protecting U.S. Economic Security.—Since last March, ICE financial investigations have yielded more than 1,330 arrests and seized $154 million in assets. In July, ICE launched Cornerstone, a comprehensive initiative that forms a new partnership with the financial, commercial and trade sectors to identify and mitigate U.S. economic vulnerabilities.

Tracking down Arms, Money, and Artifacts in Iraq.—ICE deployed the first-ever civilian team of agents to Iraq in support of Operation Iraqi Freedom. The agents secured 75 silkworm missiles in Iraq that could have been used against coalition forces. They recovered $32 million in cash withdrawn by Saddam Hussein's son just before the war and recovered 39,400 manuscripts and more than 1,000 treasures looted from the Iraqi National Museum.

Dismantling Violent Human Smuggling Organizations.—Last fall, we launched ICE Storm, a comprehensive initiative to combat violent human smuggling organizations along the Southwest border—with a particular focus on Arizona. In its first 180 days, ICE Storm resulted in more than 700 criminal and administrative arrests, 90 indictments and the seizure of 46 assault weapons and nearly $2 million. Local police credited ICE Storm with a more than 30 percent drop in homicides in the Phoenix area in the last quarter of 2003, compared to the same period the previous year.

Enhancing Civil Aviation Security.—The ICE Federal Air Marshal Service (FAMS) became a distinct ICE division in November 2003. ICE agents are being crosstrained as air marshals, giving ICE FAMS a cadre of trained agents in times of need. ICE also signed an agreement with the U.S. Secret Service that increases flight coverage. Since 9/11, ICE FAMS have provided security on hundreds of thou-

sands of flights, protected millions of passengers and flown millions of miles. Their efforts have helped keep the U.S. civil aviation sector free of terrorism since 9/11.

Apprehending and Removing Criminal Aliens from the United States.—Since March 1, 2003, ICE's Detention and Removal Office (DRO) has removed more than 52,684 criminal aliens and 40,802 non-criminal aliens. DRO detains more than 230,000 aliens each year. ICE's DRO has more than 18 fugitive absconder teams across the Nation and created a "Most Wanted" list of the most dangerous criminal aliens. In the first 2 weeks, ICE captured or confirmed the removal of all 10 of the original 10 "Most Wanted."

Improving Security at U.S. Federal Facilities.—The transfer of the Federal Protective Service to ICE has provided FPS with access to information never before at its disposal, enabling it to perform its mission more effectively. ICE FPS secures more than 8,800 federally owned and leased facilities. In fiscal year 2003, ICE FPS seized or stopped the entry of more than 108,800 weapons and other items. During the same period, ICE FPS officers made more than 2,800 arrests and covered more than 2,100 demonstrations.

Securing Critical Airspace in the U.S., While Protecting Land and Sea Borders.—ICE's Air and Marine Operations (AMO) division has dramatically increased its role in homeland security missions while maintaining its traditional drug interdiction and law enforcement efforts. AMO created a permanent National Capital Region branch that provides 24/7 airspace security coverage over the Washington, DC area. AMO provided airspace security coverage during "Orange Alert" threats and events like the State of the Union address and Super Bowl. All the while, AMO assets were involved in drug and alien smuggling operations that seized more than 76,000 pounds of cocaine, 335,000 pounds of marijuana, and arrested more than 980 individuals.

Harnessing Intelligence to Further Enforcement Efforts.—ICE's Intelligence Division integrated the intelligence components of the former Immigration and Naturalization Service and the U.S. Customs Service into a robust force that supports the enforcement needs of all ICE operational divisions. ICE Intelligence vetted roughly 60,000 commercial airline passengers and crewmembers through a multistage process during the "Orange Alert" terror threat level during December 2003 and January 2004 period.

ICE continues to pursue its homeland security mission by building upon the traditional missions, resources, authorities and expertise of the legacy agencies it inherited. ICE is bringing new approaches to traditional areas of law enforcement and creating enforcement programs in response to its homeland security mission. The President's fiscal year 2005 Budget will continue to strengthen ICE's efforts to protect the homeland through its unique investigative and enforcement tools.

Budget Request for fiscal year 2005

The proposed fiscal year 2005 budget—a plan to enhance the Department's commitment to securing the homeland—is designed to build upon the strong foundation I have described. The President's fiscal year 2005 Budget request seeks $4.011 billion for ICE, $302 million more than fiscal year 2004, which represents an increase of 8 percent. This request for ICE includes resources to support border, air and economic security activities. These funds will also reduce infrastructure vulnerability, promoting safe and secure Federal properties for both employees and visitors. The remaining budget discussion will cover the major program areas: Investigations, Detention and Removal Operations, Air and Marine Operations, Federal Protective Service and the Federal Air Marshal Service, as well as our requested fiscal year 2005 budget enhancements.

The Office of Investigations.—Budget request includes $1.046 billion for the investigations and intelligence programs. These resources will advance national security and homeland defense against terrorist cells and their supporters in the United States through enhanced cooperation and integration with other Federal law enforcement agencies and the intelligence community. The Investigations program protects our homeland by, among other things, dismantling terrorist financing networks, by identifying and remediating vulnerabilities in the financial system that could be exploited by terrorist organizations, preventing the importation of weapons of mass destruction and other instruments of terror into the United States, disrupting narcotics smuggling and money laundering organizations, enforcing embargoes, trade agreements, and sanctions imposed by the U.S. government against foreign countries, and safeguarding children against exploitation through crimes involving pornography, sex tourism, and forced child labor.

The President's fiscal year 2005 Budget request seeks $78 million in total enhancements for the Investigations Program. This includes:

—$23 million/200 FTE for Worksite Enforcement. Consistent with the goals of the President's proposed new temporary worker program to match willing foreign working workers with willing U.S. employers, enforcement of immigration laws against companies that break the law and hire illegal workers will increase. This increase will more than double the level of resources devoted to traditional worksite enforcement.

—$16 million/65 FTE for Compliance Teams. As part of its overall immigration enforcement strategy, ICE will continue to analyze data generated through the Student and Exchange Visitor Information System and US VISIT program in an effort to detect individuals who are in violation of the Nation's immigration laws. This enhancement will increase funding for ICE's SEVIS and US VISIT compliance efforts by over 150 percent.

—$14 million/90 FTE for International Affairs. Pursuant to Section 428 of the Homeland Security Act of 2002 and the Memorandum of Understanding between the Departments of Homeland Security and State, ICE's fiscal year 2005 budget includes an increase of $10 million to support a new Visa Security Unit (VSU). The VSU and DHS staff stationed at overseas posts, including Saudi Arabia, will work cooperatively with U.S. Consular Officials to promote homeland security in the Visa process. In addition, an increase of $4 million is requested to replace funding previously provided through the Immigration Examinations Fee Account.

—$25 million to support Benefit Fraud. Immigration fraud poses a threat to national security and public safety because it enables terrorists, criminals, and illegal aliens to gain entry and remain in the United States and diverts resources and benefits from legitimate claimants. In cooperation with the U.S. Citizenship and Immigration Service (USCIS), ICE's goal is to detect, combat, and deter immigration fraud through aggressive, focused, and comprehensive investigations. This enhancement will provide stable funding to ICE's benefits fraud program by replacing funding previously provided through the Immigration Examinations Fee Account.

The President's fiscal year 2005 budget requests $1.209 billion for detention and removal activities, which represents an increase of $125 million from fiscal year 2004. Although this is an increase for the detention and removal program, we project a decrease in revenue collected in the Breached Bond/Detention Fund. Consistent with ICE's 10-year Detention and Removal Strategic Plan, these resources will be used to enhance public safety and national security by ensuring the departure from the United States of removable aliens.

The funding will also help ICE meet its detention needs. Since 1994, the average daily population of detainees has grown to more than 20,000, from less than 6,000. This rapid growth was a result of expanded enforcement capabilities and changes in detention requirements resulting from the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. The fiscal year 2005 budget request will support the use of state and local detention facilities, the eight Service Processing Centers, the seven contract detention facilities, and joint DHS/Bureau of Prison facilities to detain those aliens subject to removal.

Our overall objective, however, is the removal of aliens unlawfully present in the United States, not their detention. In fiscal year 2003, ICE removed more than 140,000 individuals including 76,000 criminal aliens.

ICE is also committed to aggressively tracking, apprehending, and removing fugitive aliens, those who have violated U.S. immigration law, been ordered deported by an immigration judge, then fled before the order could be carried out. This budget request will allow ICE to continue its efforts to fulfill that commitment through the Fugitive Operations Initiative.

The President's fiscal year 2005 Budget request seeks $108.2 million in total enhancements for the Detention and Removals Program. This includes:

—$30 million/140 FTE for the Institutional Removal Program (IRP). The IRP is designed to ensure that aliens convicted of crimes in the United States are identified, processed, and, where possible, removed prior to their release from a correctional institution. This enhancement will further ICE's plans to expand the program nationally to all Federal, State, and local institutions that house criminal aliens, while ensuring more efficient processing and case management.

—$50 million/118 FTE for Fugitive Operations. The resources requested are to continue the implementation of the National Fugitive Operations Program (NFOP), established in 2002, which seeks to eliminate the existing backlog and growth of the fugitive alien population over the next six years.

—$11 million/30 FTE for Alternatives to Detention. This initiative provides the resources to establish additional non-traditional family and female detention settings and establish community supervision operations. This will provide ef-

fective supervision of persons released into the community during immigration proceedings or while awaiting removal in certain circumstances while reducing costs and ensuring compliance.

—$5 million/14 FTE for detention bed space. An increase in bed space to accommodate the higher volume of apprehended criminal aliens. With this additional funding, ICE will enhance its ability to remove illegal alien—particularly those convicted of crimes while in the United States.

—$6.2 million for Caribbean Region Interdiction. Pursuant to Executive Order, the Department of Defense, Homeland Security and State share responsibility for responding to the migration of undocumented aliens in this region. The resources requested will support the Department's share of the cost of housing migrants as they await determination of any immigration claims.

—$6 million/40 FTE for the Legal Program Backlog Elimination. During fiscal year 2001 and fiscal year 2002, the Legal Program saw an average increase of 19,200 cases in the backlog of matters in Immigration Court. To keep pace with the increased number of cases, additional attorneys and support staff are required. This enhancement will provide a funding increase of more than 20 percent to ICE's backlog elimination program.

The fiscal year 2005 President's budget also seeks $373 million in Air and Marine Operations (AMO) appropriations. AMO maintains a fleet of 133 aircraft and 82 vessels to protect the Nation and the American people against the terrorist threat and the smuggling of narcotics and other contraband. Aircraft are also used in support of ICE's combined investigation work.

An essential element of these deployments is the work carried out by the Air and Marine Operation Center (AMOC), located in Riverside, California. This state-of-the-art center is linked to a wide array of civilian and military radar sites, aerostats, airborne reconnaissance aircraft and other detection assets, which provide 24-hour, seamless radar surveillance throughout the continental United States, Puerto Rico, the Caribbean, and beyond. AMOC allows ICE to identify, track, and support the interdiction and apprehension of those who attempt to enter U.S. airspace with illegal drugs or terrorist objectives.

The President's fiscal year 2005 Budget request seeks $40.5 million in total enhancements for Air and Marine Operations. This includes:

—$28 million for Increased P–3 Flight Hours. P–3 aircraft are critical to interdiction operations in the source and transit zones as they provide vital radar coverage in regions where mountainous terrain, expansive jungles and large bodies of water limit the effectiveness of ground-based radar. This request will increase P–3 flight hours from 200 to 600 per month.

—$12.5 million for Long Range Radar. Primary Long Range Radar provides position information (geographic/altitude) of airborne objects and flight data information to civil aviation, defense, and law enforcement agencies. ICE uses the radar to receive data for drug interdiction efforts along the southern border.

The fiscal year 2005 budget request includes $478 million in reimbursable authority for the activities of the Federal Protective Service (FPS). The FPS provides for the security and related law-enforcement functions at more than 8,800 Federal facilities/buildings across the Nation. These funds will support several initiatives designed to protect Federal facilities from terrorist attacks, including a nationwide K–9 bomb detection program and another aimed at improving our capability to respond to weapons of mass destruction. FPS will also be able to improve its communication capabilities and enhance its intelligence sharing processes.

The fiscal year 2005 budget request includes $613 million in Federal Air Marshals Service appropriations.[1] The FAMS transferred from the Transportation Security Administration (TSA) to ICE in November 2003. This movement of the FAMS to ICE will significantly increase the number of Federal law enforcement agents to deploy during times of increased threats to aircraft ultimately providing a surge capacity during increased threat periods or in the event of terrorist attack. To date, 176 ICE agents have gone through FAMS training and we anticipate training up to 800 by the end of the fiscal year. This cross-training creates a "surge capacity" to effectively deal with specific threats related to aviation security. And, on February 25, 2004, ICE and the U.S. Secret Service entered into an agreement that will bolster U.S. aviation security by providing a "force multiplier" to ICE's FAMS. Under the terms of the agreement, the Secret Service will provide the ICE FAMS with travel

[1] The President's Budget reflects a transfer of $10 million from the Federal Air Marshals Service (FAMS) program to Science and Technology (S&T) for research and development. This consolidation of research and development funding in S&T will provide for greater oversight of research and development activities in the Department and enhance service to FAMS. This funding will be devoted to FAMS air-to-ground Communications project.

information for armed personnel traveling on U.S. commercial flights during their normal course of business and will enable the ICE FAMS the flexibility to deploy their Federal Air Marshals to a wider range of flights, while providing greater flexibility to conduct FAMS missions at maximum levels based on its concept of operations.

Conclusion

The fiscal year 2005 budget request for the ICE supports the President's National Strategy for Homeland Security, the framework for accomplishing our complex mission to protect the homeland, and ICE's mission to enforce immigration and customs law, locate and remove aliens unlawfully present in the United States, protect jobs for those who are legally eligible to work, maintain a nationwide anti-smuggling program, enforce laws against money-laundering and child pornography, and protect Federal property and air security.

While many challenges lie ahead, we continue to build and foster a premier law enforcement agency from the powerful tools and authorities we have been given. The men and women of ICE stand ready to continue to build a successful organization for the present and future. The fiscal year 2005 budget request provides the resources to enable ICE to manage its responsibilities and continue its work to secure the homeland to protect and serve the American people.

I look forward to continuing to work with you to accomplish these objectives while continuing to manage a world class law enforcement organization to protect this Nation against anyone who would do it harm. We are committed to preventing terrorist attacks and reducing systemic vulnerabilities that threaten the security of the country.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

SHORTFALL IN FUNDING

Senator COCHRAN. I hope that during the first round of questions we will be able to limit our time to 5 minutes each. And that will give us all an opportunity to ask a second round of questions, if that is the wish and pleasure of the senators on the subcommittee.

Let me start by bringing up this issue of the shortfall in funding. In the Congressional Quarterly yesterday, Monday, March 29, there is an article that discusses this and carries some quotations from administration officials, a spokesman from the Border and Transportation Security Directorate, which suggested that there is not an actual shortfall in the funding. And the official, Dennis Murphy, is quoted as saying, "We're projecting that the spending rate may need to be slowed down. And we just need to take the foot off the accelerator a bit."

My question is: Is that an appropriate assessment in the judgment of this panel? I notice that it may be that not all of your agencies are affected by this. But I think Mr. Bonner's and Mr. Garcia's are.

Mr. Bonner, what is your reaction to that?

Mr. BONNER. First of all, I do not want to parse words here, but, I mean, there is not an actual shortfall, but there is a potential shortfall. Let me just say from the——

Senator COCHRAN. Press the button on your mike.

Mr. BONNER. Maybe it is just not close enough, Senator. Is that better?

Senator COCHRAN. Yes.

Mr. BONNER. Okay. I was just saying that without trying to parse words too carefully here, I think it is more appropriate to characterize this as a potential shortfall, not an actual shortfall. And the reason I say that is, I am going to speak just from the perspective of Customs and Border Protection here. And that is that

as part of what I do as a manager of the agency every year is to, at the end of the first quarter, I take stock, I get a report from my budget office as to where we stand. And I was concerned after the end of the first quarter review that with the rate of spending as to whether or not we were going to be within budget at the end of the year and not be deficient.

And secondly, the possible impact of the reconciliation of budget allocations between, potentially between, CBP and ICE, which is something, by the way, I believe that will be completed by the Department in the next several weeks. But I was concerned about that. And as a prudent manager of Customs and Border Protection, I directed that we curtail nonoperational travel, that we curtail nonoperational overtime, not overtime that is related to mission performance here. And I also believe that we should have a temporary suspension of hiring, except for Border Patrol agents at Customs and Border Protection, so we could get a clear picture of our spending rate and our budget.

And when I say temporary, I mean temporary. And that is that we would suspend—and we are just starting this. It would be a short suspension that could literally be several weeks. And then I would be hopeful that we would be able to resume hiring. I do not know. I mean, this will depend upon what our budget picture looks like when we take stock in 3 or 4 weeks.

But on the positive side, I do want to tell this Subcommittee that we did move out at the beginning of the year aggressively in terms of hiring new employees at Customs and Border Protection. And we have already hired, so any suspension here does not affect what we have already hired. We have already hired 2,700 employees. And these include 1,500 Inspectors, CBP Inspectors, 800 Border Patrol agents, and some other personnel.

And we are also looking very closely at the attrition rate here in terms of—right now, that looks pretty encouraging in terms of both the Border Patrol agents and CBP Inspectors. The attrition rates right now, if this holds up, are lower than projected. They are as low, by the way, this year as 5.5 percent right now for Border Patrol agents. And I think some of you know that the attrition at the Border Patrol was close to 20 percent just 2 years ago, when it was part of the INS.

So again, all that we are doing here is we are looking at this very, very closely. And we are making some temporary adjustments. And we will then have to make some decisions as to whether or not we can resume hiring or whether we have to suspend it further. But that would be my overall assessment, Mr. Chairman.

ICE RESPONSE

Senator COCHRAN. Thank you.

Mr. Garcia, what about the Bureau of Immigration and Customs Enforcement that you are responsible for? What is the effect of this on your agency?

Mr. GARCIA. Yes, Mr. Chairman. A similar effect to what Commissioner Bonner was describing. We have imposed a temporary hiring freeze. There is no category within ICE that is exempt from that at the moment. We have been hiring up to the point of the

end of the first quarter and imposed this, again looking down the road, looking at the spending rate.

But from the perspective of my agency, we are very much concerned with mapping issues, distribution issues, particularly in the IT context, services being provided, and mapping funding to the provision of those services are very complicated issues, if you look at the size of the legacy agencies that were involved, the services that were provided, and the split that we have accomplished very successfully. You can appreciate the complexity of those issues.

We are very much watching that process, optimistic that we will, working together, have firmer numbers within the next several weeks, that we can then reassess, as Commissioner Bonner said, again look at spending rates, look at the harder numbers, and see what are the steps that we need to take to be fiscally responsible, which may not, and we all hope will not, include a hiring freeze.

POSTPONING OR DEFERRING OF ANY PROGRAM INITIATIVES

Senator COCHRAN. Have either one of you had to postpone or defer any program initiatives, any activities that would defer initiatives that you had already planned or put in place? Have you postponed doing anything that you intended to do?

Mr. BONNER. We have not at CBP. And I hope we do not have to. But we have not at this point.

Senator COCHRAN. Mr. Garcia, what about you?

Mr. GARCIA. None of the new programs or operations. We have not gone forward with the 2004 enhancements as of yet.

IMMIGRATION SYSTEM

Senator COCHRAN. Thank you.

Senator BYRD. Our immigration system is underfunded and understaffed. The Bureau of Immigration and Customs Enforcement has just over 13,000 criminal investigators to locate and remove 8 million to 11 million illegal aliens. This is one among many responsibilities. Following the passage of the 1986 amnesty for 2.7 million illegal aliens, the INS had to open temporary offices, hire new workers, and divert resources from enforcement areas in order to process amnesty applicants. The result was chaos that produced rampant fraud.

The backlog of immigrant applications is larger today, 6 million and rising. The President's amnesty proposal would dump another 8 million immigrant applications onto an already beleaguered immigration system. It took only 19 temporary visa holders to slip through the system to unleash the horror of the September 11 attacks. The President's amnesty would shove 8 million illegal aliens through our security system, many of whom have never gone through any background check.

If there are no new resources in the budget to implement the President's amnesty proposal, implementation of the reform proposal would create incredible stresses on an already stressed border security system. It is a recipe for disaster.

FUNDING FOR ENFORCEMENT ACTIVITIES

While I note that your budget has several modest proposals to deal with the existing enforcement shortcomings, would you inform the subcommittee how much additional money is included in the President's budget to implement your enforcement activities in support of the President's amnesty proposal?

This question is for Mr. Garcia.

Mr. GARCIA. Thank you, Senator Byrd. As a starting point, looking at the 2005 enhancements, we do have $23 million for worksite enforcement related to the possibility of a temporary worker program. But I think there is a much more complex approach to whatever legislation, if any, is ultimately passed, which would be, one, we have split the INS apart and now have a mission focus on enforcement both at the border and in the interior, and a separate services bureau focused on providing that service.

We have made tremendous strides in that reorganization, focusing a very powerful enforcement tool on the enforcement mission within ICE and within CBP. We have reorganized within ICE. We have moved, are in the process of moving, excuse me, the Institutional Removal Program out of investigations and into Detention and Removal, which will free up additional investigative resources within that division.

All of these pieces moving forward look at how do we place integrity within our immigration system? How do we enforce visa security, US VISIT, our compliance enforcement operation, which we have again asked for an enhancement for in 2005. This is a complex, comprehensive approach to the shortcomings that you have described, Senator. So I cannot point to you one place in our budget where we would address any proposed legislation or where we would address specific shortcomings of the past. We are taking a comprehensive approach to those problems.

I would also add that we are very much alert to the possibility of fraud within the immigration system. I have taken steps to address that already. And we will very much look to participate in the process of crafting legislation that can ensure that whatever benefits or whatever program is designed gets to the people it was intended to get to.

I was a prosecutor in the Nineties. I prosecuted cases involving benefits fraud in some very unfortunate context. I know the risks firsthand. And I would very much feel the responsibility to participate in that process, to look at how that program is crafted and what steps we can build into it to make it less susceptible to fraud.

Mr. AGUIRRE. Senator, may I tag along to that, if I could?

Senator BYRD. Please.

BACKLOG

Mr. AGUIRRE. Just a couple of comments. One, the backlog, Senator, is not 6 million. We have 6 million pending cases. But of those, 3.6 are backlog. In other words, they are behind our normal processing time. Now, that is plenty, but it is not 6 million.

TEMPORARY WORKER PROGRAM

You mentioned the President's proposal as an amnesty. I do not consider it so. In fact, I think it is not an amnesty. I think it is a temporary worker program that would identify these 8 million individuals and would put them within a legal program where we would be allowed to do background checks. Indeed, these individuals are not within our radar scope today, but would be once they apply.

And there is mention about the fact that there is no provision in our Bureau for the President's proposal. Of course, there is not, because we are waiting for the Congress to flesh out, if you will, the details of the proposed legislation so that we can then put a fee that would be matched against the cost of processing these applicants. So in other words, once the Congress acts, and we certainly hope the action will come forth, we will match whatever work is required behind that legislation to charge the applicants for the cost of processing that application.

Senator BYRD. I appreciate your comments. I am of the opinion that the President's new alien amnesty program is quite ill-advised. If you are requesting any new resources, how much extra would be needed to implement this sweeping amnesty?

Mr. AGUIRRE. Senator, are you finished with your question?

Senator BYRD. Yes. Anyone.

Mr. AGUIRRE. I am sorry. I did not want to interrupt.

We are requesting additional resources, but not in relation to the President's initiative on the temporary worker program. The temporary worker program awaits congressional action. And until such time as the Congress tells us exactly what the Congress wants us to do, we really cannot build a program to suit it. Once that program is identified, we will cost it out. And there will be a fee associated with that. I expect that the fee will be 100 percent covering the cost of the program.

Senator BYRD. Mr. Garcia.

Mr. GARCIA. Yes, Senator Byrd. As I mentioned earlier, we have asked for $23 million in worksite enforcement really to position ourselves, one, in an important area of enforcement for us, but to also set the stage, so to speak, for working with Congress on whatever legislation is passed and looking at, again, that integrity of the system, the counter-fraud efforts, that will match up with an effective temporary worker program, whatever the scope of that program is ultimately decided upon.

Senator BYRD. My time is up.

Senator COCHRAN. Yes, sir.

Senator Leahy.

LAW ENFORCEMENT SUPPORT CENTER BUDGET

Senator LEAHY. Thank you, Mr. Chairman.

Mr. Garcia, to go back to the Law Enforcement Support Center, and as I said, I am very happy with those areas, especially Operation Predator among others, when I heard from law enforcement agencies and others around the country of the support they have gotten from that and how helpful it is to them, I want to keep it

helpful. Having begun my public career in law enforcement, I am very sensitive to what their needs are.

The President's budget proposal did not include a specific budget for the LESC. I would assume that the base budget from this year will be continued the upcoming year. But the demand increases all the time. How do you make sure that—I mean, the demand—the more—the LESC, success breeds success. The more they accomplish, they more they are heard about from other law enforcement, the more they get called upon, I think—I do not have the exact figures here, but I know you would find that the requirements and the requests continue to go up.

How are you going to do that? How are you—if the budget is the same, how are you going to keep up with the requests?

Mr. GARCIA. Thank you, Senator Leahy. A number of points. First, the obvious point is the LESC really is the crown jewel of our State and local cooperation efforts, tremendous facility, has seen an increase in responsibility, increase in workload, and an increase in the incredibly important information it puts out to the field.

You mentioned an increase in inquiries. They were up about 175,000 this year over the year before, an incredible number showing, I think, the realization on the part particularly of State and local officials of what a service the LESC can provide. We are committed to continuing to provide that service and enhancing our capability to do that.

You are right, the LESC budget is built into the base budget for the Office of Investigations. We have also set aside money, and I believe we have briefed some of your staff members on enhancements for the facility itself of up to, I believe, $5 million for enhancements to that facility. We are also putting new programs within LESC. We recently moved the Central States Command Center from Chicago to Vermont, recognizing how efficient it is to have that all under one roof.

As we move programs, we move money with them. We mentioned Predator. We have set up the 800 hotline there in Vermont, incredibly successful. And I will give one example. We got a call into that hotline in Vermont, a citizen call, saying they believed that somebody was abusing minors in a house and that that person may have had AIDS. We responded with the local officials—it was in Massachusetts—out of Vermont to the local officials with our ICA agents, arrested the individual, charged him with sexual offenses against minors. And we launched an immigration detainer, because in fact he was an illegal alien. An example of the capability of the LESC, the response capability, and then the actual public safety benefit of that response. We are committed to expanding upon that capability. And I think the LESC is going to grow in importance.

And as you mentioned, Senator, as it does, we will look at the OI budget, we will look at resources we have allocated for these programs, and we will look at our ability to do that out of the LESC in more effective ways.

The example I give of the LESC benefit all the time is, a State trooper pulls somebody down, flags someone down on the side of a road. He is by himself. He is approaching that car. That trooper can call the LESC 24 hours a day, 7 days a week, and find out if

that person in the car is a reentering felon. Is that not information that trooper would want to know as they approach a car in the middle of the night on the side of a highway?

That is the type of service the LESC can provide. And again, Senator, we are committed to working with you, with Congress, to ensure that that center maintains a central role in supporting our colleagues and in supporting those new programs like Operation Predator.

Senator LEAHY. Well, I appreciate that. It is a sad story you tell of the situation in Massachusetts. Unfortunately, as you know and I know, it occurs in too many places. We all wish it did not occur at all. But to the extent it occurs, let us be thankful we can move quickly to stop it from continuing.

GUEST WORKER PROGRAM CONCERNS

Mr. Aguirre, I heard your answer to the question—I am still a little bit concerned—on this guest worker program of the President. You said if we passed this, we will assume that there will then be a request for funds to do it. But it is—I think we are getting kind of the cart before the horse. We are still waiting for the President's proposal. I mean, it is the President's proposal. It is not a congressional proposal. The President is the one who made the speech. It was done with a great deal of fanfare.

Are we going to get a proposal from the White House? I mean, I and others have asked for this for several months now. Are we going to get a request for a proposed legislation, or has the White House shelved this proposal?

Mr. AGUIRRE. Well, no, Senator, I think the White House has not shelved this proposal. I think the White House was very serious on January 7, when the President issued his call to the Congress to act. Subsequent to that, during the State of the Union and probably at least a dozen times that I can count, the President has mentioned again and again that he expects the Congress to act on his initiative.

Now the way I understand government, of course, I am coming from the private sector only 3 years ago, I see the Congress as enacting the legislation and I see the Administration as administering the legislative——

Senator LEAHY. Well, usually when the President has a proposal, especially one that they announce with such great fanfare, they actually send it up here. Other than the speech and the press releases and the handouts at selected fund raisers, we have not seen any legislation. Are we going to get legislation?

Mr. AGUIRRE. Well, Senator, the legislation that I have seen has been a number of bills that have been introduced by various members of the Congress. My understanding is that the legislation was expected to come from within the Congress, not from the White House. But the point is, Senator, I guess if you are looking to the substance——

BACKLOG REDUCTION ISSUE

Senator LEAHY. If that is the case and the President has also promised to reduce the average wait time for applicants for immigration benefits to 6 months, if you have these two goals, I mean,

this is an enormous, enormous increase in work. Why is there not any money being requested for either one of these things, either to get rid of the backlog or for this guest worker program of the President's?

Mr. AGUIRRE. Well, yes, Senator. If I may take them one at a time, I think the backlog is one that we have finally begun to get some traction on it. There will be a backlog reduction/elimination plan that will be coming to the Congress in the coming weeks. We expect to fulfill the President's commitment that I have inherited to eliminate the backlog by September of 2006.

As you very well know, after 9/11, that took a serious setback. And we are correcting that. And with the reallocation or repatriation, if you will, of many of the adjudicators that were sent on to do something else, I think we are going to get some traction here. We have already found some of our district offices meeting the backlog reduction. And we are continuing on as well.

I separate the backlog reduction initiative from the President's temporary worker proposal because I think they are apples and apples. I think we will be able to implement the program based on the Congress legislation that will be innovative, that will be technologically efficient, that will allow us to process people——

Senator LEAHY. But you need more funds.

Mr. AGUIRRE. I think we will need more funds through the fees that will be joining the application.

Senator COCHRAN. Senator, your time has expired.

Senator LEAHY. Thank you.

Senator COCHRAN. Senator Shelby.

Senator LEAHY. I have some other questions for the next round.

Senator COCHRAN. Absolutely. Sure.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

NUMBER OF ILLEGAL ALIENS RESIDING IN THE UNITED STATES

Secretary Garcia and gentlemen, I asked this other in my opening statement. What is your best estimate, Mr. Secretary, of the number of illegal aliens currently residing in the United States of America?

Mr. GARCIA. Senator, you mentioned some of the numbers earlier. The number, I think, that is posted on the website is 7 million. I have the 8 million number as well. I think it again reinforces——

Senator SHELBY. You do not really know, do you, honestly?

Mr. GARCIA. I think, Senator, it again reinforces your point that it is a very difficult number to identify because of what you are trying to quantify.

Senator SHELBY. Is that an increase or a decrease, say, from the previous year?

Mr. GARCIA. I could not give you that answer, Senator. I do not mean to be evasive. I do not know. I think it would be difficult to answer.

Senator SHELBY. Mr. Bonner, do you have a judgment on that?

Mr. BONNER. My judgment is that the numbers of illegal aliens that are successfully entering the United States has marginally decreased.

Senator SHELBY. And what do you base that on?

Mr. BONNER. I base that on the fact that the Border Patrol apprehensions—most, of course, the illegal migration, the spigot, if you will, is the southern border. The Border Patrol apprehensions last year were 931,000 illegal aliens apprehended. The vast, vast majority of that was at our border with Mexico. I believe that that number is to some extent a surrogate for the number of people that have successfully and illegally crossed our border. And that apprehension number, has been steadily declining for several years.

Now by the way——

Senator SHELBY. How do you get to the high number of 7, 8, perhaps 10 million? You know, we do not know the exact number.

Mr. BONNER. Yes. It is estimated between——

Senator SHELBY. If you are stopping everybody at the border, how are they getting in?

Mr. BONNER. We are certainly not stopping everybody at the border.

Senator SHELBY. I know that.

Mr. BONNER. No question about it. I mean, right now we have the Arizona border, which is substantially where there is mass migration taking place virtually every day. That is why we have instituted the Arizona Border Control Initiative, to get control of that.

But I would say this. If you look over the past number of years, we have, through Border Patrol increases, Border Patrol sensoring technology, I believe with the adding of UAVs and some sensoring technology in this budget, we are getting marginally better control over our border in terms of illegal migration. Now does that mean nobody is getting through?

Senator SHELBY. You used the word "marginally."

Mr. BONNER. Well, we need to do a lot better.

Senator SHELBY. Okay.

Mr. BONNER. And it is very difficult to estimate the numbers of illegal aliens that have gotten through and that are adding to that base of illegal aliens that are residing illegally in the United States. But I would say that there is some reason to believe that we have gotten somewhat better control of the border. And I say this anecdotally.

Senator SHELBY. Sure, you do.

Mr. BONNER. Let me just tell you that I know that if you take significant parts, of the California border and the Texas border, where there have been substantial increases in Border Patrol staffing, improvements in the sensoring and technology that is being used to detect illegal crossings, that we have better control over a lot of the segments of our southern borders than we did going back, say, 5 to 10 years ago.

We have to, by the way, we have to get better. I do not mean to say this nirvana here.

Senator SHELBY. I know that. I know that.

Mr. BONNER. So it is very hard to say. Probably 60 percent, by the way, is the estimate of the——

ADEQUACY OF RESOURCES

Senator SHELBY. Do you have enough resources? This was asked by Senator Byrd and others. Do you have enough resources to do

the job to protect our borders considering that there are probably 7 to 10 million illegal aliens in this country?

Mr. BONNER. If we cannot—do we have enough resources? We have, by the way, through this subcommittee and through the Congress and the President's request, we have been adding resources. We have a request here for a very significant amount of funding for better sensoring technology to control better parts of our border.

I am very sanguine about the prospects through the use of unmanned aerial vehicles. For the first time, the Border Patrol is pioneering the use of UAVs. We will start that later this year, I believe, at the Southwest border. But it will give us much better detection capability against illegal migration across our Southern border. Potentially, as you know, because of the terrorist threat, we also need to be concerned about the Northern border, as well.

Senator SHELBY. Absolutely both.

IS THE CHALLENGE TOO GREAT?

Mr. BONNER. So we are moving in the right direction. But it is an extremely difficult thing. I actually think, by the way, if I could add, I think the President's temporary worker——

Senator SHELBY. It is the challenge. I respect all three of you. And I know you are dedicated here.

Mr. BONNER. Yes, sir.

Senator SHELBY. But is the challenge too great to win?

Mr. BONNER. No.

Senator SHELBY. In other words, we are losing. We are losing the war on illegal aliens now, if there are 7 to 10 million people here illegally that never had a background check, you do not know anything about them. And they are coming here. They are staying here. They are working here. And what does that say to the people who come here legally and go through the hoops?

Mr. BONNER. Well, I think——

Senator SHELBY. Like you did, sir.

Mr. BONNER. Well, perhaps Dr. Aguirre can respond to that. But I just want to say, Senator, that we can do this. We are, I believe, getting greater control over the border. We need to do that. If we cannot cut off the spigot for illegal migration coming in, well, we cannot ever address this problem seriously. Then we have to figure out what to do with the 7, 8, or 10 million illegals that are here in this country and figure out what is the best, from a point of view of practicality, realism, and policy, what is the best approach to that problem.

OVERSTAYS ON VISAS

Senator SHELBY. And what about—before my time expires, maybe you can answer afterward. What about the overstay on visas? People come here legally, millions of people come to this country legally. What do you do to track those people once they are here? How do you know they have gone back unless there is a central system checking?

Mr. BONNER. Customs and Border Protection is to prevent them from entering. And ICE has the responsibility——

Senator SHELBY. Mr. Garcia.

Mr. BONNER [continuing]. To remove them, if we have failed.

Mr. GARCIA. Thank you, Senator. We have the enforcement side of US VISIT that has been mentioned earlier. Last year, when we stood up ICE, we created a compliance enforcement unit, basically to put that integrity in the system. It looks at US VISIT. It looks at SEVIS, where we have had problems with students coming in, students not going to school, not attending, dropping out.

Senator SHELBY. Sure.

Mr. GARCIA. We have made tremendous progress on that.

Senator SHELBY. That is how a lot of the terrorists got here. They came here legally, did they not?

Mr. GARCIA. One of the Trade Center——

Senator SHELBY. Some of them overstayed their visas.

Mr. GARCIA. The driver of the World Trade Center bombing of the van in 1993 was a student who had come here on a student visa, had never gone to school. We take that very seriously. We have prioritized the leads using intelligence, using other information. We vet those at Headquarters, and we send those out into the field. We have been doing that for some time now. We are seeking additional funding in 2005 for that program.

Asa Hutchinson and I both believe that it is incredibly important in maintaining that integrity in the system, in addition to its national security implications.

Senator SHELBY. Thank you, Mr. Chairman.

Senator COCHRAN. Senator Murray.

LESSONS LEARNED FROM OPERATION SAFE COMMERCE

Senator MURRAY. Mr. Bonner, at the 2002 Western Cargo Conference, you said, and I quote, "The American people on the global trading system are more secure, if we screen cargo containers that present a high risk for terrorism as early as possible and certainly before they reach U.S. shores."

I really agree with that. And I am pleased that the two most prominent cargo security programs within Customs, C–TPAT and CSI, seek to push out our borders to foreign ports. Those programs will eventually help expand our various cargo security programs into a standard system for sending goods throughout the world. But they are not going to get the job done alone. We have now spent $58 million on a program called Operation Safe Commerce, which is working to test the security of 19 different supply chains running through 5 different ports, which compromise the 3 largest load centers in the country. In fact, more than 80 percent of our cargo goes through those ports.

I think it is really imperative that we are able to learn from all of our port security programs. And we need to tie them together and rapidly instituted a large-scale operationally cargo security program in the United States.

Commissioner Bonner, would you tell the committee how you are planning to implement the lessons that we have learned from Operation Safe Commerce into an overall cargo security standard?

Mr. BONNER. I would be happy to do that, Senator. You and I have worked a lot on this issue. But first of all, Operation Safe Commerce has been a very valuable test bed for different kinds of technologies that would be useful in better securing the movement of particularly ocean-going cargo containers from various places in

the world to the United States. And as you indicated I think earlier, 8 to 9 million ocean-going cargo containers arrive at our U.S. seaports annually, including some of our major ports on the West Coast like Seattle and Tacoma.

But the approaches to take the lessons there to develop and essentially to improve even more the supply chain security regimen. And there are two key elements to that. One is, and I believe we can do this through the Customs Trade Partnership Against Terrorism, leveraging U.S. importers and foreign suppliers to increase essentially the point of loading security to meet best practices and standards at the point that the containers are actually loaded at foreign manufacturers' facilities, whether that is in Asia or Europe or elsewhere.

And secondly, using the lessons from Operation Safe Commerce to develop best practices and minimal standards, if you will, for a smarter, more secure container to be used in terms of the movement of those goods to the U.S. seaports. And when I say a smarter container, I mean one that, at the minimum, can be read by U.S. Customs and Border Protection Inspectors either upon arrival or at the CSI ports, as we expand those to more and more ports overseas, to determine whether it has been tampered with enroute.

So those are at least a couple of the things that we are looking at to see if we cannot implement to improve the overall security of global trade and movement of cargo to the United States.

REPORT DUE AT THE END OF THE FISCAL YEAR

Senator MURRAY. So we expect a report from them by the end of this fiscal year. And you are going to be using the information that they have learned from that to get to some kind of security standard.

Mr. BONNER. It is still being evaluated. But I certainly intend to. I believe, based upon the preliminary reports I have obtained, that there are some very useful things that have been done that are going to inform us and help guide us to an improved security of the movement of cargo.

Senator MURRAY. Okay. Well, I do want to work with you on that. There is still $17 million to go out. They have spent a great deal of time, our taxpayers dollars and money on this. And I think we can learn a lot from them. We want to make sure it is used and used wisely.

INSTALLATION OF RADIATION PORTAL DEVICES AT PORTS OF ENTRY

Commissioner, let me also ask you, Customs is beginning the process of installing these radiation portal devices at ports of entry throughout the Nation. It seems to me it is a little bit late to check for radiation. Both the ports of Seattle and Tacoma are located right next to our downtown businesses and residential areas. And a ship bound for these ports travels through the Puget Sound before they get there. They pass by a major refinery compound, three Navy bases that each home port nuclear powered vessels, and a major petroleum tank farm.

Why have you decided, at least initially, not to push out the borders when it comes to this kind of technology? And can you tell us

if you plan on deploying these monitors to foreign ports that are participating in C–TPAT?

Mr. BONNER. I think our objective and our intention is to do both. In other words, we are talking about a layered defense in-depth strategy. But we do want to do everything we can, particularly given the catastrophic consequences of radiological weapons, to improve our ability to detect them when they are arriving at our borders. And this is, of course, our land borders. We have already deployed now almost 250 radiation portal monitors, very sensitive radiation detection equipment, along many places on our land border, particularly Canada. We are now expanding to seaports and so forth.

But at the same time, we want to make sure that containers, through the Container Security Initiative, as part of the security screening of those containers that are identified as posing potential risk for terrorist threat; and that is, potentially risk that a terrorist organization like the al-Qaeda could have concealed a weapon in those containers, that they are not only run through the large-scale X-ray scanning equipment, which is important to detect weapons, and potentially weapons of mass destruction, but they are also run through radiation detection. And that is part of CSI.

Now, part of radiation detection is radiation isotope identifiers, handheld devices, and the like. We have at one foreign port, working with the Department of Energy, we are doing what I call "CSI plus", which is to deploy radiation portal detection systems that have the capacity for being not only very sensitive, but detecting potentially every container moving into that foreign port, including all containers that are ultimately outbound to the United States. And we have done that, working with the Department of Energy. And I give the Department of Energy much credit here but working in tandem with our U.S. Department of Energy, we have done that at the first CSI port, which is the Port of Rotterdam.

And I do not know that that has been implemented yet, but I expect that it is going to be implemented within the next month or so. And so we do see that is what we want to do. If we can get these foreign seaports to install more sophisticated radiation detection equipment, it is something we want to do. We have started that. We have a long way to go.

PACIFIC NORTHWEST NATIONAL LABORATORY

Senator MURRAY. Okay. As you know, the Pacific Northwest National Laboratory is the contracting authority for installing those devices. Can you give us a quick update of their performance and how the project is progressing?

Mr. BONNER. Well, my assessment is that they have been very, very helpful to us in terms of helping Customs and Border Protection select the most appropriate and best radiation detection equipment that makes sense for a port environment. In the port environments, there are several port environments. There is the land border port environment and there is the seaport and the like.

So, they have been very helpful with us in terms of assisting us in terms of the testing and the selection and the actual installation of this equipment to make sure that we have the kinds of protocols that resolve when you do get a radiation hit. And we do get hits

on these things, that we can determine quickly whether it is an innocent radiation-emitting source or whether it is something that we need to be concerned about.

Senator MURRAY. Well, that goes to another question I had.

Senator COCHRAN. Senator, your time has expired.

PORTS

Senator MURRAY. Could I just follow up on his last comment? Because we have heard from a number of people in the ports that they want to know what happens when there is a positive reading from these devices and what the protocol is, you know, whether the facilities shut down and who is in charge of making those decisions. And if you could share with us what that is?

Mr. BONNER. There is a protocol and I will make sure that all of our CBP port directors make sure they have had that discussion within the context of the port security committees that exist at each port with the Coast Guard.

Senator MURRAY. Good. Thank you.

Senator COCHRAN. Thank you, Senator.

REQUEST FOR DETENTION AND REMOVAL

Mr. Garcia, one of the largest increases requested by your bureau is for detention and removal of people who are illegally in the country. It is an increase of $108 million, just about 10 percent for this activity. Could you tell us what the specific needs are here and how you will use those additional funds?

Mr. GARCIA. Certainly, Senator. Detention and Removal is a very important program, a very important tool in enforcing immigration laws and maintaining the integrity of that immigration system that we were talking about earlier. A number of programs, I believe, were neglected in the past, particularly the Institutional Removal Program and the Alien Absconder Program.

If you look at the funding enhancements for 2005, that is about $80 million of the dollar amount that you were speaking about. Institutional removal goes into the prison facilities, Federal, State, and also local facilities, and makes sure that we process illegal aliens or aliens subject to removal who are in those facilities. They could be very violent inmates, inmates with a history of violent criminal activity, predators, child sex predators.

We have done a good job in the past of reaching the Federal facilities, according to a GAO report, a fairly good job at the State level, and a not very good job, and one we need to make much improvement on, on a local level. We are looking to transfer that program out of Investigations into the Detention and Removal Division, where I strongly believe it belongs, and increase our capability to place those inmates into the system at an earlier time period so that we streamline the process and make it more efficient, so we are holding those inmates for less time before they are ultimately removed from the United States.

In fiscal year 2003, ICE removed 140,000 people from the United States. That is a very large number. It is a very large system. It needs improvement. The money in this request for enhancements will go towards that and making it more efficient.

Fugitive Operations. The number of fugitives estimated in the country range up to 400,000. Those are people with final orders of deportation who have not complied. A subset of that, about 40,000, again an estimate, criminal aliens who have not complied with final orders of removal.

We are very aggressively using fugitive alien teams to go after those absconders. We are prioritizing again, looking at the public safety value, going after those with a criminal record. Again, the biggest public safety value, we have a top ten list. We have been very successful advertising.

This money will go to increasing those Fugitive Operations Teams, we call them, 30 additional teams across the United States. So it is really again that comprehensive approach to looking at integrity of the system and recognizing that an important part of that is the detention removal system.

COOPERATION OF LOCAL AND STATE LAW ENFORCEMENT OFFICIALS

Senator COCHRAN. Are you successful in getting the cooperation of local and State law enforcement officials in helping you achieve your goals?

Mr. GARCIA. Yes, Senator. Again, you have to look at the are. And there is a wide range of options available. At one side of the spectrum is States that want to actively participate in enforcement. And there is a provision, 287G it is called, for doing that, where we provide training to local officials. And we did it in Senator Shelby's State most recently.

The LESC that I spoke about earlier provides another opportunity for cooperation. Anti-gang work, we have been very successful working in Chicago, L.A., Charlotte in anti-gang work, working with State and local officials. So there is a very wide spectrum to that cooperation.

I believe that the Institutional Removal context is an area where we can do more working with the States. It is a benefit to both. It makes our work more efficient, where the States will flag or bring to our attention inmates who should be in our system. And we can remove those criminal aliens from probation or parole systems that cost the State money in terms of supervisory dollars. So I think that is an area where we are going to move much more aggressively in the State and local cooperation area.

ACKNOWLEDGEMENT OF HARD WORK AND SUCCESS

Senator COCHRAN. Well, I want to commend you for the hard work and the good job you are doing, your bureau is doing. I think we have seen a lot of new initiatives developed and a lot of success stories that have not gotten the attention they probably should have.

Mr. GARCIA. Thank you, Senator.

UPDATING CITIZENSHIP PROCESSES AND LOOKING AT THE TEST THAT IS GIVEN TO THOSE SEEKING CITIZENSHIP IN THE UNITED STATES

Senator COCHRAN. Mr. Aguirre, I know that you are in the process of updating citizenship processes and looking at the test that is given those who are seeking to obtain citizenship in our country.

Could you tell us a little about what you are doing in that area and whether there are any additional funds requested to support those activities?

Mr. AGUIRRE. Well, yes, Senator. Thank you. As mandated by Congress, we have instituted an Office of Citizenship, which is actually responsible for the citizenship aspect of immigration or, if you will, the naturalization aspect of immigration. That office is looking at various aspects. One, we are trying to make the test of citizenship a better process. It is a good process now, but I think it can be improved.

We have gone through a pilot project last year to look at better ways to deal with the English portion of the test and see how we can have a more meaningful process. That pilot is now back. We have had some very good reports from some of the NGOs. And we are trying to fine tune and see how we can make it better.

Additionally, there is a provision for history and civics, which is also part of the test that an applicant must go through before they are granted naturalization. We are looking at ways to see if we can make it a more meaningful approach where the questions are not the end, but the end is the learning and the question is part of the component. And to that end, sir, we are working with academicians. We are working with historians. We are working with the Department of Education to see how we can do the learning a more meaningful aspect, particularly since many of these applicants are slow in their English knowledge. We want to see how we can improve their understanding of what it is to be an American, not only from an historical standpoint, but also the civic responsibilities that one assumes when they become a citizen. That is all part of the element. And yes, sir, we do have an inclusion in our budget to accommodate that.

Senator COCHRAN. Thank you very much.

REQUEST FOR THE CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM

Mr. Bonner, there is a request for an additional $15 million to expand the Customs Trade Partnership Against Terrorism. Could you tell us how these resources are going to be used and what the purpose of that program is?

Mr. BONNER. Yes, Senator, Mr. Chairman. It is essentially twofold. One is to be able to expand the validation of the C–TPAT partners. In other words, they enter into a commitment with U.S. Customs and Border Protection to take certain mission measures, best practices, to improve their supply chain security literally from their foreign vendors to our ports of entry. And we want to, as the old saying of some former President was "trust, but verify." So we are expanding our validation capability, so we are doing more validation.

And as we validate, more people understand that this is not window dressing. This is serious stuff. If you are going to get expedited treatment upon arrival, you need to take these measures that you have committed to take. So part of it is for that. Part of it is to further expand the base of C–TPAT partners. We already have 5,900 companies, including many of the major U.S. importers that are part of C–TPAT. In fact, the importers alone are about 3,500.

These are major importers that account for over 40 percent or more of the all of the incoming cargo coming into the United States. So it also will be funding to expand and administer the program.

Senator COCHRAN. Thank you.

Senator Byrd.

Senator BYRD. I believe, Mr. Chairman, that this will complete our series of hearings, will it not?

KUDOS FOR CHAIRMAN COCHRAN

I want to thank you Mr. Chairman for conducting these hearings as you have. It should also be noted that the chairman always calls on the other members of the committee to ask questions, and then he allows a second go-around. He does not ask his questions until the other members have asked their questions, and sometimes it is 2 hours before he asks his questions. So, that courtesy should not be overlooked. I have observed it, and I thank the chairman for the courtesies that he continually extends to the other members of the committee. He is a good chairman. He is not only fair to his colleagues on the committee, but he is also very fair and considerate of the witnesses.

IS THERE MONEY IN THE PRESIDENT'S BUDGET TO IMPLEMENT THE PRESIDENT'S AMNESTY PROPOSAL?

Earlier, Senator Shelby asked whether there is money in the President's budget to implement the President's amnesty proposal. I do not believe that we got a complete answer, and this is nobody's fault. Mr. Aguirre said that immigration services would be paid for with the new fees. I accept that. But we did not hear, I do not believe, from Mr. Garcia or Mr. Bonner.

Certainly there would be higher costs for security background checks, for guest worker enforcement, for removal of aliens, for workplace enforcement, and for increased travel across the borders. The modest increases in the budget will barely keep up with current needs. What will the increased costs be, if the President's amnesty program is approved? And why are these funds not in the budget?

Mr. Bonner, do you want to take a shot at that question?

Mr. BONNER. Well, first of all, you are right, Senator Byrd. There are no funds, per se, in the CBP budget for the Temporary Worker Program that has been proposed. And I would make the comment that from a CBP perspective, and as the President has indicated, that if there were to be a Temporary Worker Program enacted, it would have to have a very strong border enforcement for a security aspect to it.

And right now, we, of course, have a sizable Border Patrol. I discussed with Senator Shelby that we have a ways to go here. But I do think one thing that has been lost is that in the Temporary Worker Program proposal, that it does hold the promise, I think, as outlined, if you had a Temporary Worker Program, it potentially could relieve some of the pressure at the border in terms of illegal migration and give us a better ability to control the border, Senator Byrd. And that has always been important as a national objective of the United States.

But let me tell you right now it is absolutely essential, because we need to reduce the flow of mass migrations at our Southern border in order to increase our prospects for identifying and apprehending terrorists who may be attempting to illegally enter our country. So I do think that there is a policy aspect to this that could help us get a better and firmer control of the border, which we need for homeland security purposes.

But once if there were a bill that took final shape, obviously I would like to have an opportunity to discuss initially within the Administration what I think would be needed to better control the intake spigot, because we ought not to have a Temporary Worker Program and still have, whatever it is, 300,000 or 400,000 illegal aliens entering our country to both seek jobs or for other purposes.

Senator BYRD. Are you in a position at this moment to submit an estimate as to the resources that would be needed?

Mr. BONNER. I certainly do not have it at my fingertips, but I would certainly, if you requested it, I would take under advisement as to how we might be able to get that information to you.

Senator BYRD. Would you do that for the subcommittee?

Mr. BONNER. I will make every effort to do it. Obviously, Senator, I will also have to work this through the Department and through the Administration. But I will make every effort to get you that information.

Senator BYRD. Very well. If you would, please.

ICE RESPONSE

Mr. Garcia, would you make an effort along those lines?

Mr. GARCIA. Just to clarify, Senator, looking for a number in terms of enforcement on the President's Temporary Worker proposal? I would echo what Director Aguirre said in terms of without the outline and without the participation and structuring how that is enacted and how it rolls out, it would be very difficult to speculate as to the resources needed to enforce it. I think the most productive area to go here, again, is to lend our expertise to the process.

And again, looking at the lessons learned, and I think you mentioned a few in your earlier remarks, of other legislation in the past to see how we can build in provisions that will limit the amount of fraud, anti-fraud work investment we need to make, and then again to look at what is the scope of the legislation, how will that affect the population that is in the United States in our ongoing enforcement efforts, and then to calculate what do we need to ensure the integrity of the system that we have all been talking about.

I think without concrete provisions or at least an outline of where that legislation is going when enacted, it would be a very difficult exercise to calculate the amount of money we would need on the enforcement side.

Senator BYRD. Well, it sounds to me as if the President was just posturing when he proposed an amnesty program. Nobody seems to have in mind a figure as to what this is going to cost. Certainly Congress is going to need to know more than you are able to tell us. You do not seem to have the slightest idea as to what this is going to cost. We are going to need to know these things.

BUDGET REQUEST FOR THE FEDERAL AIR MARSHALS

All right. The budget request for the Federal Air Marshals is essentially a flat-line request similar to last year's funding level. Yet, on two occasions in less than a year, late last summer and again over the recent winter holidays, the threat level was raised to Code Orange, in large part because intelligence and other indicators led the department to believe that there were enhanced threats to the United States via airplanes flying into or over this country.

However, based on budget briefings with my staff, I understand that the resources directed to this program are not sufficient to hire the number of air marshals needed to maintain a more robust presence on targeted flights. On March 9, I wrote to Secretary Ridge expressing my concerns about the potential that we may not have sufficient personnel to cover a significant percentage of targeted flights this year, and that this problem will only be compounded given the inadequate funding requested in the fiscal year 2005 budget.

While we are unable to talk in specifics, I am concerned about the inability of your agency to, at a minimum, replace retiring air marshals. Are you aware, Mr. Garcia, of my letter to Secretary Ridge?

Mr. GARCIA. I became aware of it in preparation for this hearing, Senator.

Senator BYRD. Do you know when I will get a response to my letter, ensuring me that the Department will maintain a robust staffing level of air marshals?

Mr. GARCIA. I will follow up with that, Senator, and get back to you. Obviously, you share, as the Department, your concern, the importance you place on the air marshal program.

Senator BYRD. If my understanding of the Air Marshal budget and the status of the Air Marshal program is even close to being accurate, why are you not requesting more funding for hiring additional Air Marshals, ensuring that they receive advanced training, and increasing the tools at their disposal for the protection of airplanes and their passengers?

Mr. GARCIA. Senator, I think, as I mentioned earlier, the Air Marshals are our newest division within ICE. They came to ICE, I believe, in early November this past year. We are in the process of looking at the Federal Air Marshal Service as a law enforcement division within ICE, seeing how we can support their mission and how they support the broader ICE goals.

We are looking at a number of different things. You mentioned code orange. During the most recent threat level, the raising of the threat level most recently, we in fact were able to deploy ICE agents who had been trained as Air Marshals to fly, I believe, more than 300 missions with the Air Marshals and increase their capacity. So we are looking at a number of different things.

One of the things we are looking at very closely, as you know, and I believe you have been briefed, are our budget issues and our future looking down the road at the FAMS and what their capabilities are. That is an incredibly important mission, as I mentioned earlier, in ensuring civil aviation security. I look forward to work-

ing with this Subcommittee on the very important issues facing the Air Marshals and continuing to support that vital mission.

Senator BYRD. How is my time running?

Senator COCHRAN. Your time has expired.

Senator BYRD. All right. Thank you. I am glad I didn't ask the question earlier.

Senator COCHRAN. Thank you very much, Senator.

Senator Shelby.

VISA OVERSTAYS

Senator SHELBY. Thank you. I want to go back on the visa overstays. How many people come into this country legally each year? That is, as a student, business, vacationing, so forth. It has to be in the millions.

Mr. BONNER. Tens of millions.

Senator SHELBY. Tens of millions. So they get a visa to come to this country most of the time, do they not?

Mr. BONNER. Yes, Senator. They get a visa unless they are traveling into the United States from a visa waiver country, in which case they would not require a visa.

Senator SHELBY. And how many countries do we have visa waiver agreements with?

Mr. BONNER. The last time I checked it was about 16 or 17. Do not hold me to the exact number, but in that ballpark.

Senator SHELBY. Do any of those countries come out of the Middle East?

Mr. BONNER. No, I do not believe there are any countries on the Middle East that are visa waiver countries anymore.

Senator SHELBY. Okay. Now how many—how do you keep up with—let us say there are tens of millions. Is ten million too few people?

Mr. BONNER. Oh, on an annual basis, there are more than that that come in under visa——

Senator SHELBY. Twenty million? Twenty-five million? Just give your best shot.

Mr. BONNER. I think it is probably around 30 million.

Senator SHELBY. Thirty million people.

Mr. BONNER. Let me do it this way: It is 30 million through our international airports, more or less.

Senator SHELBY. Thirty million people.

Mr. BONNER. When you talk about our land borders, you are talking about even more gigantic numbers of people that are coming in with temporary worker cards or with visas.

Senator SHELBY. Okay. Now how do you keep up with this huge number of people? Do you have the resources, one, to keep up with it? Let us say I came in, and had a visa. How would you keep up with me? And let us say I came from a country that did not require a visa, and I come in and they stamp my passport. How do you know if I ever leave, is what I am getting at.

Mr. BONNER. One of the great accomplishments of the Department of Homeland Security has been that at our international airports we have instituted the US VISIT program and technology. And so we know everybody that is coming in with a visa at the time they are presenting themselves to a CBP inspector at our

international airports. One, whether they have been issued a visa. We actually have on the screen the visa with their photographs. We take a biometric, which are the two fingerprint scans. And we can determine with virtual certainty that the person presenting themselves to us is the person who was issued the visa in the first instance by the State Department.

Now we did not have that capability before.

Senator SHELBY. Sure. I know.

Mr. BONNER. By the way, we also have a 994 form, that has some information in it that is not fully automated about the person.

Senator SHELBY. You are talking about tools. You are getting better tools, I understand, to deal with.

Mr. BONNER. Yes, sir.

Senator SHELBY. And that is good. And you are probably going to need more. But my real thrust here is, if you have and I will just use 30 million people coming to the United States, and you have an entry stamp for them, you know that they come in, do you have a correlation to when they leave? And is that closed, in other words?

Mr. BONNER. Well, we have some correlation there, because if they——

WHO IS IN THE COUNTRY LEGALLY AND OVERSTAYED?

Senator SHELBY. You see what I am getting at. In other words, do you really know who is in this country legally, that come legally and over stay?

Mr. BONNER. Well, the answer to that one is that we do not know everybody that has overstayed visas that has come into the United States, because there is not a fully perfected automated exit system at this point.

Senator SHELBY. Sure.

Mr. BONNER. We are starting the prototype of that through the Border and Transportation Security Directorate of the Department by trying to model that at airports. And then to have a complete system, we will obviously have to include the land borders. So the answer is—you know, by the way, ultimately——

Senator SHELBY. The answer is no, you do not have it.

Mr. BONNER [continuing]. If they get into the country——

Senator SHELBY. Is that fair?

Mr. BONNER. If they get into the country——

Senator SHELBY. Mr. Bonner.

Mr. BONNER. Yes. Yes, sir.

Senator SHELBY. Is the answer, as we speak today, as you speak today, the answer is no, you do not have the system in place to really keep up with it.

Mr. BONNER. Not a foolproof system. We have a system.

Senator SHELBY. Sure. We know you have a system.

Mr. BONNER. But it is not a system that tells us that everybody that has entered on a visa for a period of time has not overstayed that visa. And if they have overstayed, then we have issues of identifying who they are, where they are. And then, as Assistant Secretary Garcia was saying, ICE then has the responsibility for es-

sentially locating and removing. And there are huge numbers we are talking about.

Senator SHELBY. And how many? Let us assume of the 30 million that come in, that there are a lot of people that do not go back. I do not know how many, but it has to be heavy.

Mr. BONNER. That overstay their visa.

Senator SHELBY. Sure, overstaying their visa. What do you do about it? And how many have you found and deported that have overstayed their visa?

Mr. BONNER. I will give you a way of looking at that. And that is and again, these are estimates.

Senator SHELBY. No. I do not want to just look at it. We want to know. Go ahead.

Mr. BONNER. Yes. But let us start with what are some estimates.

Senator SHELBY. Sure.

Mr. BONNER. And that is, if you estimate that there are 8 million people that are illegally residing in the United States, and the figure might be higher, but if it is 8 million, the estimates are that about 40 percent of those are visa overstays.

Senator SHELBY. Okay.

Mr. BONNER. So 3 million plus. And then the question is, well, how do you prioritize that, particularly in light of the terrorist threat, criminal aliens and the like, to devote resources to go after them. And I do not think the resources are necessarily sufficient to do that. But ICE is the one that has the resources and the responsibility. And I do not mean to pass the buck here in any sense, but it is an issue then as to——

Senator BYRD. We do need to talk about the bucks. That is what the senator is trying to find out.

Senator SHELBY. We are trying to get to the bottom of this. What are the real numbers? What are you doing about it? And if you are not doing a lot about it, and obviously you are not doing what you could, what do you need? Do you need resources to do it?

Senator COCHRAN. Do you want to answer that?

ICE RESPONSE TO OVERSTAY QUESTION

Mr. GARCIA. Yes. Thank you, Senator. To pick up, I guess, where Rob left me, since the initiation of NCR or SEVIS, a tremendous amount of information has been generated. You hit on it, Senator, when you say our exit controls. And Commissioner Bonner was talking about it. We get these leads in. We have had 20,000 NCR US VISIT now, SEVIS leads, resolved at headquarters. Out of that group, we have sent 1,200 leads out into the field to be resolved in our field offices.

We have to take the indications of overstay and violations. And then we have to check the systems. We have to look at the exit data. And we have to do follow-up. And we have to prioritize.

Senator SHELBY. Excuse me. If it is 40 percent of the illegal aliens, just use that for an example, of 8 million, that is 3 million, a little more than 3 million, if it was 8 million, 40 percent of that, 3 million overstays. It seems that you are just overwhelmed. If there are 3 million illegal aliens here because they overstayed their visas and you do not know where they are—maybe you know who they are, because there is no exit, or maybe you do not know that.

I am not here to call you down on it, because I know you are sincere and you are competent. But I think you have a tremendous problem, or we do in this country.

Mr. GARCIA. A long time to get to that population, looking at the past and the future. I had one particularly egregious case last week where someone was in overstay from 1986, committed a horrendous act against a 3-year-old child in Maryland. So that shows you the scope of how far back we are looking.

Going forward, which is a little bit different conversation that we have been talking about here with the new US VISIT, the new SEVIS system—I know, Senator, you are familiar with the old systems and how much of an improvement this has been. We are working with that prospectively to look at these 20,000 leads and the 1,200 we have sent out to put deterrence into the system, which was not there before, I believe.

Then you look at the past. And you say: How do we prioritize that child sex predator that has been here since 1986 and the other ones that pose a public safety risk? How do we work with whatever legislations? How do we address that all in a meaningful way? And I think that is what we are all working towards here at the table.

DOES ICE HAVE ENOUGH RESOURCES TO HANDLE OVERSTAY?

Senator SHELBY. But my real question, do you have enough resources to do that?

Mr. GARCIA. Yes, in where we are going. And if you look at the initiatives we have asked for, there is compliance enforcement enhancement there. We have been doing that, building that out of base up till now. We are asking for $16 million coming here to look at processing more leads and building a targeting system that is even more meaningful. Because again, enforcement is partly deterrence. And we have to send that message out.

Senator SHELBY. Thank you for your indulgence, Mr. Chairman.

Senator COCHRAN. Senator, thank you.

I have two final questions and other senators may have other questions. We are going to have a vote, I think, at about 12:15 on the Senate floor. So we are about through, if that is any consolation to you.

$64 MILLION REQUEST FOR SENSOR AND SURVEILLANCE TECHNOLOGY

I notice in the budget request there is $64 million being requested for sensor and surveillance technology. There is technology currently deployed between the land ports of entry, but you are developing a project plan for the $64 million request, as I understand it. Do you have any idea what the total cost of finishing the installation of sensor technology is going to be? Mr. Bonner, I guess that is a question you should answer.

Mr. BONNER. It is, because this is sensoring technology for the Border Patrol to better control and detect against illegal crossings by illegal migrants, drug smugglers, potential terrorists. And the $64 million is going to help us immensely in terms of expanding the things like the remote video system and the ISIS system and the ground sensors that we use at strategic places along the Southwest border. And of course, unfortunately since 9/11, we have had to give more attention to our Northern border with Canada, too, in

terms of understanding who and what may be crossing that border, so that the Border Patrol is then able to respond and apprehend those that illegally cross our borders.

But you are asking me what the total is. I do not have the number. I mean, the goal is to have sensoring technology, which could include ground sensors, the sophisticated camera sensoring systems, plus UAVs, and we have funding for that. To give us a more comprehensive picture, that is the goal, of illegal penetration of our borders at the most vulnerable areas. I mean, there are some areas of our border that are, for example, I mean, in the Rocky Mountains on the Canadian border during the winter it is virtually impassable. So we are looking at it in terms of where the vulnerabilities are. The goal is to expand the sensoring system to give us sufficient visibility that we have substantial control over and detection capabilities for people moving across the border.

Mr. Chairman, what the total number is, I do not have it right now. It would be more than the $64 million that is being requested in the 2005 budget request.

$10 MILLION REQUEST FOR UNMANNED AERIAL VEHICLES

Senator COCHRAN. There is also an indication that you need funding up to $10 million to develop a system of unmanned aerial vehicles to support the Border Patrol and other components of Customs and Border Protection. Are you proceeding now to use funds from other sources under your control in order to get moving on this program in connection with the Arizona Border Control Initiative, for example?

Mr. BONNER. Yes, we are. And even in 2004 we are proceeding to develop and actually deploy an unmanned aerial vehicle in support of the Arizona Border Control Initiative to better control the Arizona border. And I believe that we are going to be able to do that sometime by the May/June time frame, actually deploy a UAV that will cover and detect along a significant portion of the Arizona border. The funding for this is not in our budget. But we have identified funding through Under Secretary Hutchinson and the Department of Homeland Security through the Science and Technology area to essentially pilot and determine how effective a UAV is in terms of detecting. So that in 2005, we should be able to have a good understanding of what we need to actually deploy on a more permanent basis on the Southwest border at particular critical segments, as well as on our Northern border with Canada.

Senator COCHRAN. Mr. Garcia, I think the Coast Guard and Air Marine Program within your bureau have tested the concept of unmanned aerial vehicles in their operations. Is your experience going to be shared, or will this be communicated to the other agencies so they will have the benefit of your understanding and your experience?

Mr. GARCIA. Absolutely, as far as the Air and Marine goes. We are working down in Arizona. And I am working very closely with Commissioner Bonner.

Senator COCHRAN. Senator Byrd, those are my last two questions.

Senator BYRD. Thank you.

Senator COCHRAN. I yield to you for whatever time you need.

Senator BYRD. Thank you, Mr. Chairman. I will submit most of my remaining questions for the record. I do have two that I will ask at this time. Then we will go to the floor for our vote.

CONTINUED DUMPING AND SUBSIDY OFFSET ACT TRADEOFF

On March 19, Commissioner Bonner, CBP issued its annual report for 2003 on the Continued Dumping and Subsidy Offset Act Trade law. This is a law that I helped to enact that allows Customs and Border Protection to reimburse U.S. companies that have been injured by unfair trade practices with funds that are collected as import duties on unfairly traded imports. CBP's report states that, while CBP should have distributed at least $320 million in collected duties to eligible U.S. companies and workers in 2003, it was able to distribute only $190 million.

CBP failed to collect $130 million from unfair traders. Most of the uncollected $130 million consists of import duties not collected by CBP on goods from China in particular. While part of the problem is that Chinese companies are refusing to pay these duties, it also appears that CBP is failing to enforce the U.S. trade laws, because it is not diligently pursuing the parties who are refusing to pay these duties. Why is CBP not collecting millions of dollars in duties on unfairly traded imports as required by U.S. law?

Mr. BONNER. First of all, we take very seriously at Customs and Border Protection, Senator Byrd, our responsibilities under the Byrd amendment. And I believe that the answer to that lies in essentially three factors, most of which are beyond the control of Customs and Border Protection. The first factor is that when there is a preliminary proceeding against a Chinese company, and these are mainly agricultural products, and it is the then Commerce Department that determines what the preliminary antidumping duty rate is going to be. And in many instances, as I think you know, it has turned out that when there is a final order, the antidumping duty rate is much higher than the Commerce Department originally set.

So that means that the bonds, the Custom bonds, that were to secure the payment of the antidumping and/or countervailing duties in many instances were not adequate.

Secondly, the Chinese companies in many instances have essentially not come in and defended the antidumping charges. And therefore, that has resulted in punitive antidumping duties being levied at a much higher rate.

The second factor is that once the antidumping duty final order is entered by the Commerce Department, we have found that the companies that were in China that were shipping the garlic, the mushrooms, or the other agriculture products, those companies simply fade into the woodwork and new companies appear. So they are changing, essentially, new shippers. And under the Commerce Department rules, unless you can show that the new shipping company is, in fact, an alter ego of, owned or controlled by the shipping companies that are subject to the antidumping duty, they are not viewed as having to pay the antidumping duty.

And the third thing, unbelievably, is that for the inability to collect this $130 million more or less that you have talked about is the fact that surety companies that have been approved by Treas-

ury Department, a number of them, including one large one in Los Angeles, have essentially defaulted. In other words, they were standing behind bonding these shipments. And they are not in a position to pay.

So the long and short of it is, we clearly need to do better. We are engaged with the Commerce Department to address those two issues, and with the Treasury Department to address the issue of the adequacy of the surety, to have a better chance of recovering more of the antidumping duties.

That said, by the way, I still think, given the system, no matter how hard we try to approach this issue, it is very difficult for me to sit here and say that we are going to be able to collect 100 percent of anti-dumping duties that are ultimately assessed in final orders by the Commerce Department. We are going to do our best, and we are doing our best to do that.

WHY IS CHINA MORE OF A PROBLEM?

Senator BYRD. Why does the problem seem to involve more imports from China than from any other country?

Mr. BONNER. Well, first of all, I mean in one sense, leaving aside Canada, more goods are imported from China than any other country of the world to the United States. China went into second place behind Canada in terms of volume of imports into the United States last year, according to Customs and Border Protection data. It surpassed Mexico, which had surpassed Japan. So more of our imports are coming from China.

Secondly, we are concerned from an enforcement point of view that, particularly in this area that you are describing, at least some companies, particularly with agriculture products—and we have also seen illegal trans-shipments of textiles and that sort of thing through essentially other countries from China. We are concerned that it probably is the number one enforcement issues for both antidumping duties and for evasion of U.S. trade laws that relate to textiles.

But part of it is, they are a major exporter. And part of it is that we need to enforce the antidumping duty laws, which ultimately under the Byrd amendment result in funds to the injured U.S. industry. So we are committed to working on this. And we clearly have some work to do to make sure that our rate of recovery is higher than it is right now of the antidumping duties.

Senator BYRD. All right. I hope that you will carry out that commitment vigorously.

Mr. BONNER. Yes, sir.

INTEGRATED FINGERPRINT DATA BASES

Senator BYRD. I have one final question now, Mr. Chairman.

During our March 9 hearing with Secretary Hutchinson, the issue of integrating fingerprint databases was raised by subcommittee members of both parties. The ability of illegal aliens and criminals to slip through our inspection and investigation webs and do harm to U.S. citizens has been amply documented. It is of the greatest concern to me and should be one of the department's primary goals.

At one point, Secretary Hutchinson stated that the fingerprint databases would be integrated by the end of the year. At another point, he said that the department would find the necessary $4 million or so to ensure that border patrol agents had access to this information at all of the sites.

I want to make sure that what he said would be done can actually be done. Earlier this year, the Department of Justice's Inspector General said it would take several years to achieve the goal of fully integrating the Justice Department's two-fingerprint system, known as the Automated Biometric Identification System, or IDENT, with the FBI's IAFIS fingerprint database. But, Secretary Hutchinson said that it was a priority and would be done in a matter of months.

Now who is right?

Mr. BONNER. Well, I think Under Secretary Hutchinson is right here, if I understand what the issue is. And I believe the issue is whether and how long it will take us to integrate the IDENT and IAFIS system for at least our front line, which is our border line, and at least at some of our ports of entry for inspectors. And in that regard, Senator Byrd, there is an integrated system that essentially permits the integration of both IDENT and IAFIS. And that system allows, for example, at a Border Patrol station, allows the ten prints that are taken to be run against both the IDENT and the IAFIS system.

The IAFIS, of course, as you know, is the FBI's master criminal fingerprint system in Clarksburg, West Virginia. And also at the same time run against the IDENT database. So the question is a deployment issue for CBP. And I am not talking about State and local law enforcement here. I am just talking about Customs and Border Protection.

And I believe right now, we have deployed some of these integrated systems to Border Patrol stations. We have deployed about 96 integrated systems to 31 border patrol stations. The plan is to deploy 255 of these integrated systems, which would be to all of the Border Patrol stations by the end of the year. Now that might not be this fiscal year but it may be the end of the calendar year.

And then secondly, we have had IAFIS systems at 48 of the major ports of entry. Of those 48, 27 can do both, run against the IDENT and the IAFIS system. And we plan to have the integrated system, if you will, at all 48 of those ports also by the end of the year. So we do have an integrated system.

Now the only thing I can tell you about the Justice Department, is that it may be that for purposes of State and local law enforcement having the capability of running prints through both IAFIS and IDENT, it may be that that is going to take longer. I do not know the answer to that. But perhaps that is going to take several years.

But I know for CBP, which is the front line agency of the U.S. Government at our borders, we are making excellent progress in terms of rolling out that integrated system. With the right procedures in place, it will give you a better means of protecting against criminal aliens being able to get into the United States.

Senator BYRD. I fully support the statement of the IG and the Justice Department when he states as follows, "This integration is

critical to identifying illegally entering aliens on lookout lists or with criminal histories. But progress has been slow."

Mr. Chairman, I raised my concerns with Secretary Ridge about fingerprint database integration in relation to his plan for deploying the US VISIT system. I cannot stress enough the importance of moving forward on this effort as expeditiously as possible. The lives of our citizens are at stake.

The FBI tells us that the Hutchinson proposal does not provide access for State and locals. This is a weakness that must be met.

I thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Thank you, Senator Byrd.

Thank you, all of our witnesses, for your cooperation with our subcommittee. As you know, written questions may be submitted to you for the record. And we ask you respond to them within a reasonable time.

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

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

ARIZONA BORDER CONTROL INITIATIVE

Question. Under Secretary Hutchinson recently announced the Arizona Border Control Initiative. The announcement mentioned 260 Border Patrol agents, assigning 4 additional helicopters, $1 million for new sensor technology, $2 million to house additional apprehended illegal aliens, and other unspecified resources for detention. How are CBP and ICE paying for the Arizona Border Control Initiative?

Answer. CBP has identified funding within the fiscal year 2004 appropriations for the placement of the 260 agents, new sensors technology and the additional helicopters for the initiative. ICE is funding its efforts associated with the Arizona Border Control Initiative from within its fiscal year 2004 appropriations.

Question. Where are the funds coming from to pay for the permanent transfer of 200 border patrol agents?

Answer. CBP and the Border Patrol will request approval of the appropriations committees to use supplemental funds which remain unspent after the completion of the relocation of the 400 agents to the northern border in fiscal year 2004. CBP has met the mandate to triple the number of agents on the northern border. Approximately $2.5 million is required to move the 200 agents into the Arizona border area.

Question. What impact will these actions have on initiatives funded by the fiscal year 2004 Appropriations Act and on base programs and staffing needs?

Answer. The Arizona Border Control Initiative is a high priority border enforcement operation to control illegal entry in these areas. The impact of ABC on lower priority base programs will be minimal and no changes in current border operations are anticipated. In addition, there will be little or no staffing impacts along the other border sectors due to the Arizona Border Control Initiative other than the relocation of the 200 agents.

Question. Which border patrol sectors are losing agents and helicopters to Tucson?

Answer. Four helicopters were transferred to Tucson from the San Diego Sector. The transfer of 200 agents is pending receipt of a selection list of qualified applicants. Applicants will in all likelihood come from across the entire United States.

Question. Will this initiative need to be pulled back in light of the funding problems within CBP and ICE which have initiated a hiring freeze and other actions to slow down or stop spending? If not, why?

Answer. Securing our Nation's borders is a top priority of CBP. The current emphasis of our enforcement strategy is gaining control of the illegal traffic entering through the State of Arizona. It is anticipated the ABC Initiative will continue as planned. This initiative will not be affected by the temporary suspension of hiring or by other steps being undertaken to address the budget issues to which you refer. This initiative is a high-priority for the Department, CBP, and ICE.

OVERSEAS STAFFING

Question. CIS, CBP and ICE each have overseas responsibilities, some inherited from legacy agencies and some stemming from new initiatives. The President's budget requests increased resources for overseas staffing for CBP and ICE, while CIS has plans for a formal Refugee Corps overseas. How will your organizations cooperate overseas?

Answer. The Office of the Secretary is conducting a detailed review of the role of DHS overseas, including the management structure that best advances the full range of the international liaison, enforcement, inspection and services missions of the Department.

Question. Will each organization have separate overseas management structures? If not, how will these resources be managed?

Answer. The Office of the Secretary is conducting a detailed review of the role of DHS overseas, including the management structure that best advances the full range of the international liaison, enforcement, inspection and services missions of the Department.

CITIZENSHIP AND IMMIGRATION SERVICES (CIS)

BACKLOG REDUCTION PLAN

Question. What is the current size of the application backlog?

Answer. Information on the current backlog and USCIS plans to eliminate it will be provided to Congress in the coming months in a revised Backlog Elimination Plan.

Question. How does CIS define and determine the size of the backlog of applications?

Answer. In developing the revised Backlog Elimination Plan, USCIS is reviewing how it defines and thus quantifies the backlog. Information on the current backlog and USCIS plans to eliminate it will be provided to Congress in the coming months in a revised Backlog Elimination Plan.

Question. What impact is the reduction in fee receipts currently being experienced by CIS having on your ability to reduce the application processing backlog? Answer. While it is true that overall fee revenues are lower so far this fiscal year, this is due to a decrease in new applications received. Thus, even though fee revenue thus far this year is lower, it is important to note that workload is lower, too—thus enabling us to better focus on backlog cases.

Question. Last week the Department announced the settlement of the Catholic Social Services and Newman Legalization cases. What is the estimate of the potential number of applications that will be filed as a result of these settlements, and will those applications have any impact on CIS's ability to reduce the backlog?

Answer. There is no way of predicting exactly how many people will be able to apply during this new application period. However, many of the possibly impacted individuals were also eligible to apply for two previous programs set up by the legacy INS—the Questionnaire Program and the LIFE Legalization program.

It is expected that many applicants who may be eligible to apply for this new proposed settlement program did actually apply under the other programs and may have applications already being processed.

So, since the total number who applied under those two programs COMBINED is approximately 70,000—there is a good possibility that the number of applicants who come forward with this latest program will be less than 70,000.

GUEST WORKER PROGRAM

Question. While it is difficult to answer this question so early in the process: how long do you anticipate it will take CIS to have a Guest Worker program up and running after legislation is passed and signed into law?

Answer. You are correct. It is difficult to answer this question. The complexity of the final legislation that Congress passes will, in turn, determine the complexity of implementing the program and any subsequent regulations and field guidance that will need to be written to support the plan. However, the key to processing temporary worker petitions quickly and efficiently will be simplicity in the design of the legislation.

Question. What impact will the addition of a Guest Worker Program have on CIS's ability to reduce the application backlog? Answer. We will meet the President's backlog reduction goals by 2006. As stated above, the key to processing temporary worker petitions quickly and efficiently is simplicity in the design. Based

upon the legislation that Congress passes, we will use fees to support applicant processing and documentation.

REFUGEE SERVICES

Question. Since fiscal year 2001, we have seen a dramatic decrease in the number of refugee admissions. In fiscal year 2001, the U.S. Government admitted over 69,000 refugees from around the world, while last fiscal year, only 28,000 refugees were admitted to the United States. The ceiling was 70,000 admissions for fiscal year 2003. It is very important that we ensure that the employees involved with Refugee screening are kept safe, and that we are diligently screening those refugees that are eligible for admission. What is CIS doing to ensure that all qualified refugees are being screened and admitted to the United States?

Answer. USCIS is committed to steadfast resettlement of refugees in need. The terrorist attacks of September 11, 2001 prompted significant and more time-consuming changes in U.S. Refugee Program (USRP) processing procedures. Increased attention is now being given to more carefully screening applicants and more closely scrutinizing overseas refugee processing sites to ensure the safety and security of our officers. These procedural changes have enhanced the U.S. Government's ability to prevent terrorists and other undesirable persons from using the USRP to gain entry into the United States. However, they have also slowed the pace of overseas processing and, in turn, contributed to the reduction in refugee admissions. To address this, the USCIS is working to improve and streamline refugee screening, security checks and interview methods. USCIS is also working with the other implementing partners to expand access to the USRP by identifying new groups eligible for resettlement consideration. Consequently, from a low point of 27,113 total admissions in fiscal year 2002, the Department of State projects that admissions in fiscal year 2004 will significantly surpass this figure.

Finally, USCIS has recently received resources through the revised fee schedule to establish a Refugee Corps in fiscal year 2004. This cadre of refugee-dedicated adjudicators will divide their time between Headquarters and the various overseas processing sites. This will result in a stronger and more effective overseas refugee-processing program without compromising the USRP's humanitarian objectives. A Refugee Corps will also help ensure more timely and satisfactory DHS responsiveness to USRP commitments and admissions goals.

Question. The submitted testimony for CIS mentioned plans for the formal establishment of a Refugee Corps. Please explain when you plan to have this accomplished, what the expected annual costs will be, how many people will be assigned to this Corps, and what goals and objectives the program will have.

Answer. The establishment of a dedicated refugee corps is funded through the recently announced fee adjustments. These fee adjustments took effect on April 30, 2004. Implementation of the refugee corps will take place shortly thereafter. This new structural and functional arrangement will greatly improve the quality of refugee adjudications and oversight, provide cost-effective immigration services, and significantly improve the Nation's ability to secure our borders without compromising humanitarian objectives. USCIS anticipates fee revenues will fund 109 positions at an annual cost of $18.5 million.

Question. How will the Refugee Corps work with the ICE's Overseas Visa Security Units and U.S. Consulates?

Answer. The refugee-dedicated resources of the Refugee Corps, as supported and deployed by USCIS will work closely with Immigration and Customs Enforcement (ICE) overseas offices and U.S. Consulates on a variety of refugee application fraud and security matters. For example, the overseas ICE offices will assist deployed Refugee Corps adjudicators in developing and implementing various refugee fraud detection and deterrence methods. While at overseas refugee processing locations, the Refugee Corps will, in turn, refer emergent fraudulent refugee cases and cases having national security interest to ICE for advice and possible investigation, as appropriate. The Corps will also coordinate security check results such as Consular Lookout and Support System (CLASS) and Security Advisory Opinions (SAOs) with ICE offices and U.S. Consulates, as needed; and engage in mutual information-sharing regarding refugee applicant civil registry documents and other documentation to insure their validity and legality. Finally, the Refugee Corps will work with ICE overseas offices and other U.S. Embassy components to investigate and approve overseas refugee processing sites thereby helping ensure the safety, security and health of Refugee Corps adjudicators.

BENEFIT FRAUD

Question. The President's Budget proposes to replace the funds provided to ICE for benefit fraud from the Examinations Fee Account, with appropriated dollars. What resources does CIS plan to devote to benefit fraud in fiscal year 2005?

Answer. USCIS is currently reviewing all of its business processes as a part of the revised backlog elimination plan. Therefore, the funding to support benefit fraud responsibilities in 2005 is under review.

Question. What will CIS use the $25 million in Examinations Fee Account funds for that it will retain in fiscal year 2005?

Answer. USCIS is currently reviewing all of its business processes as a part of the revised backlog elimination plan. Therefore, the funding to support benefit fraud responsibilities in 2005 is under review.

Question. How many benefit fraud cases were investigated and prosecuted in each of fiscal years 1998–2003? How many defendants were involved in each of the cases in each year?

Answer: Statistical Response:

Fiscal year	Cases		Principals Involved	Aliens Involved	Defendants Prosecuted
	Opened	Completed			
2003	2,522	2,031	932	1,885	213
2002	1,932	1,919	258	383	994
2001	2,613	2,662	655	927	185
2000	3,140	2,965	532	3,009	189
1999	5,315	3,648	706	1,705	252
1998	4,311	3,802	639	944	283

The table above reflects the best available benefit fraud statistics historically collected by the former INS. Some of the statistics reflecting closed cases relate to cases opened in a previous year.

Question. Of the applications that you receive annually, what is the total estimated size of the fraud problem, by type of fraud?

Answer. GAO's January 2002 report on immigration benefit fraud States that, "Although the extent of the benefit fraud problem is not known, internal and external reports indicate that the problem is pervasive and significant." There is no current estimate of the fraud problem.

CITIZENSHIP

Question. Please give the Committee a fuller understanding of why today there is not uniformity across the country in the administration of the current citizenship test.

Answer. The lack of uniformity actually dates back to 1790, when the first Congress entrusted naturalization to the courts and let them prescribe their own rules. From 1926–1990, the courts and INS shared responsibility for naturalization processing. In 1936, INS directed examiners to use uniform procedures and to determine applicants' character and attitude towards the United States rather than testing ability to memorize facts and phrases. The Immigration Act of 1990 gave INS full responsibility for naturalization adjudication.

In 2000, INS issued a policy memorandum to its field offices to standardize certain aspects of the testing process, such as which sources officers should use when selecting test questions, the length of the test, and passing scores. In 2001, INS awarded a contract to a testing development company to assist it in the overall redesign of the testing process. This project includes defining appropriate assessment content and standards for the speaking, reading, writing, and U.S. history and government tests; and developing a revised test process, including test specifications/item content, item formats, equivalent forms, appropriate delivery systems, scoring rules, and administration procedures. It's important to not rush standardization at the expense of creating a reliable, valid and fair test.

We are moving forward on all of these related goals. We completed a pilot test of revised English test items (reading, writing and speaking) in 2003. This year, we plan to finalize revised U.S. history and government content; conduct studies including test format, and test administration mode; and begin a pilot test of the complete revised English, U.S. history and government test. We also have asked the National Academies of Science to provide us with advice concerning the reliability, validity and fairness of the proposed changes to the test. These steps are all vital to ensuring that our revised test will meet these requirements.

Question. Please provide a more detailed explanation of what the Office of Citizenship is working on.

Answer. Established by the Homeland Security Act of 2002, the Office of Citizenship is responsible for promoting public awareness of the rights and responsibilities of citizenship. Specifically, the mandate of this office is to promote civic integration of immigrants through training and development of educational materials.

The Office of Citizenship is targeting immigrants at two critical points on their journey toward citizenship: upon arrival in the United States and as they begin the formal naturalization process. The office is in the process of developing a "New Immigrant Orientation Guide" which will be presented to the approximately one million immigrants welcomed to permanent residence every year. In addition to the guide, and in close coordination with community and faith-based based organizations, the office will also host new immigrant orientation sessions in communities across the country.

In the citizenship preparation arena, the office will develop new educational materials that include study and teacher guides that promote a deeper understanding of American history and civics. The American history and civics content will be closely coordinated with the Department of Education and the "We the People" initiative of the National Endowment for the Humanities.

Our office is currently conducting focus groups in key cities across the country in order to proactively identify the strengths and gaps associated with their immigrant integration and citizenship preparation initiatives. Finally, we plan to publish a report of our findings in September when we host our first national civic integration conference on the theme "Celebrate Citizenship, Celebrate America."

Question. How many people do you plan to have on the staff of the Office of Citizenship? Will they all be located in DC or placed around the country?

Answer. The Office of Citizenship is currently staffed by the Chief of the Office, two Deputy Chiefs responsible for Program Development and Outreach; eight senior Policy Analysts and Outreach Specialists working in its DC Headquarters; and 18 Community Liaison Officers in the following regional and field offices: Arlington, Atlanta, Burlington, Chicago, Dallas, Denver, Detroit, Houston, Los Angeles, Laguna Niguel, Miami, New Orleans, New York, Phoenix, Portland, San Antonio, San Diego and San Francisco.

Question. Will the Office of Citizenship work with organizations outside of the Department to carry out its mission?

Answer. In order to fully realize its mandate, the Office of Citizenship will work in partnership with Federal, State and local agencies, community and faith-based groups and private organizations that share an interest in civic engagement and involvement. Community Liaison Officers in regional and field offices are primarily responsible for establishing this important outreach portfolio and have conducted hundreds of community meetings and forums in an effort to build robust coalitions and long-term commitments around civic integration initiatives. We are currently researching statutory and legislative authorities to enhance our ability to partner with the private sector.

ON-LINE FILING OF APPLICATIONS

Question. When is the next expansion of the on-line filing of benefit applications planned?

Answer. The next group of forms that will be automated for on-line filing is scheduled to complete testing on April 30, 2004 and is planned to be available to the public during the first week of May 2004.

Question. Which applications do you plan to add next?

Answer. The group of forms that is planned to be available to the public by the first week of May 2004 are:

Form I–129, Petition for a Nonimmigrant Worker
Form I–131, Application for Travel Document
Form I–140, Immigrant Petition for Alien Worker
Form I–539, Application to Extend/Change Nonimmigrant Status
Form I–821, Application for Temporary Protected Status
Form I–907, Request for Premium Processing

Question. What impact has on-line filing of applications had on the processing time of applications?

Answer. Because receiving the data comprises only a small part of the adjudicative process and e-filing is still in its infancy at USCIS, e-filing has not yet resulted in significant processing time savings. Results will improve as e-filing opportunities are expanded, processes are changed to maximize the benefits of e-filing, and USCIS develops an IT infrastructure capable of moving complete files electronically. At

present, e-filing is a customer service initiative with potential for significant efficiency gains.

Question. Has on-line filing helped you to reduce the backlog of applications?

Answer. As indicated above, e-filing, at this time, is primarily a customer service initiative that provides our applicants with an alternative to filing by mail or filing in person. It allows customers to pay their fee on-line via credit card or transfer of funds; and provides the applicant with instant evidence of their filing. Electronic filing does not decrease the amount of effort or time necessary to review an application or render a decision. In the future, e-filing will be both a customer service program, as well as an efficiency program when USCIS deploys an IT infrastructure capable of moving complete files electronically.

RELATIONSHIP WITH IMMIGRATION OMBUDSMAN

Question. In July of 2003, Secretary Tom Ridge appointed Prakash I. Khatri to serve as the first Citizenship and Immigration Services Ombudsman for the Department of Homeland Security. What is the working relationship between CIS and the Ombudsman's office?

Answer. The Director of USCIS meets periodically in common cause with the Ombudsman to discuss issues, his recommendations, and their feasibility. The Director established an Office of Customer Management Relations (OCRM) led by a career senior executive who reports directly to the Director, to provide counsel, access to USCIS operations, facilitate the sharing of information, and coordinate responses to issues raised by the Ombudsman's Office.

In addition, numerous field visits have been arranged for the Ombudsman in gaining knowledge of operational challenges and in collecting ideas from field staff. A collegial relationship is ongoing between the two Offices.

CUSTOMS AND BORDER PROTECTION (CBP)

CONTAINER SECURITY

Question. What achievements has the Department made in increasing cargo security? When will the new three-pronged strategy be completely implemented?

Answer. The Department has made significant strides in improving cargo security through programs such as the Container Security Initiative (CSI), the Customs-Trade Partnership Against Terrorism (C–TPAT), Free and Secure Trade (FAST), the National Targeting Center, the deployment of non-intrusive inspection technology and radiological detection cargo screening technology at our ports of entry. In addition, implementation of the 24-hour rule for the transmission of cargo manifests has all contributed to improved security in the cargo environment.

Implementation of the three pronged strategy: pushing our borders outward; advanced targeting and analysis of cargo and passengers before arrival at our borders; and intensive inspection of cargo and passengers at our borders is a process. Implementation of this process continues through the fiscal year 2005 President's initiatives for the Container Security Initiative, the Customs-Trade Partnership Against Terrorism, Systems for Targeting, and Radiation and Nuclear Screening Technology. Initiatives like these can be expected in the future in accord with the level of threat.

Question. The budget requests over $105 million in enhancements to improve the ability of inspectors to target, inspect, and screen passengers and cargo at land, air, and sea ports. Having radiation monitors and increasing our ability to use computers to target and screen cargo and passengers is critical. Are there a sufficient number of inspectors on the front lines to handle physical inspections of cargo and passengers?

Answer. With the additional resources provided for in the fiscal year 2002 Emergency Supplemental, the fiscal year 2003 appropriation and Wartime Supplemental, and the fiscal year 2004 appropriation, as well as the joining of the three agencies to form CBP, we believe we have adequate staffing to handle physical inspections of current levels of cargo and passengers.

Question. Are there any plans to extend a Container Security Initiative-like project to bulk and break-bulk shipments?

Answer. At this time, CBP is not planning to extend a CSI-like project to prescreen bulk and break-bulk shipments. CBP will continue to collaborate with the U.S. Coast Guard on vessels of interest and certain dangerous cargos at both a national and field level, and conduct joint boardings when warranted.

CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM

Question. The budget requests an additional $15 million to expand the Customs-Trade Partnership Against Terrorism (C–TPAT). These new resources will allow

Customs and Border Protection to increase the validation process within C–TPAT. According to the submitted testimony, 221 validations have been completed on 2,926 certified partners. How many more validations will CBP be able to complete each year with the new resources?

Answer. To date, over 700 validations have been initiated with over 240 completed. Our goal for the current calendar year is to have completed a total of 400 validations. C–TPAT will continue to increase the number of validations performed for calendar year 2005. The increase will be guided by several factors including but not limited to membership levels, number of supply chain specialists on board, and threat level.

Question. How often does CBP plan to validate each of the participants in the program?

Answer. A C–TPAT participant is selected for validation based on risk management principles. Validations may be initiated based on import volume, security related anomalies, strategic threat posed by geographic regions, participation in expedited release programs, a relative sampling of industry sectors (e.g. carriers, brokers, forwarders, importers), and/or other risk related information. Alternatively, a validation may be performed as a matter of routine program oversight.

Question. None of the 188 initiated validations have been on any of the 45 certified foreign manufacturers enrolled. When does CBP plan to begin reviewing foreign manufacturers?

Answer. Foreign manufacturers will be included in the next group of C–TPAT validations to be initiated in calendar year 2004.

Question. What performance measures have been developed to gauge the success of the C–TPAT program?

Answer. Internal measures include program marketing and acceptance, which is measured by the number of C–TPAT partners enrolled and certified by CBP. The impact of enrollment is measured by identifying the percentage of trade controlled by those C–TPAT companies. Another internal measure is examination risk management, which involves quantifying and measuring the impact C–TPAT has on cargo inspections performed on "known risk" C–TPAT partners, compared to shipments where the risk is unknown or targeted as high.

External measures include the C–TPAT validation process, which is used to verify the participant's supply chain security processes. C–TPAT Supply Chain Specialists identify strengths and weaknesses found during the validation and recommend action items in the validation report. The results of all validations are captured to measure the overall performance of validated companies.

UNMANNED AERIAL VEHICLES

Question. The President's budget includes a request for $10 million to develop, procure, deploy, and operate a system of unmanned aerial vehicles to support the Border Patrol and other components of Customs and Border Protection. According to the information we have been given regarding the Arizona Border Control Initiative, this project will begin in June with funding from the Science and Technology Directorate. Are any of CBP's direct funds going to support this effort this fiscal year?

Answer. No. All funding supplied for this effort has been provided by the DHS Office of Science and Technology.

Question. Both the Coast Guard and the Air and Marine program within ICE have tested the concept of using unmanned aerial vehicles in their operations. Will CBP be working cooperatively with these organizations during fiscal year 2005 on this test?

Answer. BTS and the Science and Technology Directorate co-chair the DHS UAV Working Group which meets regularly and consists of BTS component and U.S. Coast Guard managers responsible for aviation assets. The working group provides a forum for collaboration and with the DHS UAV Executive Steering Committee it will ensure that the needs of CBP, ICE, TSA and the U.S. Coast Guard are addressed and deployments and concepts of operations are coordinated within the DHS.

Question. What are the long-range plans for the use of UAVs along the land border? Will this be a joint program with ICE's Air and Marine Office?

Answer. DHS is exploring new technology to meet aerial border security mission requirements. UAVs hold promise in some applications. This mission will be supported through a variety of systems. Sensors such as TARS, UAVs, rotary and fixed wing aircraft, and ground-based equipment and personnel to operate and maintain these systems must be coordinated by DHS and Department of Defense components,

and aligned against the highest critical vulnerabilities and threats. ICE AMO is an integral part of the team that is developing and fielding this capability.

SENSOR AND SURVEILLANCE TECHNOLOGY

Question. Staff from CBP have informed us that they are currently working on a complete review of the sensor and surveillance technology currently deployed between the land ports of entry and are developing the project plan for the $64 million requested for this effort for fiscal year 2005. When will the plan for the fiscal year 2005 resources for Sensor and Surveillance Technology be made available to the Committee?

Answer. The appropriations staff will receive a comprehensive briefing on our plans for this system and its operational goals that reflect the new anti-terrorism mission in the near future.

Question. When can we expect to have all of the Northern and Southern border comprehensively covered by these systems? In fiscal year 2006, or beyond that?

Answer. The appropriations staff will receive a comprehensive briefing on our plans for this system and its operational goals that reflect the new anti-terrorism mission in the near future.

Question. What is the total cost of finishing the installation of all sensor technology?

Answer. At this time we are formulating a new strategic plan based on the new anti-terrorism priority. More comprehensive information on future program direction and requirements will be provided in the near future.

Question. The request for enhanced surveillance technology in this budget does not include any resources for additional law enforcement communications assistants. If the number of remote video surveillance systems is increasing, won't there be a need for more personnel to monitor the cameras?

Answer. The ISIS program does not anticipate a need for additional law enforcement communications assistants; we expect that the successful integration of proven technologies will provide this real-time intelligence directly to the agents in the field. This will reduce the need for law enforcement communications assistants to process this information.

AUTOMATED COMMERCIAL ENVIRONMENT

Question. CBP has been working on modernizing the information technology systems that it uses for some time. The most significant project is the Automated Commercial Environment, known as ACE. CBP has been working closely to resolve problems with the prime integrator on ACE for the last year. Is the project back on track?

Will the project be completed on time, or does the overall project timeline need to be revised and extended?

Is the project maintaining its projected budget? Is the project continuing to experience cost overruns?

Answer. CBP continues to aggressively work to put ACE capabilities to work on America's borders. The first deployment of ACE, completed in the winter 2003, focused on the technical infrastructure. It provided the foundation for a secure, reliable, high-speed access to critical CBP information. The second release of ACE, deployed in summer 2003, included an Enterprise Web portal that provides CBP Account Managers and selected importers controlled access to information such as the account's trade activity, and facilitates collaboration and communication among the various groups.

Subsequent ACE capabilities will be fielded between June 2004 and the end of ACE development, which includes; Periodic Payment (Release 3), e-Manifest Trucks (Release 4), ACE Selectivity Releases, End-to-End e-Processing (Release 6), and ACE Wrap-Up (Release 7).

During the past year, U.S. Customs and Border Protection has worked very closely with the e-Customs Partnership (eCP) to address performance issues. This includes extensive analysis of the program to incorporate process, planning, and organizational enhancements to help contain costs and minimize schedule delays. The CBP efforts have also included frequent meetings and dialogue with senior executives from IBM, the leading eCP partner, to reinforce CBP high standards and expectations. The response from IBM leadership has been positive, and they have clearly indicated their commitment to the Automated Commercial Environment (ACE) project. Meetings with IBM executives continue monthly.

Based on intensified CBP oversight, the current estimated cost variance for ACE is within 10 percent of the program baseline. Based on benchmarks for similarly complex programs, the program variances are within expected boundaries. The CBP

continues to conduct cost containment activities and have made great strides in improving our ability to better forecast variances through Earned Value Management. We have incorporated lessons learned into ACE development, including improving the requirements definition process, and conducting more comprehensive system development gate reviews based on refined criteria.

Though CBP is developing schedule scenarios that result in ACE completion dates ranging from 2009 to 2012, no formal change has been made to the project schedule. A revised project schedule will be published in the June 2004 update of the ACE Program Plan and in the fiscal year 2006 OMB Exhibit 300 for ACE after the results of the ongoing Global Business Blueprint (defining future CBP business processes and the technology requirements) are known.

AGRICULTURAL INSPECTIONS

Question. How has CBP's "Officer for the Future" Plan been developed to include additional training for the Agriculture Quarantine Inspection function?

Answer. Consistent with the Homeland Security Act and subsequent Memorandum of Agreement between USDA and DHS, it was agreed by both DHS and USDA that USDA would supervise and provide educational support and systems to ensure that DHS employees receive the training necessary to carry out the USDA functions transferred to DHS. As a result, USDA has linked with DHS in defining training module content specific to the agriculture quarantine inspection mission. More specifically:

—The new hire CBP Officer will receive 12 hours of instruction in a course titled Threat to Agriculture covering agriculture fundamentals during the basic academy. This course is taught by USDA instructors and covers: the importance of U.S. agriculture; the impact of introduced pests; the agriculture mission; statutory authorities; agricultural bioterrorism; safeguarding; and agriculture secondary inspection referrals. This training is mandatory.

—Current CBP Inspectors will receive a CD–ROM version of the same course, titled Agriculture Fundamentals, covering the same material. This training is mandatory for CBP Inspectors and when issued to the field, will be completed within 120 days.

—A second component of mandatory agriculture quarantine inspection training, titled Agriculture Procedures, will be developed over the next few months by USDA and DHS. This mandatory course will be taken by both the new hire CBP Officer and current CBP Inspectors. USDA will direct course content and course delivery will be conducted by DHS.

Question. What specific actions are being taken to train Customs and Border Protection officers to detect potential illegal contraband that may pose a risk of introducing a foreign animal disease into the United States? Do you believe that this training is sufficient to inform officers about the threats and potential damage, economic and otherwise, to a huge sector of the U.S. economy that foreign animal diseases pose?

Answer. All new hire CBP Officers are required to receive the USDA-instructed course, Threats to Agriculture, while at the CBP Academy. Current CBP Inspectors are required to take the same course, in a CD–ROM format. The course was designed by USDA and includes an overview of foreign animal diseases, including vectors, fomites, and impacts of the diseases. The next phase of training, yet to be developed by USDA and DHS, is the Agriculture Procedures course, which will provide more specific training in the Agriculture Quarantine Inspection arena, including additional training on foreign animal diseases.

Question. How many CBP Officers have completed the 12 to 16 hours of Agriculture Quarantine Inspection training required to be a fully certified CBP officer?

Answer. The number of hours of required (mandatory) training for the CBP Officers is still not determined as the second component of training, Agriculture Procedures, is not yet developed. The new hire CBP Officers receive a total of 12 hours of training conducted by USDA at the CBP Academy during their basic training. Current CBP Inspectors will receive the same course as the new hire, but it will be delivered in an electronic, CD–ROM format. All CBP Inspectors will be required to take this course within 120 days of field delivery. The intent of this training is to have the CBP non-agriculture workforce begin their agriculture curricula from the same starting point. From October 2003 through April 13, 2004, a total of 823 CBP Officers have completed the 12-hour portion at the CBP Academy.

Question. What is the status of the former U.S. Department of Agriculture Inspectors that were transferred to the Department of Homeland Security in the middle of last year?

Answer. The former USDA Agriculture Inspectors have been placed into a newly defined position description, the CBP Agriculture Specialist. This position is in the 401 series with a full performance level at the GS–11 level. The full performance level for the PPQ Officer was a GS–9. The new duties incorporated in that position description include:

—serving as an expert and technical consultant in the areas of inspection, intelligence, analysis, examination, and law enforcement activities related to the importation of agricultural/commercial commodities and conveyances;
—applying a wide range of laws and regulations determining the admissibility of agriculture commodities while preventing the introduction of harmful pests, diseases, and potential agro-terrorism into the United States;
—participating in special enforcement, targeting, or analysis teams charged with collecting and analyzing information and identifying high-risk targets;
—conducting visual and physical inspections of cargo, conveyances, or passenger baggage;
—planning, conducting, and supervising remedial actions;
—participating in pre-arrival risk analysis; and
—serving as a training officer.

IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE)

WORKSITE ENFORCEMENT

Question. Please provide a chart with the total resources, FTE and dollars, devoted to worksite enforcement for each of fiscal years 1998–2003.

Answer. The worksite enforcement budget has always been part of the base budget and has not been separately tracked. The FTE are provided in the chart below.

Fiscal year	1999	2000	2001	2002	2003
FTE Source: PAS	278	202	134	152	105

VISA SECURITY UNIT

Question. The President's budget requests an increase of $10 million to support the Visa Security Unit. According to the budget, this unit was established in fiscal year 2003, but is receiving its current year funding from outside of ICE. Where is the funding for the Visa Security Unit coming from for fiscal year 2004?

Answer. The Visa Security Program for fiscal year 2004 was an unfunded mandate and ICE resources were used for the current TDY deployment to Saudi Arabia of Visa Security Officers. The BTS Directorate will be seeking reprogramming authority to address funding requirements for sustainment of the Saudi deployment and expansion to four other countries in fiscal year 2004. Financial support for this Presidential priority will be from ICE and CBP operational funding.

Question. How many personnel have been hired for this program to date?

Answer. No staff have been hired for this program to date. The program has been operating with detailees at headquarters and in Saudi Arabia.

Question. What is the expected staffing level for end of fiscal year 2004?

Answer. The Saudi deployment would be 6 officers and ICE Headquarters would have 10 at the end of fiscal year 2004.

Question. How many of the personnel in this program will be stationed overseas?

Answer. As of April 30, 2004, there are 4 Visa Security Officers in Saudi Arabia. New rotations are planned for the departing officers.

Question. What performance measures have been developed to gauge the success of this program?

Answer. One of the key issues in the development of the Visa Security Program is assuring that measures can be identified that properly attribute the added value of DHS in the visa process. Measures include the following: number of visa applications reviewed by DHS officers; number referred for investigation and further analysis; and numbers approved and denied in consultation with the Department of State.

REDIRECTING THE BASE—OFFICE OF INVESTIGATIONS

Question. The President's Budget proposes important changes to the funding of the Office of Investigations within ICE. The budget proposes to replace $25 million in funding from the Examinations Fee Account that currently funds benefit fraud with appropriated dollars. The budget also proposes moving the responsibility for the Institutional Removal Program from the Office of Investigations to the Deten-

tion and Removals Program, but leaves the base funding within the Office of Investigations. Why should appropriated dollars replace mandatory dollars for benefit fraud?

Answer. The appropriated funds are requested for benefit fraud investigations. The shift will allow the examinations fee to be used solely for immigration services and provide appropriated resources for enforcement activities. With respect to the institutional removal program, the demands for Detention and Removal have increased substantially and been met by investigators, which has had a negative impact on the investigation program. The request provides less expensive and more appropriate personnel resources to the Detention and Removal Program, while at the same time preserving the original intent and capacity requirements for the Office of Investigations.

Question. Will this shift increase the total resources devoted to benefit fraud?

Answer. The approval of $25 million in appropriated funds would not increase the resources devoted to benefits fraud but simply replace funds previously provided from the Examinations Fee. These funds provide the resources for approximately 140 existing ICE positions and operational expenses. These resources enable ICE to maintain its investigations of benefit fraud organizations and egregious fraud violators.

Question. Under the budget proposal, the base funding for the Institutional Removal Program remains within the Office of Investigations. What investigative priorities will these resources be redirected to?

Answer. The fiscal year 2005 request is a result of a planned realignment of the Institutional Removal Program (IRP) from OI to DRO. Managing and executing the program in one office will prove more effective and productive than in its current bifurcated state. Special Agents within OI that will be freed up from IRP work they currently perform will be able to dedicate much-needed investigative hours to public safety and national security cases. There are renewed demands for investigation of non-incarcerated criminal aliens and violent gang enforcement.

LAW ENFORCEMENT SUPPORT CENTER

Question. What are the base resources, FTE and dollars, for the Law Enforcement Support Center (LESC) for fiscal year 2004? What are the requested resources for the LESC for fiscal year 2005?

Answer. General expense funding for fiscal year 2004 is budgeted at $1.9 million, which includes $869,000 from the War Supplemental. In fiscal year 2004, there are 287 positions authorized, of which 9 are currently vacant. No increases are anticipated for fiscal year 2005.

Question. It is the Committee's understanding that there are approximately $5 million in facility improvements that are needed at the LESC. Is this accurate? If, yes please provide the Committee with an itemized list for the $5 million.

Answer. Due to increased law enforcement inquiry workload and the projected growth in the NCIC program, the LESC submitted an out-of-cycle space request for 80,309 additional sq. ft of expanded facility space at the LESC's present location in January 2002. That request was subsequently approved and the one-time costs of $3.7 million associated with expansion were approved and transferred to GSA.

Since the submission of the space request in January 2002, the LESC's core workload has grown from 240,000 queries to a projected 744,000 queries per year in 2004. Additionally since establishment of DHS and ICE, the LESC has taken on new, critical law enforcement tasks. This growth combined with new tasks exceeded the projected growth that was the basis of the original space request. Additionally, once the 80,000-sq. ft. expansion is completed, the current LESC site would not allow for any additional facility expansion. The constraints of the current site would eventually drive the LESC into a multi-site operation to continue to expand workload and mission. For these and other reasons, including physical security concerns, it was determined not to proceed with the 80,000 sq. ft. addition, but instead pursue a larger, more secure site that would not limit future expansion or the LESC mission and ability to perform its important law enforcement work.

The $3.7 million transferred to GSA to fund the one-time costs associated with the addition is on account with GSA for 5 years and can be used at another LESC site or facility. That amount is in addition to approximately $1.5 million that was previously on account with GSA for internal reconfigurations at the current site for a total of approximately $5.2 million that is available for LESC facility expansion and improvement.

The LESC has completed necessary improvements at the current site. Planning for a larger facility that will meet all of the current and future physical infrastructure needs of the LESC's expanding workload and mission is ongoing.

DETENTION AND REMOVALS

Question. The budget requests $5 million for additional detention bedspace. What percentage increase in additional bedspace will this provide?

Answer. Approximately 150 beds or less than 1 percent of current bed space.

Question. Given the increased level of resources that the budget proposes to devote to enforcement, as well as the increased vigilance that US VISIT allows at ports of entry, are enough resources being put towards detention?

Answer. DRO is currently funded for approximately 20,000 beds.

Question. Will ICE be working with the U.S. Department of Justice, Detention Trustee, where appropriate, in the management of the detention program? Has a Memorandum of Understanding been signed with the Department of Justice?

Answer. Yes, DRO is working with DOJ, Office of the Federal Detention Trustee (OFDT) in the management of the detention program. A memorandum of understanding was signed with the Justice Department on 1/28/2004.

Question. How is the relationship with the Department of Justice structured? Who will be responsible for procurement and contracting?

Answer. ICE and the OFDT signed an Inter-Agency Agreement on 1/28/2004. The agreement establishes OFDT as a procurement service provider to ICE for non-Federal detention requirements. Since establishment of the agreement, ICE and OFDT have made substantial progress toward fully implementing the service provider relationship. ICE has identified 5 non-Federal secure detention requirements for procurement action by OFDT and both entities are cooperating to establish a schedule for the transition of ICE inter-governmental service agreements and administration of the non-Federal detention inspection program to OFDT.

FUGITIVE OPERATIONS

Question. The President's budget requests an increase of $50 million to create an additional 30 fugitive operations teams. It is estimated that each of these teams will be able to apprehend and remove up to 500 fugitive aliens a year. Of the approximately 400,000 absconders, how are you prioritizing which fugitives you pursue first?

Answer. National Security and criminal cases are the highest priority, then cases that have a higher probability of removal, and other non-criminal aliens. There are several initiatives being implemented to help identify and locate our absconder population. ICE has implemented an interface between ICE and CBP systems that identifies fugitives when they return to the United States. Inspectors will now be alerted when an "absconder" is identified at a port of entry.

DRO entered into an agreement with Citizenship and Immigration Services whereby DRO is notified when an alien applies for benefits and is identified as an absconder. In these cases, CIS provides us with the most current information such as home address.

Question. Based on the information provided in the budget, once additional fugitive operations teams are fully deployed, ICE will be able to locate and remove 23,000 aliens a year. Your testimony states that the national Fugitive Operations program strategy calls for eliminating the backlog of absconders in 6 years. Removal of 23,000 aliens a year for 6 years does not quite add up to 400,000. How will ICE accomplish this goal?

Answer. Our strategic plan "Endgame" calls for the elimination of the fugitive backlog within 10 years based on significant increases in the fugitive program. This will require 300 teams over that time period.

We are also implementing new initiatives targeting data integrity. Through data dumps and systems analysis we are removing cases that are incorrectly identified as fugitives (Self Deport, Benefits granted, etc.)

ALTERNATIVES TO DETENTION

Question. What are the results so far of the Alternatives to Detention program?

Answer. DRO began utilizing alternatives to detention, or community based programs, in August 2002, with the opening of a community based residential program for 250 non-criminal females that were previously held in a local jail in South Florida.

DRO began testing the applicability of electronic monitoring devices (EMDs) in May 2003 in six Field Offices (Anchorage, Miami, Detroit, Portland, Seattle, & Chicago). Traditional EMDs have been utilized with just over 100 illegal aliens as an alternative to secure detention. Supervision of these cases was initially conducted as a collateral duty and was found to be very staff intensive. Efforts are underway to integrate the traditional EMD house arrest program into the Intensive Super-

vision Appearance Program (see below). Telephonic or administrative reporting technology has been utilized as an automated reporting device for just over 500 aliens that are living in the community on Orders of Supervision. This technology has the potential to assist DRO in effective case management. A summary report on the use of these two technologies will be completed after 1 year of the pilot. Additionally, DRO and the Federal Protective Service (FPS) are exploring the possibility of utilizing FPS for monitoring of the EMD program technology, currently being provided through a contract with an EMD provider.

Pursuant to the Zadvydas v. Davis Supreme Court decision, there are presently a significant number of Post Order Custody Review (POCR) cases that are eligible for release, but are in need of rehabilitation programs for substance abuse, mental health, anger management, sex offender, etc. In September 2003, as an Alternative to Detention initiative, a Condition of Release Program for POCR cases was developed through our existing reimbursement agreement with the Division of Immigration Health Services (DIHS). Through this Program, DIHS will review POCR cases, and identify rehabilitative programs. As of March 2004, 53 POCR cases have been forwarded to DIHS for review and program placement.

DRO recently announced the contract award selection of Behavioral Interventions, Inc. (BI) of Boulder Colorado for the provision of community-based supervision of 200 aliens in each of the following eight Field Offices: Baltimore, Philadelphia, Miami, St. Paul, Denver, Kansas City, San Francisco, and Portland. The program is designed to supervise aliens that can be released into the community to ensure their attendance at Immigration Court hearings and compliance with Court orders.

The contractor will provide Intensive Supervision Appearance Programs (ISAP) services for 200 aliens in the initial eight sites during fiscal year 2005. ICE plans to expand the initial capacity to 400, and to add one additional site with a capacity of 200.

Question. What is necessary, besides just more funding, to see a larger scale implementation of this alternatives program?

Answer. While community based sanctions has been utilized for over 30 years by the criminal justice system with proven results, there has been very little application or research on these types of services for illegal aliens. Staff, program research and development resources are necessary to determine if these pilot programs would be effective with illegal aliens and to develop replication models for expansion.

FEDERAL AIR MARSHALS

Question. The budget request for the Federal Air Marshal Program (FAMS) does not include any funds to provide pay raises, within-grade increases, or any other adjustments to base in fiscal year 2005. What resources are necessary to provide the FAMS with the same adjustments to base as the other components within ICE as well as the Department of Homeland Security? Please provide an itemized list of the necessary adjustments to base for the FAMS.

Answer. The FAMS and DHS are working to determine how best to manage FAMS' resources. FAMS is developing performance-based measures that will determine the optimal number of Federal air marshals and resources to provide the necessary aviation security.

Question. What impact will the fiscal year 2005 President's budget request have on staffing within FAMS as compared to fiscal year 2004?

Answer. The FAMS will adjust its staffing as necessary to meet its highest priority missions with available resources. In doing so, the FAMS will consider other enhancements within the aviation security system.

Question. Previously, there has been a problem with retention of FAMS. What is the current attrition rate as compared to that in previous years?

Answer. Since the start of the fiscal year 2004, Federal Air Marshal attrition has been roughly 9.4 employees per pay period. This attrition rate is down significantly from the fiscal year 2003 level, when the Service's attrition averaged approximately 33 per month. In turn, the fiscal year 2003 rate was well below the roughly 58 Federal Air Marshals lost per month during the last quarter of fiscal year 2002. Although the FAMS' attrition rate remains in flux, the reduced number of employees leaving the program is attributed to the progress made towards completing the FAMS' stand up, stabilizing the workforce, implementing quality of work life initiatives, and otherwise working to improve procedures and management systems to encourage employee retention.

AIR AND MARINE OPERATIONS—NORTHERN BORDER AIRWING

Question. The Air and Marine Operations program has been stretched very thin for the last 2 years. Long-term repetitive details of personnel and assets are being

used to protect the Northern Border and the National Capital Region. The appropriation for fiscal year 2004 includes resources for the establishment of a permanent Northern Border Airwing. What is the status of establishing the permanent Northern Border airwing funded for fiscal year 2004?

Answer. The fiscal year 2003 War Supplemental provided $20.5 million to launch the Bellingham Air Branch, the first of five Northern Border Branches. Planned allocation is as follows: $2.5 million for personnel transfers, $12.6 million for medium lift helicopter acquisition and $6.6 million for multi-role enforcement aircraft. Staffing will be provided through a combination of new hires and the transfer of experienced personnel from other AMO field locations.

In fiscal year 2004, AMO received $35.2 million in Operations and Maintenance (O&M) funding to launch AMO's Northern Border Branch in Plattsburgh, NY. Planned allocation is as follows: $10 million for medium lift helicopter acquisition and $6.6 million for multi-role enforcement aircraft, $9.7 million for facility and $2.7 million for aircraft spares. An additional $5.4 million was appropriated in Salaries and Expenses funding to cover the cost of 36 personnel.

Plattsburgh and Bellingham each will be equipped with three aircraft, including one Multi-Role Enforcement Aircraft (Pilatus PC–12 fixed-wing), one Medium Lift Helicopter and one Light Enforcement Helicopter.

The President's fiscal year 2005 budget includes $35.2 million to launch the third Northern Border Branch.

—The funds from these two appropriations were combined to purchase one medium lift helicopter.

Question. How has the recently announced hiring freeze affected the Northern Border airwing?

Answer. The recently announced hiring freeze did not affect our build-up of the Northern Border air wing.

Question. When will the aircraft and other equipment be procured?

Answer. The procurement process has already begun for the aircraft and other equipment. The four AS–350 A-Star helicopters are scheduled to be delivered during the June-December 2004 timeframe. Taking into consideration the 120-day communication and sensor installation process, the first operational helicopter will be delivered in October 2004 with follow-on delivery of the remaining 3 helicopters at 1 every 60 days.

The first PC–12 (Multi-Role Enforcement Aircraft) is scheduled for delivery during May 2004. The second aircraft is scheduled for delivery October 2004. Both aircraft will be configured with the Wescam Integrated Situation Awareness Display System (ISADS) electro optic/infrared.

Question. Even with the establishment of this airwing, to what extent will ICE still have to rely on detailees to cover the Northern Border and the National Capital Region?

Answer. The Northern Border will have to rely on detailee augmentation during surge operations or designated heightened alert postures.

We are currently maintaining the NCR Branch primarily through the use of rotational detailee assignments. We are requiring aviation personnel to travel on a temporary duty status, as well as, the redeployment of aircraft from southern border locations to the Washington, D.C. area in order to provide on-going mission critical support. All costs for that operation have been covered using Air and Marine Operations fiscal year 2004 Operations and Maintenance funding.

LONG-RANGE RADAR

Question. What is the total amount that the Federal Aviation Administration (FAA) has in its fiscal year 2004 budget for operating the Long-Range radar system?

Answer. Questions regarding FAA's distinct budget line items should be addressed to the FAA.

Question. How much is being requested by other agencies for fiscal year 2005 for the Long-Range radar system?

Answer. The Long-Range Radar (LRR) funding, a new fiscal year 2005 line item to help fund the FAA radar system that feeds information to the AMOC, is a $12.5 million increase to the AMO base, "other services" line item.

Question. Why are new resources being requested in the fiscal year 2005 budget to allow the Department to pay the FAA for this service, as opposed to a transfer from the FAA budget?

Answer. FAA has indicated recently that to continue to maintain and operate this system as mandated in past Federal legislation, it would need to start charging user agencies for the data.

TETHERED AEROSTAT RADAR SYSTEM

Question. The information provided by the Tethered Aerostat Radar System (TARS), known as TARS, is a critical component in the Department's efforts to interdict illicit air traffickers. Do you believe that the Department of the Defense is providing sufficient support to the TARS program to enable the Air and Marine Program to effectively carry out its mission?

Answer. The TARS program has declined from 14 operational sites to 8 operational sites (Lajas, Puerto Rico, is due back on-line in May 2004). Questions regarding costs for operating these sites should be addressed to DOD, which maintains and operates the system. AMO is an end user of the data provided by these valuable national assets.

Question. Is the Department of Homeland Security working with the Department of Defense to ensure proper maintenance and upgrades of TARS?

Answer. AMO is currently working closely with all the agencies involved in the counter-narcotics and border security missions, including USIC, ONDCP, DOD, and DHS to communicate the requirements for the continued use of the TARS. Recent close coordination and meetings between the Department of Homeland Security and the Deputy Assistant of Defense for Counter Narcotics have resulted in frank and open discussions related to TARS. The dialogue is productive and ongoing at this time, and DHS' requirements have been acknowledged by DOD.

Question. Does ICE have the necessary expertise and personnel to take over the management and maintenance of the TARS program?

Answer. TARS is now under the purview of DOD and should be operated in line with DHS operational needs.

Question. What is the estimated funding needed for ICE to assume management of the TARS program?

Answer. TARS is now under the purview of DOD and should be operated in line with DHS operational needs.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

CITIZENSHIP AND IMMIGRATION SERVICES

IMPACT OF THE PRESIDENT'S REFORM PLAN

Question. How many new petitions do you expect the President's Immigration Reform Plan to generate?

Answer. This information will be available once Congress has drafted the legislation and the specifics are known.

MACHINE-READABLE PASSPORT DEADLINE

Background: The Enhanced Border Security and Visa Entry Reform Act of 2002, which President Bush signed into law on May 14, 2002, established October 26, 2004, as the deadline by which the 27 existing "visa waiver" countries must have machine readable visas in order for their citizens to enter the United States. Last week, Secretaries Ridge and Powell sent a letter to various Congressional leaders urging that the October 26, 2004 deadline be pushed back to December, 2006. The countries which would be affected by this law have had nearly 2 years to comply with this requirement. This is not something new which we just pulled out of thin air.

I understand that certain lobbying organizations, such as the Travel Industry Association of America, have praised this proposed delay in the deadline. However, I predicted this outcome when the Enhanced Border Security Act was on the Senate floor.

We know that terrorists have attempted to gain entry to the United States through the visa waiver program. The December 2001 "shoe bomber", Richard Reid, benefited from attempting to come to the United States from a "visa waiver" country. We know that tens of thousands of passports from visa waiver countries have been stolen in recent years and sold on the black market. We know that machine-readable passports can help to filter potential terrorists who try to enter the United States through the visa waiver program. I do not want to discourage legitimate tourists and other travelers from coming to visit our country, but border security must remain one of the Department's paramount priorities. The law was passed nearly 2 years ago. There has been ample time for the Administration to work with the visa waiver countries in meeting this deadline. The Administration's job was to get these countries to meet the requirements of the law.

Question. How is it in the interest of our domestic security to push back even further the deadline requiring machine-readable passports from visa waiver countries? What steps did the Administration take over the last 2 years to ensure that visa waiver countries would be able to meet the deadline?

Answer: The EBSVERA requires that beginning on October 26, 2004, Visa Waiver Program (VWP) countries must certify that they have a program in place to issue their nationals machine-readable passports that are tamper-resistant and incorporate biometric and document authentication identifiers that comply with International Civil Aviation Organization (ICAO) standards in order to continue to participate in the VWP. The law also requires that visitors coming to the United States under the VWP present machine-readable, tamper-resistant passports that incorporate biometric and document authentication identifiers, if the passports is issued on or after October 26, 2004.

While most, if not all, VWP countries will be able to certify that they have a program in place to issue biometric passports by the October deadline, very few, if any, VWP countries will actually be able to begin issuing biometric passports by that date. The issue is not lack of will or commitment to achieving the standard by these countries, but rather challenging scientific and technical issues. For the same challenging technical reasons, DHS is also not currently in a position to acquire and deploy equipment and software to biometrically compare and authenticate these documents. It is not in any country's interest, including our domestic security interest, to produce or accept biometric passports with questionable standards and an immature biometric technology.

DHS is encouraged by the progress that has been made by VWP countries to meet the emerging ICAO standards. We believe that by the fall of 2006, the technology required to implement successfully a security system based on the ICAO standards will be much more settled and allow DHS to derive the security benefits envisioned when the original EBSVERA was enacted.

As you know, changing the deadlines requires Congressional action, and a memorandum concerning this issue was forwarded to Congress signed by Secretaries Ridge and Powell requesting an extension of the deadlines until November 30, 2006. The Secretaries also testified before Congress on this issue on April 21, 2004.

IMMIGRATION PROCESSING FEES AND THE BACKLOG (CIS)

Question. The number of immigrants awaiting decisions from CIS—including citizenship and permanent resident status—increased 59 percent in the past 3 years. Despite $160 million appropriated in the past 2 years to remedy the logjam, nearly 6.2 million applications were pending at the end of September, according to a General Accounting Office report. The GAO probe revealed that fees charged by Citizenship and Immigrations Services are insufficient to cover the cost of processing applications—in part due to expanding security costs. According to the GAO, "CIS knows neither the cost to process new applications nor the cost to complete pending applications," the report said.

In anticipation of President Bush's immigration overhaul, the GAO recommended that Homeland Security Secretary Ridge direct CIS to study the fees and determine how much money will be needed to remedy the backlog. In an August interview with Government Executive magazine, Director Aguirre, you vowed to significantly reduce wait times and application backlogs for immigration benefits by increasing the agency's efficiency through new information technology investments.

Based on the funding proposed by the President, how much of the backlog will CIS be able to eliminate in 2005?

Answer. Information on the current backlog and USCIS plans to eliminate it will be provided to Congress in the coming months in a revised Backlog Elimination Plan. USCIS will meet the President's goals of eliminating the backlog and achieving a 6-month processing standard for all immigration applications by 2006.

Question. I understand that in order to meet the President's backlog reduction goal by fiscal year 2006, your agency must achieve a 42 percent increase in productivity. Two questions—First, what specific steps are you taking to produce 42 percent increase in productivity? Second, it is essential that you ensure that security background checks are done correctly. If a 42 percent productivity improvement is not accomplished, what will the impact be on making sure that security background checks are completed?

Answer. Information on the current backlog and USCIS plans to eliminate it will be provided to Congress in the coming months in a revised Backlog Elimination Plan. USCIS will meet the President's goals of eliminating the backlog and achieving a 6-month processing standard for all immigration applications by 2006.

USCIS will continue to explore ways of improving the efficiency of our national security check processes, but will not place backlog elimination requirements above national security requirements. Backlog elimination will be achieved through efficiency efforts, through development of information technology programs that automate manual processes, and from reengineering processes to reduce adjudication time without sacrificing the integrity of the adjudicative process.

PRESIDENT'S IMMIGRATION PROPOSAL

Question. What impact would the President's immigration proposal, if enacted, have on the immigration application backlog and on efforts to reduce the backlog? Would the temporary work permits envisioned in the President's plan be issued before or after the benefits sought by the 6.2 million applications in the backlog? What is the plan for insuring that the backlog reduction program does not increase benefits fraud by encouraging the rubber-stamping of applications?

Answer. USCIS will need to review specific legislative proposals before it can comment on the potential impact on USCIS' capabilities.

CITIZENSHIP AND IMMIGRATION SERVICES AND IMMIGRATION AND CUSTOMS ENFORCEMENT

BENEFITS FRAUD

Question. Who is responsible for investigating benefits fraud? Both CIS and ICE have asked for funding to investigate benefits fraud, but neither seems to know which is actually responsible.

Answer. A January 2002 General Accounting Office (GAO) Report–02–66 entitled "Immigration Benefit Fraud—Focused Approach is Needed to Address Problems" raised concerns about identifying immigration fraud. As a part of the USCIS efforts to reengineer its business processes and eliminate the backlog, the agency is also looking closely at ways to identify and decrease benefits fraud. Immigration and Customs Enforcement will continue to play a vital role in investigating suspicious cases and/or prosecuting the participants in a scheme in conjunction with Federal, state, and local prosecutors.

ICE will continue to perform those enforcement duties enumerated in the OPM classification standards for an 1811 occupational series criminal investigator.

IMMIGRATION REFORM AND CONTROL ACT (ICRA)

Question. What lessons from the 1986 Immigration Reform and Control Act (IRCA) legalization programs have been applied to the President's Immigration Reform Plan?

Answer. The IRCA planning teams developed a strategy that enabled the Service to quickly expand its adjudicative capacity through the establishment of temporary regional processing centers and local interview offices. Temporary employees were hired and trained specifically to adjudicate that workload. INS reassigned experienced executives and managers at all levels to oversee operations, but relied heavily on the skills or retired executives and managers (reemployed annuitants). This strategy enabled the Service to continue its efforts to process the normal casework plus handle the surge in workload caused by the passage of IRCA.

Key components of IRCA were: the development of the regional processing center concept, development of a modular office plan for field interviewing sites, automated data systems to record transactions, and receipt of authority from Congress to expedite certain leasing and contracting requirements. In addition, INS received authority to reemploy annuitants without salary offset. The reemployed annuitant program was absolutely critical to the overall success of the program.

INS worked closely with Congress prior to the passage of IRCA, and that cooperation was also instrumental in INS being able to meet the requirements for the legalization provisions of IRCA.

Question. What were the total costs of IRCA's two legalization programs (please break down by main components) and how much revenue was generated in total by the fees charged to process IRCA applications?

Answer. The IRCA program was totally fee-funded. Therefore, the number of applications filed and their respective fees determine the total cost of the program. Our analysis to date of the program has determined a total application workload of approximately 2.7 million, with costs/fee revenues totaling $245 million. The breakdown of this program is as follows: (1) Application for Permanent Residency (2.68 million applications/$241 million), and (2) Application for Status as a Temporary Resident (6,700 applications/$3.7 million).

Question. How much will the President's Immigration Reform Plan cost, and what components comprise the total cost?

Answer. It is expected that costs associated with the USCIS workload would be covered with fees like all other application and petition processing.

Question. How many full-time equivalent (FTE) personnel will be necessary to implement the President's Immigration Reform Plan? What level of fees or additional appropriations would be necessary to hire those additional FTEs without further increasing the deficit?

Answer. This information will be available once Congress has drafted the legislation and the specifics are known.

DATA BETWEEN 1996–2003

Question. Please provide a comparison of the size of the fugitive alien population from 1996–2003. Please also provide the same information regarding the backlog, as well as the backlog of matters pending in the Immigration Court for the same period.

Answer. Below are the estimates of the number of fugitive aliens based on the year that they received their order of removal, based on information in the Deportable Alien Control System (DACS).

Fiscal year	Absconders
1996	130,296
1997	157,220
1998	186,944
1999	214,580
2000	239,656
2001	265,427
2002	295,336
2003	320,364

ICE defers to the Executive Office of Immigration Review (EOIR) to respond to your question regarding the number of backlogs of matters pending in the Immigration Court for the same period of time.

CUSTOMS AND BORDER PROTECTION

TERRORIST WATCH LIST INTEGRATION

Question. One of the most important items on the Department's list of unfinished business is the integration of terrorist watch lists. Earlier this year, Secretary Ridge said the list would be fully functional "by mid-May." Because the agencies you oversee—Customs and Border Protection and Immigration and Customs Enforcement—rely daily on accurate information about the potential threats to this country posed by individuals on these lists, I would expect that the integration of this information would be a priority.

It is not clear to me whether the integration of the watch lists is an FBI responsibility or that of the Department. Is it a DHS responsibility or an FBI responsibility to integrate the watch lists and when do you expect the integration to be complete?

Answer. Terrorist Watch Lists are the responsibility of the Terrorist Screening Center (TSC), and the Terrorist Threat Integration Center (TTIC). CBP submits names for watch listing to the TTIC through CBP's Office of Intelligence. Since the CIA, FBI and DHS have joint responsibility for the TTIC (TSC is a subsidiary of the TTIC), the responsibility lies with the TTIC as a whole. Currently, the Director of the CIA oversees that operation of the TTIC.

CONTAINER SECURITY INITIATIVE

Question. An additional $25 million is requested for fiscal year 2005 to expand the Container Security Initiative. This innovative program has placed CBP inspectors at numerous overseas seaports to work with their host country counterparts at targeting potentially dangerous containers for enhanced inspection prior to being loaded on U.S.-bound ships.

In December, Subcommittee staff were able to see this program in action in Asia. They spoke with the inspectors, discussed their working relationships with the host country inspectors, and witnessed both the physical inspection of individual containers. The U.S. inspectors were quite enthusiastic about performing their duties. But both they and the foreign counterparts expressed concern that our personnel were being rotated through the countries on a temporary basis, as opposed to being

in country for extended tours of duty. In part because of cultural differences in various countries, they stressed the importance of remaining overseas to strengthen working relationships with the foreign customs officials rather than starting from scratch with each new team of U.S. inspectors.

Does your budget request provide for longer tours of duty for CSI team members? Are you actively making CSI tours a career "enhancer" for your personnel—most of whom are not oriented to working overseas? Are your people receiving the necessary support from U.S. ambassadors in establishing and expanding the CSI presence overseas? Also, what would be costs of fully funding all Phase II CSI ports?

Answer. Our budget includes funding for permanent overseas positions. We are currently using TDY (temporary duty) personnel overseas but have initiated the process for obtaining State Department approval for the permanent positions. The embassy is providing the necessary support to enable CSI to establish and expand its presence overseas. That is evidenced by the State Dept's willingness to approve NSDD 38's to establish permanent positions in the respective countries. The NSDD38 (National Security Decision Directive) requests are currently being processed at DHS and will be forwarded to Department of State for final approval. We have also developed a comprehensive training program for the permanent employees, which include operational, administrative and cultural training. We are working closely with the overseas posts to transition our temporary staff to permanent staff.

Costs for funding the future ports are impacted by the opening date of the port, infrastructure requirement, staffing and equipment, etc. Our projected budget for fiscal year 2005 is sufficient to cover the costs of our expansion ports that will open in fiscal year 2005.

OVERSEAS AIRLINE PASSENGER INSPECTION

Question. There have been press reports that your agency is considering placing CBP inspectors at certain targeted overseas airports to pre-screen passengers before they board flights to the United States. I understand that the goal is to prevent potential terrorists from boarding a plane and either hijacking it or blowing it up. That is certainly a goal we all share.

However, because they screen passengers who board U.S.-originated flights, is this not more properly a Transportation Security Administration role? Will you be screening all passengers or only those holding foreign passports?

If you are accessing passenger databases, which databases are they and what privacy protections are you planning on implementing? Also, when will Congress be notified of this program? We've only see reports on it in the media.

Answer. U.S. Customs and Border Protection (CBP) Officers will be deployed overseas to perform a tactical function, the goal of which is to prevent the onward movement of people identified as national security threats. This program will replace the legacy INS Immigration Control Officer (ICO) Program. The Immigration Security Initiative (ISI) will also disrupt or deter the transportation of inadmissible aliens and the proliferation of fraudulent documents. In the course of these duties, the ISI will provide information to host countries, or appropriate authorities regarding travelers of interest.

Although these efforts can result in the development of intelligence information, the primary function of the ISI is to use current targeting and passenger analysis information provided by the National Targeting Center (NTC) and the Forensic Document Lab (FDL) to focus on high-risk persons. These efforts may lead to the apprehension and prosecution of criminals and persons of national security interest by host countries, the disruption of attempts to smuggle aliens and contraband, and the disruption of attempts to enter the United States with fraudulent documents.

When an ISI Officer identifies a traveler that should be prevented from boarding a flight to the United States, the ISI will work with the host country's immigration and/or customs control authority and the air carrier who will take the appropriate action to prevent the person from boarding the flight. The ISI will not have any authority in the host country to take such action. Information provided to the host country on these types of individuals will be vetted through the appropriate authorities before any information is released to the host country.

Both TSA and CBP perform important functions in ensuring the safety and security of the United States. However, TSA does not have the authority CBP holds to perform the particular targeting function of ISI in another country. ISI is the tool that we propose to use in deterring individuals that may pose a threat to the safety and security of the United States from boarding U.S.-bound flights, not U.S.-originated flights.

In fiscal year 2004, CBP will initiate a pilot of the ISI program in Warsaw, Poland. We estimate the cost to be approximately $500K for each ISI site. Once the pilot is evaluated we'll have better information regarding the future of the initiative.

ISIS BORDER COVERAGE

Question. How much of the northern border and how much of the southern border is covered by ISIS?

Answer: Currently the ISIS program covers the following:

—Northern land border: 99 miles

—Southern land border: 290.5 miles

—Total: 389.5 miles

BORDER PATROL STAFFING

Question. Have the USA Patriot Act's requirements for Border Patrol staffing on the Northern Border been met? If so, when was this goal achieved? Was this achieved through the transfer, on either a temporary or permanent basis, of personnel from the Southwest Border or elsewhere? If so, does your budget request provide sufficient funds to restore staffing at those locations to their authorized levels? If not, what additional funds and FTEs are required to reach that goal?

Answer. The number of agents on the northern border had been increased to 1,006 as of the end of December 2003. This is triple the number of agents that were assigned along the northern border prior to 9/11 and meets the Patriot Act's requirement for staffing on the Northern border. The number of agents currently assigned to the northern border remains at 1,006.

The agent increase was accomplished through the permanent relocation of experienced agents from across the nine southern border sector areas. The CBP budget has sufficient funds to backfill the agent vacancies through a combination of new agent hires and the relocation of agents among the southern border areas. Additional funds and FTEs will not be required to restore the staffing levels at the southern border

ALTERNATIVES TO VACIS

Question. My staff is aware of the existence of non-intrusive inspection technology (such as back-scatter gamma ray devices) that provides a higher degree of resolution when inspecting shipping containers and other closed containers. In fact, they saw some of these devices in use at a seaport in Asia late last year. Is CBP considering the procurement of next-generation devices which provide enhanced resolution either when replacing existing, aging systems or for deployment at new locations? If so, what are the approximate costs of the systems under consideration versus the costs of the existing systems? Do these newer systems provide a significant improvement for inspectors over existing systems? Conversely, if you are not considering procuring new systems, why not? Is it due to cost, other considerations, or both?

Answer. "Back-scatter" technology, which is associated with X-ray systems and not gamma ray systems, was developed by American Science and Engineering (AS&E) in the 1980's. For many years now, Customs and Border Protection (CBP) has operated a large number of devices, which have this capability, including large-scale truck/container imaging systems. Back-scatter images can indeed provide information, which is not available from a transmission X-ray or gamma ray image. Like any technology though, it has its limitations—the amount of penetration into vehicles or containers, and the resulting image, depends in large part on the type and amount of commodity being scanned. CBP operates a variety of X-ray and gamma ray imaging systems.

The costs of the back-scatter technology will vary depending on the configuration of the system. There are back-scatter-only systems which cost less than gamma ray imaging systems and there are transmission/back-scatter X-ray systems which cost significantly more than gamma ray systems. The requirements, which define what type of system is needed to meet operational demands, are much broader than just this single technical criteria. CBP recently purchased a new AS&E product, the ZBV (back-scatter only) X-ray van, which is now being tested in Arizona. We are preparing to field two new high (>6 MeV) energy, mobile sea container X-ray systems later this summer to U.S. seaports. CBP also recently upgraded an existing 2.5 MeV mobile X-ray system to 3.8 MeV, and is now testing it at the Port of Baltimore. CBP continually evaluates promising new technologies, which have the potential to enhance or replace existing systems.

ENHANCING BORDER PATROL INTEGRATION INTO CBP

Question. During briefings with my staff it appears that coordination and integration of certain Border Patrol activities, programs, and systems has not gone as smoothly as it might otherwise be expected. Sometimes it appears that inquiries made by staff come as a surprise to Border Patrol and the CBP staff. For instance, we asked questions about the procurement of high-endurance vehicles for the Border Patrol only to learn that the CBP vehicle management team was working on a longer-term vehicle management plan of which Border Patrol was not a part. I understand there are growing pains and learning curves when creating a new Department, but issues such as development of a unified inventory of goods and activities seems rather basic. What concrete steps have CBP and Border Patrol taken to ensure that each entity knows what the other is doing?

Answer. With the merger of the U.S. Border Patrol into U.S. Customs and Border Protection (CBP), the integration of border patrol activities was established as one of our highest priorities. The Border Patrol was established as an Office reporting directly to the Commissioner with the Chief of the Border Patrol having equal status to our Assistant Commissioners. Border Patrol Sector Chiefs participate in all CBP Executive Leadership meetings. Representatives from the U.S. Border Patrol have been included in all transition management activities and in some instances have actually served as the leaders of groups addressing integration and merger issues. The issues addressed not only operation mission responsibilities, but mission support operations as well.

Knowing that the Border Patrol's functions and responsibilities are key to the security of our homeland, the following are examples of integration activities in which the Border Patrol has been, and will continue to be actively involved:

—Immediate participation in the CBP "around the clock" Situation Room.
—Integration of border patrol agents into CBP's intelligence structure.
—Identification of resources, staffing, and property transfers and modifications to information systems necessary to stand up CBP on October 1, 2003.
—Analysis of vehicle fleet requirements as part of CBP's replacement and upgrade strategy.
—Participation in a procurement "War Room" to train and certify border patrol employees in CBP contract and procurement processes and reduce an inherited backlog of outstanding procurement actions.
—Determining the process and infrastructure to consolidate the tactical communications program in order to create more unified communications structure and assure officer safety through interoperability.
—Migration of and training for all border patrol employees to CBP's administrative systems for processing travel, payroll, procurement, and human resources.
—Identifying technologies to share and to use as force multipliers to increase CBP's enforcement capacity.
—Designing a process for incident reporting to ensure clear reporting for rapid notification to senior management of significant incidents.
—Developing a strategy, policies and procedures for integrating the processing of seizures, forfeitures, fines and penalties into a consolidated process for all of CBP to assure property and fiscal accountability.
—Proposing an integration plan for unifying operational policies, resource management and best practices for the CBP Canine program.
—Cross training Border Patrol agents in anti-terrorism concepts and techniques.

BORDER PATROL VEHICLES

Question. What is the status of the review of the need for high-endurance vehicles for the Border Patrol? What performance measures are you using for determining the need to procure additional or different high-endurance vehicles? Are there funds in the fiscal year 2005 budget request to procure additional high-endurance vehicles?

Answer. U.S. Customs and Border Protection (CBP) recently entered into a contract with Nevada Automotive Transportation Center to conduct a terrain mapping study. This is a joint effort between the Office of Finance and the Office of Border Patrol Information Technology Unit. Information obtained from the study will be used to evaluate the terrain and recommend the type of high-endurance vehicles needed to meet mission requirements and provide for Agent safety.

CBP will determine the correct vehicle to be procured based on life cycle studies, performance measures and the out come of the terrain mapping study. The performance measures will include, mission requirements, life cycle costs, durability and downtime of vehicles.

Currently, there are no funds designated in the fiscal year 2005 budget to procure additional or replacement high-endurance vehicles.

LAND BORDER "EXIT" CONTROL OF US VISIT

Question. What impact will the "exit" component of US VISIT have on the land borders? Do you anticipate that additional outbound inspection lanes or other facilities modifications will have to be created in the coming years? If so, when can we expect to receive an estimated plan of those construction and other requirements? Is CBP an active participant with the US VISIT program office?

Answer. The impact of the US VISIT exit program on land border facilities, outbound lanes, and possibly staffing will depend on the process/solution that is deployed. It will also depend upon the timing of the rollout of the exit strategies.

After US VISIT awards a contract to their prime integrator for the land border entry/exit system, expected in mid-fiscal year 2004, and the integrator offers a more comprehensive solution, CBP will better understand the extent of the impact to our operations. CBP will continue to work closely with US VISIT to develop an exit solution. .

COBRA EXTENSION

Question. What is CBP currently doing to fix the COBRA overtime cap issue which has caused Customs Inspectors and new CBP officers to lose the ability to contribute $2,500 towards their base pay for calculating their retirement annuity? The current overtime earning cap has been reduced from $30,000 to $25,000 due to a legislative language drafting issue in the fiscal year 2004 DHS Appropriations bill. Does your budget request provide a legislative fix to this unintentional drafting error?

Answer. This unintentional oversight is being addressed through various channels. The Department of Homeland Security is working on a legislative change to equalize the overtime caps for all U.S. Customs and Border Protection (CBP) employees, while CBP is investigating the possibility of cap waivers that would allow officers to exceed the $25,000 cap in fiscal year 2004.

Question. Does the fiscal year 2005 Budget assume the merging of Customs/INS/Agriculture user fees? In addition, what does the fiscal year 2005 budget estimate will be received in COBRA user fees for fiscal year 2004?

Answer. The fiscal year 2005 Budget does not assume that the Customs/INS/Agriculture user fees will be merged. CBP is projecting that $303 million will be received in COBRA user fees in fiscal year 2004.

Question. Does the fiscal year 2005 budget assume the reauthorization of COBRA which is set to expire on March 31, 2005?

Answer. Public Law 108–121 reauthorized COBRA through March 1, 2005. The fiscal year 2005 budget assumes that COBRA will be reauthorized beyond the March 1st expiration date.

SIXTH DAY OF FLETC TRAINING

Question. What is the Department doing to correct the problem of the Department not paying legacy Customs Inspectors and new CBP officers for their required work on the sixth day of basic training at the Federal Law Enforcement Training Center (FLETC)?

Answer. We do pay employees covered by the Fair Labor Standards Act (FLSA) overtime while engaged in training at FLETC for 6 day weeks. The Government Employee and Training Act (GETA) prohibits us from paying non-FLSA employees under FLSA provision. Our COPRA covered front-line personnel are not subject to FLSA. COPRA was specifically designed for Customs Officers and is the exclusive pay act for our Customs legacy personnel. Our agency position on this matter was recently sustained in an arbitration decision.

CROSS-TRAINING

Questions: What amount of training dollars per officer (i.e., "modular costs") is currently being spent for customs training vs. immigration training?

Is CBP requiring both legacy Customs and legacy INS/Border Patrol personnel to attend cross-training programs? What percentage of legacy Customs vs. INS/Border Patrol personnel has actually completed such training? Does CBP intend that all enforcement personnel will undergo such cross-training, and if so, when is that training expected to be completed?

Legacy immigration inspectors have said that compact discs (CDs) are being used for training legacy Customs personnel in immigration law, while legacy INS/Border

Patrol personnel must attend in-person training in Customs law. How does CBP ensure that the material on the CDs is being learned? What evidence does CBP have that training at-home training with a CD is as effective as in-person training?

Answer. The CBP Officer Training Modules are being developed by CBP under one initiative using field subject matter experts with experience in customs, immigration and agriculture for the determination of course content. Each individual will receive the training needed to achieve full competency as a CBP Officer. Costs are not allocated on a per-officer basis as each officer receives a training package tailored to meet their individual need.

CBP will require both legacy Customs and legacy INS inspectors to attend cross training programs. There are many different audiences for the different modules:

—New CBP Officers
—CBP Customs Inspectors
—CBP Immigration Inspectors
—CBP Agriculture Specialists
—New CBP Agriculture Specialists

Because of the differences in roles and geographic areas served, Border Patrol personnel were not integrated into the CBP Officer position and are not required to participate in the cross-training initiatives.

Of the 21 training modules that have been developed to support CBP Officer training priorities, 15 have been identified as cross-training programs for legacy Customs inspectors, INS inspectors, or both. Integrated training modules will be rolled-out and delivered over the next 12-months.

Integrated training will be delivered in the field locations. There are different delivery methods for the modules, ranging from classroom, to computer-based, to video, to on-the-job. And, there is different timing for delivery of the modules; for example, some will be taken by new CBP Officers as soon as possible after their return from the Academy. The integrated training for other CBP Officers will be mandatory, and will be based on the operational needs of a given port. Inspectors who are converted to the CBP Officer position will not be expected to perform new functions until they have demonstrated the knowledge and skills required for that function.

Compact Discs (CDs) are being used solely as a prerequisite to classroom training. The CDs are a 6-hour course in Fundamentals of Immigration, and a 10-hour course in Immigration Law. All CD self-study training includes rigorous tests that are administered to ensure students are prepared for the 5 days of intensive classroom training that provides additional study and application of the law.

The classroom portion is followed by an extensive on-the-job training requirement. Finally, additional classroom instruction will be provided to prepare the Officers for more advanced tasks. Approximately 80 hours of instruction will be delivered to each Officer. The same method of training is being developed for customs law.

Currently customs law is being delivered as a course at the CBP Academy to new Officers.

Due to the complexity and immediate need to get this training to the intended users, CBP determined that the best method for delivering immigration law training to legacy Customs personnel was by Compact Disc (CD). By using CD's, the officers could complete the training as required and have a consistent, convenient, available, ready-reference information to use. The completion of the CDs takes place during the CBP Officers regular duty assignments; the CBP Officers do not complete these CD's at home.

The Officer is evaluated by an examination at the end of each module. If successful, the officer receives a certificate of completion for that specific module of training. If unsuccessful, the Officer receives feedback and information as to what areas of the training requires more study. The Officer is required to repeat that module and re-take the examination until the modules are completed at the required knowledge level.

CONTINUED DUMPING AND SUBSIDY ACT

Question. Please provide an update on CBP efforts to implement last year's Treasury IG recommendations on how to improve administration of the Continued Dumping and Subsidy Offset Act.

Answer. CBP has completed three fiscal year cycles under the CDSOA. To date, CBP has disbursed over $750 million to affected domestic producers. An additional $50 million in fiscal year 2003 duties is currently being withheld pending the outcome of a court case. Total number of claims processed to date is over 4,000. As a result of a recent IG investigation into this program, CBP has added resources, improved process controls, and transferred responsibility for the program to the CBP

Chief Financial Officer. CBP is currently in the planning stages for the fiscal year 2004 disbursement process. We will be publishing a Federal Register Notice in June or July, announcing our Intent to Disburse fiscal year 2004 funds and inviting affected domestic producers to file their certifications in a timely manner. Under the existing statute, we are required to disburse the fiscal year 2004 funds no later than 60 days after the end of the fiscal year, or November 29, 2004.

Question. How much was spent in fiscal year 2002–2004 to administer the program? What is the estimated cost for fiscal year 2005?

Answer. From fiscal year 2002–2005, the estimated annual expenses incurred by Customs and Border Protection (CBP) to administer this program are approximately 18 FTE and $1.9 million.

Question. On March 19, 2004, CBP issued its Annual Report (2003) on the "Byrd Amendment" trade law. This is a law I helped enact that allows CBP to reimburse U.S. companies that have been injured by unfair trade with funds that are collected as import duties on unfairly traded imports. The CBP report states that, while CBP should have distributed at least $320 million in collected duties to eligible U.S. companies and workers in 2003, it was able to distribute only $190 million because CBP failed to collect $130 million from unfair traders. Most of the uncollected $130 million consists of import duties not collected by CBP on goods from China, in particular. While part of the problem is that Chinese companies are refusing to pay these duties, it also appears that CBP is failing to enforce the U.S. trade laws because it is not diligently pursuing the parties who are refusing to pay these duties.

Why is CBP not collecting millions of dollars in duties on unfairly traded imports as required by U.S. law?

Answer. CBP is correctly assessing duties on all imports into the United States as required by U.S. law. CBP charges importers for post entry changes to this assessment. CBP vigorously pursues collection of all outstanding debt liabilities.

Question. If the duties are not now being paid, what does CBP plan to do to make certain that the duties are paid and collected in the future?

Answer. CBP has developed a national trade strategy that specifically addresses the high priority issues and risks in trade. Anti dumping and countervailing duty (AD/CVD) and revenue collection are two priorities within the strategy. Action plans have been developed to address specific risks to these issues. Included in the plans are innovative approaches to establishing bonding limits, specifically for anti-dumping imports, that are commensurate with the financial risks of the transaction.

Question. Why, in your view, does the problem seem to involve more imports from China than from any other country?

Answer. There are a number of possible factors. There are currently more anti-dumping and countervailing duty orders in place for China (54) than for any other country. In addition, China has been named in half of the 16 petitions filed with the International Trade Commission (ITC) in the last 7 months.

There is also volatility in the deposit rates issued by the Department of Commerce (DOC) and administered and enforced by CBP for dumping cases concerning China. DOC adopts the presumption that the PRC is a nonmarket economy during their investigations. The success or failure of a particular exporter/producer to satisfy DOC that they are independent from the PRC government affects the rate they are subject to. It is possible for deposit rates to fluctuate significantly during the course of the DOC investigation as well as in the final rate depending on their ability to respond to DOC.

Question. How does CBP specifically plan to address the fact that the bulk of the problem concerns imports from China?

Answer. CBP currently has in place trade strategies that focus specifically on anti-dumping/countervailing duty and revenue. Each of these plans has a multi-office working group responsible for the development, oversight and evaluation of the plans. These plans have already developed and implemented a number of actions that address dumping as a whole and by inclusion, China. These actions include identification and clean up of outstanding dumping entries, increased operational oversight of the dumping process, development of improved mechanisms to ensure and monitor adequate bonding of dumping entries, and improved communication with DOC.

Question. Some believe that, if it were not for the Byrd Amendment, CBP would have no way of knowing that these millions of dollars in duties were not being collected. If this is true, do you believe that CBP should adopt additional ways to determine whether import duties are being paid by importers and collected by the United States Government?

Answer. While CBP does have adequate controls in place to ensure that collectible debt is collected, we are working to strengthen these controls to help us identify potential uncollectible debt earlier in the process.

CBP has standard reports that list all unpaid and overdue bills, including those for unpaid anti-dumping and countervailing duties. Some anti-dumping and countervailing duties have not been and will not be collected when importers go out of business or go bankrupt, and bond coverage is insufficient. As a part of the normal business process, those amounts would not have been collected and deposited into general fund receipts. Until the Byrd Amendment, these uncollected amounts were not directly related to the injured parties involved with anti-dumping and countervailing duty cases. The relationship that injured parties now have regarding the anti-dumping and countervailing duty amounts uncollected, as direct beneficiaries, makes this issue now especially significant.

Question. In your response to my questions at today's hearing regarding why Customs has been unable to collect duties on unfairly traded imports—particularly from China—you indicated that there is a need to address systemic problems at both the U.S. Department of Commerce and the U.S. Department of the Treasury. Could you please advise me of the specific actions, including regulatory reform, that CBP is and will be asking these other agencies to undertake to better enable CBP to collect duties on unfairly traded imports?

Answer. CBP and DOC have working groups which meet together on a regular basis to identify the systematic problems and to develop action plans to address these problems. CBP has also undertaken a national bond review program which is increasing the monitoring of bond sufficiency to ensure that sufficient bonds are in place at all times to protect the revenue. Legislative proposals are also being considered which would reinforce CBP's ability to require sufficient bonds.

Questions. CBP's Annual Report on the Continued Dumping and Subsidy Offset Act ("CDSOA") for fiscal year 2003 showed that CBP was unable to collect over $130 million in antidumping duties in 2003. Of these uncollected duties, over $100 million relate to Chinese imports. There have been reports that these uncollected duties reflect active efforts by Chinese parties and their U.S. affiliates to avoid paying U.S. antidumping duties by, among other things, quickly importing large amounts of goods, then filing for bankruptcy to avoid liability for duties and engaging in other fraudulent conduct.

Answer. We don't know if these were fraudulent situations. However, in these situations it is important to determine timely that an anti-dumping or countervailing duty case is a factor in the importation. When it is, adequate bond coverage should be required based on the findings that anti-dumping and countervailing duties are warranted. In addition, the bond amount should not be limited to the preliminary determination rate, but at least set at 100 percent of the value of the commodity involved on an entry by entry basis. This would resolve under collection situations in the major portion of cases where preliminary determination rates were understated and bond amounts were set accordingly. In the event that an importer goes out of business or bankrupt, then the bond amount would be sufficient in most cases (at least where the final determination rate by DOC is not greater than 100 percent of the value of the imported merchandise).

Question. Has CBP seen evidence of such conduct with respect to importations from China of goods subject to antidumping duty orders?

Answer. On a case-by-case basis, there appears to be instances where importers of Chinese merchandise bring in a large volume subject to anti-dumping duties and file bankruptcy prior to CBP's collection of the full assessment of these duties.

Question. Is there evidence of an organized effort by China, Chinese parties, affiliated U.S. parties and/or their representatives to avoid these duties? Could you provide such evidence?

Answer. No, CBP has no evidence of a Chinese conspiracy in this area.

Question. Please explain the various means by which these parties are avoiding the payment of import duties. Please quantify the extent to which these means contribute to CBP's inability to collect duties in specific Chinese antidumping duty cases.

Answer. We know that bills have been issued to some importers who filed for bankruptcy, therefore forcing us to collect outstanding debt from the surety. This has caused financial problems for some surety companies, which have then been forced into bankruptcy. Part of the work being done within CBP includes the identification of the areas of concern and then the quantification of these areas to prioritize them.

Question. To what extent does the ability of importers to post bonds on imports by "new shippers" from China contribute to the ability of Chinese parties and their U.S. affiliates to avoid paying antidumping duties?

Answer. The "new shipper" designation allows for a deferral of payment of potential AD/CVD if the party is indeed a new shipper.

Question. Does CBP have evidence that these parties are fraudulently obtaining new shipper bonds? Please explain.

Answer. CBP has no evidence that these parties are fraudulently obtaining "new shipper bonds". There is no "new shipper bond", just the Customs Bond. "New shipper" is a status that certain parties can claim, which is issued by Commerce.

Question. Are there steps that CBP has taken or can take to alert bonding companies to the potential financial risks posed by Chinese "new shippers" and their U.S. affiliates?

Answer. No. Companies are granted bonding authority by the Department of Treasury. The normal business process involving importation has sureties bonding the importer of a record's entry transactions based on possible duties, taxes and fees involved, and other regulatory reasons that require an entry bond. When a preliminary determination is published in the Federal Register, the public is advised, and bond coverage is administered accordingly by CBP. This public information and other information that a surety can require (including the financial ability of the importer of record to pay their duties, taxes and fees) should be sufficient.

Question. Current law permits importers of goods from "new shippers" to pay deposits of estimated dumping duties by posting bonds, rather than making cash deposits, as occurs in most other cases. A longstanding agreement between the Department of Commerce and CBP requires that such bonds be in the form of single entry bonds ("SEBs"). In recent years there have been frequent reports that, notwithstanding its agreement with the Department of Commerce, CBP has not been obtaining SEBs for "new shipper" imports and in other required instances.

To what extent does the amount of uncollected duties shown in the 2003 CDSOA report reflect CBP's failure to obtain required SEBs? For each antidumping duty case for which there were uncollected duties in fiscal year 2003, please quantify the extent to which CBP's inability to collect duties was attributable to a lack of requisite SEBs or other deficiencies in bonding.

Answer. Extensive research will be required to provide a response to this question in consultation with the Committee.

Question. The CDSOA report for 2003 reports that there is over $283 million in antidumping duty-related bonds in individual antidumping duty clearing accounts for unliquidated entries. To what extent are these bonds the required SEBs as opposed to standard continuous bonds? To the extent that these bonds are not the required SEBs, what, if anything, can CBP do to require SEBs for these amounts?

Answer. CBP cannot determine which amounts are covered by SEB vs. continuous bonds. CBP lacks authority to obtain retroactive SEBs.

Question. Please detail the steps being undertaken by CBP and the Department of Commerce to require SEBs on all import entries for which they are required? Please confirm that SEBs are being obtained in all cases in which they are required and explain how CBP has verified this conclusion. If SEBs are not being obtained in all required cases, please explain why not and explain what CBP is doing to address the problem.

Answer. DOC may also allow bonding in AD/CVD cases other than new shipper reviews. In accordance with T.D. 85–145, CBP requires single-entry bonds in instances where bonding is permitted and the deposit rate is 5 percent or greater. Policy reminders have been issued to all field locations and importers of their responsibility to secure a single-entry bond in these instances to cover AD/CVD duties.

ACS (Automated Commercial System) has the capability to track the existence of only one type of bond. The majority of importers have continuous bonds to cover normal imports. CBP instituted a policy in October 2003 that requires additional bond reporting requirements to track single-entry bonds electronically. CBP monitors this requirement on a monthly basis.

Question. Please explain how domestic producers can confirm that imports of competing goods subject to antidumping duty orders are secured by required cash deposits or SEBs. Who are the points of contact at CBP on this issue?

Answer. Domestic producers cannot confirm this information. This information is contained on CBP entry documents. CBP has long considered information on entry documents exempt from disclosure pursuant to 5 U.S.C. 552(b)(4). Furthermore, the Trade Secrets Act (18 U.S.C. 1904) prohibits Federal employees from disclosing such information and imposes personal sanctions on employees who do so.

Question. Is there any way of advising when bonds are issued and how they can be tracked from the point of issuance? What percent of bonds are collectable? Why is it that in cases involving critical circumstances, a very small portion is collectible? Is the problem one of administration between the Commerce Department and Customs? Could an importer be held liable if the exporter refuses to pay?

Answer. There is no way of advising when bonds are issued and tracking them from the point of issuance. Data is not currently available to determine what per-

cent of bonds are collectable. In the cases involving critical circumstances, a very small portion is collectible because the bonds are issued at the time the goods are released, based on the amount of duties/taxes/fees assessed when the goods are released. CBP does not have the legal authority to demand an increase in a bond retroactively (after the release of the goods), which, in critical circumstances is when CBP becomes aware of the fact that a higher bond amount is needed. CBP is working on legislative initiatives, which may include a statutory change that would allow us to demand a higher bond retroactively. The importer is always held liable for payment of duties/taxes/fees.

Question. Finally, if there is a serious problem in cases where bonds are permitted, wouldn't a logical solution be simply to require cash deposits—at least in all new shipper reviews?

Answer. The Department of Commerce has jurisdiction in this matter and can best address it.

Question. Explain and quantify the budgetary, manpower, technical and other impacts on CBP of administering the bonding option for imports from new shippers under antidumping duty orders.

Answer. While CBP is unable to quantify the manpower impact of administering the bonding option for imports from new shippers under anti-dumping orders, our inability to require the bonds post release hinders our collection efforts drastically. If a party claims new shipper status, then the determination is made at a later date that the party actually was not eligible for new shipper status. CBP has no legal authority to retroactively require a bond for those entries that were released (and bonded) under the benefits of new shipper status.

Question. On December 4, 2003, the White House Office of Communications issued "The President's Determination on Steel," which stated that President Bush "is committed to America's steel workers and to the health of our steel industry." It also stated that, "[s]teel import licensing, established when the safeguard measures were imposed, will continue to provide WTO-consistent data collection and monitoring of steel imports. This will enable the Administration to quickly respond to future import surges that could unfairly damage the industry."

The President's Proclamation of the same date similarly stated that "the licensing and monitoring of imports of certain steel products remains in effect and shall not terminate until the earlier of March 21, 2005, or such time as the Secretary of Commerce establishes a replacement program."

Secretary Evans made several comments to the media on December 4, 2003, regarding the Administration's commitment to the U.S. steel import monitoring and licensing system and indicated that it would be expanded to include steel products that were not subject to 201 tariffs and quotas. I want to be certain that the Administration remains fully committed to this effort.

Could you please advise me as to whether the Administration has a plan to expedite the adoption of the new, expanded program?

Answer. In the President's Proclamation, the President stated that "the licensing and monitoring of imports of certain steel products remains in effect and shall not terminate until the earlier of March 21, 2005, or such time as the Secretary of Commerce establishes a replacement program." The President has clearly assigned the authority to establish a replacement program with the Secretary of Commerce and therefore Customs and Border Protection (CBP) is not in a position to offer comments on the Secretary's plans to expedite the adoption of the new, expanded program. As the licensing system was established in March 2003, CBP's role in the system consists solely of the collection of the licenses that have been issued by the Department of Commerce. All other implementation and monitoring responsibilities lie with the Department of Commerce.

Question. Could you also please advise me of when the Administration intends to request public comment with respect to its new import monitoring and licensing system?

Answer. The responsibility of the licensing system lies with the Department of Commerce; CBP is not in a position to respond as to when the Department of Commerce intends to request public comment with respect to its new import monitoring and licensing system.

Question. When would you estimate that it will be up and running?

Answer. CBP is not in a position to estimate when the Department of Commerce will implement the new import monitoring and licensing system. CBP is committed to taking the necessary steps to implement programming and operational changes needed to successfully enforce the licensing program once the Department of Commerce has established it.

Question. What assurances can you provide that the system will be operational by that date?

Answer. CBP will defer to the Secretary of Commerce on the timelines for implementation of the new licensing and monitoring system.

Question. The U.S. domestic steel industry and CBP have maintained a mutually beneficial partnership since the mid-1960's. The keystone of the Customs-Steel Partnership is a program of seminars and meetings where experts from the U.S. steel industry train Customs officials in the important aspects of steel identification, classification, trade law, and commercial issues. The program also provides steel mill tours, reference books, videos, sample kits, and other work tools for Customs officials. Customs brokers, invited to the meetings at Customs' request, serve as the link between importers. Customs also derives significant benefits from the seminars.

When the President ended the Section 201 remedies for steel more than a year before originally scheduled, he promised to continue to focus on steel licensing, import monitoring, and the enforcement of our trade laws. The Customs training program provides significant enforcement education to this end. Congress appropriated $1.25 million to fund the Customs Steel Partnership training programs in fiscal year 2003 and fiscal year 2004. We would like to see the same level of effort in Customs training during the coming fiscal year and want to work with the Administration to secure an appropriation of $500,000 for fiscal year 2005.

Will the Administration support the continuation of funding for this vital program as part of the Homeland Security appropriation in the amount of $500,000 for fiscal year 2005?

Answer. The funding is provided as part of the Homeland Security appropriations for fiscal year 2003 to enhance CBP's ability to train and enforce steel trade laws was a key component in the agency's ability to administer and enforce the Steel 201 Proclamation. The President's fiscal year 2005 Budget for CBP addresses the organization's highest priorities.

Question. Can CBP confirm the view expressed by many Customs officials involved in the Customs Steel Partnership, that its benefits are considerable? So much so that it and the Customs Steel Partnership Training Program in particular serve as a model for the establishment of other Industry/Customs Partnerships?

Answer. CBP can confirm that the Customs Steel Partnership Training Program provided benefits to CBP as well as the importing community. The training sessions continue to include Customs Brokers, importers and exporters. While the Customs Steel Partnership has allowed CBP to expand the size of the audience to be trained, there may perhaps be a more efficient manner in which to fund and/or administer the funding for said Customs Steel Partnership Training Program. Due to the complicated procurement and budget procedures under which CBP operates, it may be more beneficial for all parties involved if there is direct funding provided by the Steel Industry. CBP could continue the partnership with the Steel Industry, as we have since the mid-1960's, but perhaps there is a more mutually beneficial avenue in which to continue and enhance said partnership.

Question. Concerns exist about the adequacy of existing practices surrounding the enforcement of the U.S. antidumping duty law against imports from non-market economies, but particularly China. With the extraordinary trade deficit that the United States is running with China, can you provide details of what changes in the enforcement of the U.S. dumping law are being considered for non-market economy cases and when the agency will be implementing such changes?

Answer. This would be best addressed by the Department of Commerce.

Question. Last year, the Department of the Treasury's Office of the Inspector General completed an audit of CBP compliance with the Continued Dumping and Subsidy Offset Act (CDSOA). The OIG's report, which was issued in August 2003, by the DHS IG, found a number of areas in which CBP could improve its management of this program. Specifically, it noted the need to (1) properly establish special accounts, and (2) pay claimants within 60 days after the end of the fiscal year. In addition, the OIG stated that CBP had not instituted standard operating procedures and adequate internal controls for the management of the CDSOA program. CBP said it had established a CDSOA working group to address both the recommendations and management considerations identified by the OIG.

What has the working group done to address the recommendations and management considerations identified by the OIG? Has it established special accounts? Are claimants paid within 60 days of the end of the year? Are checks sent to proper addresses? Who is responsible for preparing and sending the checks on time?

Answer. The working group recommended, and the Deputy Commissioner approved, the consolidation of responsibility for most of the program with the Office of Finance, National Finance Center (NFC). Once this was done, procedures and controls could be strengthened. This included the establishment of crosschecks to identify problems such as the overpayments reported by the OIG.

Timely liquidation of entries and validation of claimants' costs and production were not transferred to OF–NFC.

Special accounts were established at the beginning of the program and remain in place and properly utilized. However, due to current system limitations, CBP must make manual adjustments to the balances in these accounts to determine the actual amounts available for disbursement. This limitation will exist until full implementation of the new Automated Commercial Environment (ACE) system.

Question. How much was spent in fiscal years 2002–2004 to administer the program? What is the estimated cost for fiscal year 2005?

Answer. All disbursements for 2003, which were not restricted by pending litigation, were processed within the allotted time. We expect to meet the time requirements for 2004 and future years.

Checks are sent to the addresses on the claims submitted to us. If the claimants or their attorney inadvertently include the wrong address, we have no way of knowing that.

The Office of Finance, National Finance Center processes the disbursements. The actual checks are issued by Treasury's Financial Management Service based on NFC certifications.

Actual costs for administering the program were not separately collected for fiscal year 2002–2004, but are estimated to have increased from approximately $500,000 in the first year to approximately $1.2 million for 2004, and to an estimated $1.8 million for 2005. The increase year by year is due to the increased complexity and size of the program.

Question. What mechanisms are being used currently to ensure that, when Commerce issues liquidation instructions to Customs, the liquidations are timely made? There have been reports of numerous cases recently involving Customs' failure to liquidate timely and, as a result, the agency fails to collect duties lawfully owed.

Answer. CBP meets biweekly with Commerce concerning operational issues related to dumping. These meetings address issues that include the mechanisms and procedures by which liquidation instructions are transmitted by Commerce to CBP.

An inventory of all unliquidated entries is created on a regular basis and these entries are compared to liquidation instructions that CBP has received from Commerce. Instances identified by CBP where entries are being held but for which specific liquidation instructions do not appear to have been issued are provided to Commerce for their research and action.

Question. What mechanisms are being used currently to ensure that, when bills are sent to importers, they are paid? The trade community hears, unfortunately, that in many instances there is little or no follow-up by Customs on outstanding bills. Even if single entry bonds are required by Customs and proper proof of their existence is received by Customs, it is still important that the bills be collected because it is the importers who are required to pay, and if Customs merely expects to collect from bonding companies, two things result: (a) the amount of duties collected may be severely less than what is actually due and (b) the bonding companies may themselves be unable to pay if their exposure goes beyond their risk planning.

Answer. CBP takes the following actions to collect delinquent bills from importers:

—Monthly bills are issued and interest is assessed against an importer of record on unpaid billed amounts;

—Refunds scheduled for payment to an importer of record are offset against open delinquent bills owed by that importer;

—Sanctions are administered against an importer of record, that require payment of duties on merchandise currently being imported before the release of merchandise into the commerce of the U.S. permitted;

—Formal demand for payment notices are issued and collection litigation actions are taken against any surety with a bond contract covering respective delinquent duty liability amounts; and

—Litigation actions are taken against delinquent importers of record on any amounts remaining unpaid.

NOTICE AND PROTEST PROCESS

Bills issued to importers of record are not delinquent until protest period authorized by law has expired or an applicable protest has been denied. Throughout the collection process, monthly bills are issued to the importer of record and in addition a formal office of any billed amount covered by surety bonds that remain unpaid are issued to the applicable surety. The importer of record can legally challenge their bill, thus aggressive collection efforts do not commence at this stage of the process until at least 90 days from the respective entry liquidation date has passed (19 USC 1541). If protest is filed, no aggressive collection action is taken until a

final resolution of the protest. A surety may also file protest. On average, 45 percent of duty bills issued are protested. Interest charges are assessed throughout the billing process.

AGGRESSIVE COLLECTION AGAINST DELINQUENT ACCOUNTS

When protest is filed, in addition to regular monthly billing notices, dunning letters are sent to the importer of record demanding payment. When a protest is not filed or denied, additional dunning letters are sent to the applicable surety with appropriate background documents (CF 7501 (formal entry), liquidation worksheets, etc.) as a follow up to the monthly Formal Demand on Surety for Payment of Delinquent Bills (612 Report). During any period of delinquency, refunds payable to an importer of record are used to offset the delinquent debt they owe. Importers with delinquent bills are sanctioned, and accordingly must pay duties owed on current imports before the release of merchandise into the commerce of the United States is permitted. A surety bond serves as an additional security in the event that an importer goes out of business, files for bankruptcy or otherwise fails to timely a pay delinquent amount owed.

JOINT CUSTOMS AND BORDER PROTECTION AND IMMIGRATION AND CUSTOMS ENFORCEMENT

OVERSEAS OPERATIONS INTEGRATION

Question. I have heard various reports of how the division of labor of formerly independent components now merged into DHS is working. While the melding of functions is proceeding apace stateside, the same personnel have no clear guidance as to how they are to operate overseas. Who is in charge of your agencies overseas? Does it vary from country to country? Does it make sense to have international affairs offices in both agencies? Do the operational and informational stovepipes, currently being eliminated here at home, still exist overseas? If so, what steps are each of you taking to eliminate them?

Answer. The Office of the Secretary has initiated a detailed review of the role of DHS overseas, including the management structure that best advances the full range of the international liaison, enforcement, inspection and services missions of DHS.

UNMANNED AERIAL VEHICLES

Question. The CBP budget includes a request of $10 million for testing and development of a UAV program. At the same time, I understand that ICE has been using its own funds to test the possible deployment of a series of UAVs along the Northern and Southern Borders to provide real time intelligence to inspectors and agents in the performance of their duties. What are the unique needs of each agency that would necessitate the need for development of two separate UAV programs?

Answer. The Coast Guard operates primarily in the maritime domain along the coast and well offshore; the Border Patrol operates close to the border, between the ports of entry both in the maritime and terrestrial domain, but primarily in the terrestrial domain; and AMO operates in both areas but has additional requirements (e.g., airspace security) within internal airspace. Some overlap in geographical and mission requirements exits, and DHS is working to minimize those. All operations that support border security require a detection capability, and because of the operating environment, the platforms that provide that detection capability may need to be different in order to best meet the mission requirements. Therefore it makes sense that each component, as well as Science and Technology, be involved in the testing of UAVs.

Question. How do these programs relate to one another and would not the Department's interests be best served by a joint program or one program which would meet the needs of both agencies (as well as potentially other DHS entities)?

Answer. BTS and the Science and Technology (S&T) Directorates co-chair the working group that coordinate each components plans regarding use and testing of UAVs. Through the Joint Requirements Council (JRC) the Aviation Management Council, and the UAV Executive Steering Committee in conjunction with the UAV working group, the Department will ensure that UAVs will be tested, deployed and eventually procured in a way that meets the needs of the Department jointly. The UAV working group is currently participating in an analysis of alternatives (AoA) for aerial surveillance needs within BTS. Once this report is complete we will begin a process to establish a DHS-wide concept of operations (CONOP). The CONOP will identify unique needs and ensure that redundancy and overlaps are minimal and that systems procured and deployed on behalf of the DHS are interoperable. At the

conclusion of the AoA, DHS will also determine the need for UAVs as a permanent asset for its components. It is likely that UAVs could support other current and emerging sensing technologies to monitor the U.S. borders between ports of entry, and their acquisition will be considered and evaluated in terms of cost and performance in view of all the other alternative contemplated.

The data and results obtained in the component-specific deployments and feasibility studies will be shared within BTS, and the U.S. Coast Guard. The evaluations and tests already conducted by ICE/AMO the U.S. Coast Guard have been shared within the context of the working groups.

Question. If not, please explain in detail how the Department can justify development of separate programs given limited resources.

Answer. A coordinated effort for UAV development and testing is being addressed within the Department of Homeland Security.

TETHERED AEROSTATS

Question. What is the value of the aerostat system to the DHS interdiction and border security mandate?

Answer. At the lower altitudes in which many suspect aircraft operate, the Tethered Aerostat Radar System (TARS) is the main source of data, which the AMO uses to sort targets and determine operational responses. The Tethered Aerostat Radar System (TARS) for Border and Transportation Security (BTS) is a critical component in the interdiction of illicit air traffickers as well as our border security system. It is the only fixed system that provides low-level radar coverage (100–500 feet above ground level) of air targets with altitude, speed, heading, and Identifier Friend or Foe (electronic transponder) capability. The system also provides a platform for radio relay equipment. Without TARS, radar coverage along the southern border of the United States and Puerto Rico is severely diminished. Also, modified TARS are able to provide surveillance of maritime targets in coastal regions and limited land targets. The sea and land capabilities of the system are not being employed.

Today, nearly all of our joint air interdiction efforts in Northern Mexico are directly attributable to TARS. When TARS coverage is not available, BTS (ICE AMO) must rely upon scarce and much more expensive systems in an attempt to fill the resultant surveillance gaps. Currently, the alternative is to use our airborne early warning (AEW) aircraft (low density/high demand and high cost assets). AEW costs can be 6–14 times higher than the cost per hour of TARS coverage and their availability is limited since they are tasked with missions in the source and transit zones, in addition to other homeland security flights.

Question. Has there been an impact from the non-operational status of the Lajas, PR TARS? If so, what are the impacts from the loss of Lajas TARS?

Answer. Prior to the shutting down of the Lajas, PR, TARS site, the vast majority of suspect air tracks avoided approaching or attempting to land or over fly the land mass of Puerto Rico, opting instead to transit to Hispaniola to the west and the Virgin Islands to the east.

Since Lajas was the primary tracking sensor for this area, the impact of the loss of its information is difficult to assess. However, until the site returns to operational status, AMO will continue to monitor the changing threat picture through the use of limited tracking information from FAA radar, intelligence assessments, and post-seizure analysis of interdictions.

Question. Should this TARS remain in non-operational status, what are the prospects for future drug interdiction efforts in Puerto Rico and the Caribbean? Are there other locations where the aerostats had existed and were removed (i.e. The Bahamas)? What was the impact to drug interdiction resulting from the removal of those assets?

Answer. The system's greatest potential would be achieved as a series of TARS sites linked to form a continuous radar detection blanket that reaches 150 miles beyond the U.S. border. Maintaining a complete "radar fence" is imperative for several reasons.

—An effective surveillance system of this type serves multiple national objectives including:
  —Homeland Security—counter illicit traffickers (air, land and sea) and unauthorized border incursions
  —Air sovereignty/Advanced Airborne Early Warning
  —Air Traffic Control, flight safety
—The U.S. Interdiction Coordinator reports:
  —Suspicious air tracks in the CENTAM corridor increased from 50 to 200 in 2003

—Air seizures increased ten-fold in 2003 over the 10-year average
—Maritime successes have forced drug traffickers to alter their methods to air routes.
—The illicit trafficking and unauthorized border incursion threat vectors continually change. Therefore, we need a system that is effective against all threat vectors.

Question. There has been some discussion regarding the possible transfer of the aerostat systems from the Defense to Homeland Security departments. Though DOD is the owner of these assets, I understand that DHS is the primary consumer of the intelligence they collect. Do you feel that the Defense Department has adequately considered the needs of DHS, or consulted with you, regarding the continued operation of these aerostats? What is the Department's position on such a future transfer of responsibility of these TARS systems?

Answer. DHS believes that this critical system supports homeland security and provides a critical detection and monitoring capability. That mission is a DOD responsibility. Operation of TARS should remain in DOD.

CROSS-TRAINING

Question. Representatives of the Department of Homeland Security Council (the union comprised of legacy INS employees) reported at a press conference on March 3 that no more than 5 percent of Immigration and Customs enforcement personnel have received cross-training. When does DHS expect to complete cross-training of all existing personnel? What percentage of all needed cross-training is funded in the President's fiscal year 2005 budget proposal?

Answer. OI conducted a manual survey the last week of March 2004. At that time 830 Special Agents had completed the cross-training. This accounts for 19 percent of the 4,463 agents targeted for cross-training in this fiscal year. The Automated Class Management System is expected to be on-line shortly. At that time, training statistics will be more readily available.

OI has established a target to complete the cross-training for all non-supervisory Special Agents GS–05 through GS–13 by the end of fiscal year 2004. This cross-training will be accomplished using a train-the-trainer format with initial training being conducted at the Federal Law Enforcement Training Center (FLETC).

Cross-training beyond this priority group will be completed in fiscal year 2005 and will be funded out of base dollars.

PAY DISPARITY

Question. A pay disparity of a full grade exists between Immigration Special Agents (GS–12) and Customs Special Agents (GS–13). It appears that the new regulations proposed by the Administration would hide this disparity within a pay scale, rather than addressing it directly. Is this correct? If so, what impact is this disparity having on morale within ICE

Answer. Issues regarding ICE Criminal Investigator pay parity have been resolved. Over the last year, we gave careful thought to the many variables involved in this matter prior to integrating the new duties of the national security and counter-terrorism mission with the legacy Customs and INS duties. During this time, we submitted proposals to resolve the issues related to this integration to a sample of the CI population and higher level ICE and DHS management to give this sensitive matter the care and consideration it deserved, all of which took time. All ICE CIs will be assigned to the new position descriptions. Employees will be either reassigned at their current grade level or promoted if all eligibility requirements are met with an effective date of May 2, 2004. We believe this action will enhance ICE's ability to fulfill its mission, which in turn can improve morale, productivity and, ultimately, performance of crucial work in national security and terrorism investigations. Based upon this action, all ICE CIs will be similarly situated once the new HR system is finalized and implemented.

ASSET FORFEITURE FUND

Question. Many of the programs now under the purview of ICE were enhanced by a productive working relationship with the Treasury Forfeiture Fund. This working relationship still exists today. Typically, the agencies that contributed to the fund were able to draw on the same funds to increase mission capabilities in many areas. This process worked well.

I understand, however, that there are plans to cede control of this Fund to the Department of Justice. Are you concerned about losing access to the asset forfeiture fund? What impact would it have on your investigations if your agency were not able to have access to the resources that you have, in fact, contributed to the Fund?

Answer. As you note, the Administration has proposed to consolidation of the Government's Asset Forfeiture Funds within the Department of Justice. Consolidating operation of these funds offers enormous opportunities for efficiency gains and reductions to overhead costs.

If the consolidation proposal is approved by the Congress, DHS will work with the Department of Justice to ensure that its proceeds from the fund are maintained and disbursed appropriately. The Department does not expect the proposed consolidation of the funds and their administration to affect the availability of fund balances or its future proceeds.

Question. Is consideration being given to creating a separate/new Department of Homeland Security Asset Forfeiture Fund to which all DHS components would contribute and have access?

Answer. The Administration has proposed to consolidate the government's Asset Forfeiture Funds at the Department of Justice. There is no current Administration proposal to establish a Department of Homeland Security Asset Forfeiture Fund.

IMMIGRATION AND CUSTOMS ENFORCEMENT

WORKSITE ENFORCEMENT

Question. In its 1997 Executive Summary, the U.S. Commission on Immigration Reform found that "reducing the employment magnet is the lynchpin of a comprehensive strategy to deter unlawful migration." Despite this fact, worksite enforcement has been last on the list of enforcement priorities. According to a Jan. 11, 2004 article published in the San Diego Union-Tribune, arrests of illegal aliens at worksites have dropped from 8,027 in 1992 to 1,254 in 2002, and the number of Notices of Intent to Fine has dropped from 1,063 to 13. The explanation for this drop in enforcement, according to Joe Greene, deputy assistant director of ICE, is that employer sanctions don't work and that they "didn't seem to be making a dent in changing the practices of employers." Does Mr. Greene's statement represent the official policy of the Bush Administration?

Answer. Since September 11, 2001, ICE's worksite enforcement role has gone beyond that of merely reducing the job magnet. It has become a matter of national security. As a measure of its role in national security, the ICE Headquarters Worksite Enforcement Unit (now called the Critical Infrastructure Protection unit) has been aligned under the National Security Division. In the interest of national security, ICE is increasing its worksite enforcement efforts and has instructed its field offices to focus their worksite enforcement investigations on Businesses of National Interest (BNI). ICE defines a BNI as a private or public entity that provides goods or services vital to our national security and economy, or whose infiltration would pose a serious threat to our domestic security.

Question. Your proposed $23 million increase is just a drop in the bucket. Do you believe that the failure to make worksite enforcement a more important priority is one of the reasons that there are between 8 and 11 million aliens illegally present in the United States today? Please provide a list of the number of worksite enforcement actions undertaken each year between 1999–2003.

Answer. There are numerous overlapping factors contributing to the Nation's illegal immigration problem. Worksite enforcement is just one of the immigration enforcement programs that ICE administers. Statistics show that ICE initiated more worksite enforcement/critical infrastructure protection cases during fiscal years 2002 and 2003 than there were in fiscal years 1999 and 2000.

	Fiscal year				
	1999	2000	2001	2002	2003
Cases initiated	2,834	1,766	856	3,428	1,547

BENCHMARKS

Question. The ICE budget requests increases for the detention and removal and institutional removal programs. What benchmarks does the agency use to determine the specific benefits which will be achieved through these increases? What performance measures are used to determine the effectiveness of these programs?

Answer. DRO is currently developing a new performance measure to demonstrate the expected outcome of improved IRP management. This measure shows the percentage of IRP removals that had received a final order of removal prior to the completion of the criminal sentences and prior to release into DRO custody. In numer-

ical terms it will be expressed as: number of cases with pre-release final orders/total number of IRP removals.

Reaching 100 percent on this measure would mean that DRO does not have to expend detention resources on IRP cases that are still awaiting a decision from an immigration judge. All IRP cases would already have a removal order when they complete their criminal sentence, and they would only need to be detained by DRO for the time that it would take to arrange and conduct the removal. This would mean a much more efficient use of resources. Because this measure has not been used before, it will be baselined at the end of fiscal year 2004.

Canine Teams Last week, as part of his rail and transit security initiative, Secretary Ridge said that the Department will develop a rapid deployment Mass Transit K–9 program by using existing Homeland Security explosive K–9 resources, including those of the Federal Protective Service.

Once again, it appears that the Department is robbing Peter to pay Paul. It appears that the Department will be pulling K–9 teams away from airports and the protection of Federal buildings and using them for mass transit, thus degrading security in one transportation mode to begin beefing up security in another mode. By refusing to seek additional funds to address this very real threat it truly calls into question the seriousness of this Administration in its effort to secure the homeland.

Question. Does the initiative announced last week mean that you will be pulling existing K–9 teams away from protecting Federal buildings or from airports to use them for rail and mass transit security?

Answer. In support of Department of Homeland Security (DHS) efforts to strengthen rail and transit security, the Federal Protective Service was tasked to develop a plan for ensuring the availability of Explosive Detector Dog (EDD) support, if and when required. The intent of the initiative is to be ready to surge EDDs to an area needing heightened security if that becomes necessary. The law enforcement elements of the DHS have established EDD capability in support of their primary missions. Most of these elements maintain existing cooperative relationships with the state, local, and transit authorities within their local jurisdictions whereby they participate in joint training exercises, share information, and respond to requests for support and assistance on an ad hoc basis. The plan for the EDD–RDF builds upon these existing relationships and expands it to ensure that DHS EDD support is available to all jurisdictions across the Nation. The mission of the EDD–RDF will be to provide expanded capability to mass-transit systems within the United States by assisting State, local, and transit authorities in the event of an increased threat situation. The EDD–RDF is designed to enhance security and explosive detection capabilities, as well as to provide a strong psychological deterrence to terrorist activities. The RDF consists of existing DHS EDD assets, and will be available 24-hours a day, 7-days a week. The EDD teams should be able to deploy to any location within the United States within 24 hours. Deployments will be based on specific intelligence developed within the DHS, response to specific requests for augmentation, or actual incidents.

LIMITED IMMIGRATION ENFORCEMENT RESOURCES

Question. Your budget request for fiscal year 2005 represents a more than 9 percent increase over the funding level provided by Congress for this year. While this is a step in the right direction, the fact remains that limited budget resources constrain you in the various types of activities your personnel can take to enforce existing immigration laws—much less implement a sweeping alien amnesty law such as the President has suggested. It calls into question the importance the Administration places on immigration enforcement.

I realize that your budget requests incremental increases in programs such as institutional removal, fugitive operations, alternatives to detention, worksite enforcement, compliance teams, and benefit fraud operations. But these increases are not sufficient.

I do not know what the budget resolution's topline discretionary spending level will be, nor do I know what allocation this Subcommittee will receive. However, if we were able to find additional resources for immigration enforcement, where would you suggest we provide additional funds?

Answer. The President's fiscal year 2005 Budget provides sufficient resources for immigration enforcement by more than doubling the number of worksite investigations currently performed by ICE.

CHIMERA

Question. The Enhanced Border Security and Visa Entry Reform Act requires all immigration databases to be made interoperable and, eventually, combined into the

Chimera data system, which is to include all known immigration, law enforcement, and intelligence data on aliens. What progress has been made thus far on creating the Chimera data system? What roles are ICE and DHS playing in this process? Which agency has the lead in ensuring that the Chimera system is created?

Answer. On the 28th of October 2002 the former Immigration and Naturalization Service published an informational document regarding a comprehensive information technology planning and infrastructure modernization program called "Atlas". That document was entitled the "Atlas Business Case" and provided a concise high-level view that demonstrated the INS' confidence in Atlas' strategic, technical, and financial merits. The business case reflected investment principles, emulation of industry best practices, and compliance with the Clinger-Cohen Act of 1996, as well as with other related legislative and government guidance.

Consistent with the urgencies of the Government's post-September 11 security agenda, the Atlas Business Case was subsequently socialized and promoted within the Department of Justice and sent to the Hill for budgetary consideration. It was understood that the Atlas Program would be the fundamental IT infrastructure foundation on which INS business applications would operate. In its business case, the former INS illustrated that the successful Atlas transformation strategy would hinge upon a robust IT infrastructure containing a secure, scalable backbone that would support all INS business processes. Atlas, it was shown, would also provide database interoperability at the infrastructure level and support data sharing at the applications level. From the beginning, the Atlas design strategy also supported emerging Department of Homeland Security (DHS) requirements. Unlike the previous environment, Atlas was proposed to reside within an integrated Enterprise Architecture (EA) that would harmonize the following:

—System hardware, including mainframes and servers
—Data services, including data and voice circuits
—Data communication equipment, including servers, switches, local area networks (LAN), wide area networks (WAN), routers, and cabling
—Computer security, information assurance activities and enterprise information. This, specifically, is the area that would later come to be identified as the focus area for the suggested Chimera project.
—Workstations, including personal computers and laptops and enterprise-wide software (i.e., office automation, e-mail, operating system, etc.)
—Operational support to maintain and operate the modernized IT infrastructure

Perhaps in contemplation of partitioning and re-tasking of the former INS and its resources, or perhaps in calculating the initial complexity and cost of implementing Atlas, a counter-suggestion was made in committee and transmitted back to the Department of Justice and the former INS that certain specific information security and assurance attributes of Atlas could be separately expedited and put into action under a new initiative tentatively labeled "Chimera".

However, other program initiatives under way at former INS and the new Department of Homeland Security were also addressing the same security concerns. In particular, the "US VISIT" program had pursued the same set of concerns and an active, high-precision approach for addressing critical information security and assurance requirements.

Because of the US VISIT Program's ongoing and comprehensive approach to information security and assurance requirements within the DHS sphere of immigration-related operations, Chimera has been suspended and is being revisited to determine its potential as a duplicative effort.

ALIEN REMOVALS

Question. Please compare criminal and non-criminal alien removals from 1990–2003.

Answer:

Removals: Criminal and Non-criminal

The following data were collected in the Deportable Alien Control System (DACS). These data include expedited removals. The criteria for categorizing criminal/non-criminal and the data system used to capture the data have been consistent since fiscal year 1993. Prior to fiscal year 1993 the criteria were slightly different. In addition, multiple data systems were used to collect the data and not all those data systems supported the 1993+ criteria (see separate table below).

Fiscal year	Total removals	Criminal removals	Non-criminal removals
1993	42,542	29,458	13,084

Fiscal year	Total removals	Criminal removals	Non-criminal removals
1994	45,674	32,512	13,162
1995	50,924	33,842	17,082
1996	69,680	38,015	31,665
1997	114,432	53,214	61,218
1998	173,146	60,965	112,181
1999	180,948	70,417	110,531
2000	186,056	72,114	113,942
2001	177,818	72,434	105,384
2002	150,237	71,636	78,601
2003	188,292	80,355	107,937

PRE-FISCAL YEAR 1993 STATISTICS ON CRIMINAL/NON-CRIMINAL REMOVALS

Fiscal year	Total removals	Criminal removals	Non-criminal removals
1990	30,039	8,971	21,068
1991	33,189	14,475	18,714
1992	43,671	20,098	23,573

ARREST AUTHORITY

Question. As part of the 1990 Immigration Act, Congress authorized general arrest authority for all immigration law enforcement officers. INS never developed regulations to implement this authority. Has DHS developed such regulations?

Answer. Yes, ICE issued a memo implementing general arrest authority for the ICE Office of Investigations and Detention and Removal in November 2003.

WORKSITE ENFORCEMENT

Question. The President's budget proposal would increase funding for worksite enforcement by $23 million. It also proposes the addition of 150 "work certification" positions—a position that does not currently exist. Does the inclusion of this additional funding mean that worksite enforcement will become a higher priority for ICE? What priority will DHS give the nationwide expansion of the workplace verification pilot programs, as passed by Congress late last year?

Answer. Enforcement efforts targeting companies that break the law and hire illegal workers will need to increase in order to ensure the integrity of the temporary worker system. President Bush's Fair and Secure Immigration Reform proposal provides for an enhanced worksite enforcement program, and the $23 million requested for fiscal year 2005 for worksite enforcement will allow ICE to enhance its worksite enforcement program and provide credible deterrence to the hiring of unauthorized workers. ICE worksite enforcement investigations generally involve a review of company employment records to verify the immigration status of workers and to determine if the employer has committed any violations. ICE special agents also conduct extensive outreach initiatives to educate employers as to their legal responsibilities.

Additionally, the Basic Pilot Program, an automated system administered by USCIS, enables employers to verify the immigration status of newly hired workers. It is currently available in six States but, we understand, will be available to employers in all 50 States by the end of this year. This is a voluntary program and is currently provided at no cost to employers. Information on the Basic Pilot Program is available to the public on the USCIS website.

Question. Does the President's budget proposal include sufficient funding to meet the December deadline for nationwide expansion of the pilots? Will the new "work certification" agents work exclusively to enforce employer sanctions? What increase in "Notices of Intent to Fine" can be expected from these 150 positions and the doubling of funding?

Answer. If the new special agent positions are funded and designated for the worksite enforcement program, it is anticipated that they will be used in that capacity. It is difficult at this point to project the increase in Notices of Intent to Fine that will be accomplished by the enhancements due to factors such as the rate at which the new personnel can be hired, trained and deployed. The budget enhancement will enable ICE to place additional emphasis on a traditional worksite enforcement program that offers credible deterrence to the hiring of unauthorized workers

while retaining its focus on a Critical Infrastructure Protection program that has produced national initiatives such as Operation Tarmac and Operation Glowworm.

Question. In May 1998, the Commissioner of the INS announced a new internal policy on workplace enforcement efforts. This policy required approval of a written "operation plan" by a District Director, a Regional Director, the Public Affairs Office, and the Community Relations Office before any worksite enforcement operation to arrest "one or more unauthorized aliens" could be undertaken. This policy was reiterated in a memo to field agents at least as recently as Feb. 13, 2002.

Is this policy still in place?

If so, isn't it unlikely that there will be any increase in worksite enforcement, considering the obstacles set up by this policy?

If not, what is the current policy?

Answer. No, the old policy is no longer in place. Current policy, which went into effect on July 24, 2003, states that a Special Agent in Charge (SAC) may approve a Worksite Enforcement Operation Plan that targets a Business of National Interest (BNI). A SAC may, at his or her discretion, delegate this authority to an Associate Special Agent in Charge, or Acting. The Chief of the Headquarters Critical Infrastructure Protection unit must approve any worksite enforcement investigation or enforcement operation that targets an employer or entity that is not a BNI.

Question. Has someone within DHS been tasked with the job of reviewing all old policies and recommending changes to those that actually deter enforcement?

Answer. Old policies are reviewed to assure they contribute to enhancing enforcement rather than hindering it

Question. The State Criminal Alien Assistance Program provides reimbursement to States for the costs of incarcerating alien murderers, rapists, child molesters, drug smugglers and other criminal aliens. The President's budget proposal eliminates all funding for SCAAP.

Is DHS proposing an alternative to States incarcerating these criminal aliens or does it expect the costs of incarcerating criminal aliens to drop dramatically in the next year? And if so, on what basis?

Answer. For fiscal year 2005, the Administration proposes significant investments in border control and immigration enforcement efforts. For U.S. Customs and Border Protection (CBP), the President proposes in enhance Border Patrol Surveillance and Sensor Technology by $64 million for the continued expansion of the Remote Video System along the southern and northern borders thereby increasing the effectiveness of Border Patrol Agents. The expanded system will provide for significantly enhanced detection and monitoring capability between the ports of entry and increase officer safety. In addition, the fiscal year 2005 Budget seeks $10 million to develop, procure, deploy, and operate a system of unmanned aerial vehicles to support the Border Patrol and other components of CBP.

In addition, the fiscal year 2005 President's Budget proposes enhancements for numerous immigration enforcement efforts of the U.S. Immigration and Customs Enforcement. Funds sought will support enhanced compliance teams, detention and removal efforts, and international enforcement efforts related to immigration and visa security. These efforts will enhance our border security and bolster our ability to enforce our Nation's immigration laws.

INVESTIGATIVE EMPHASIS

Question. One area of concern that legacy immigration personnel have is whether Customs personnel and issues are dominating the immigration side of the equation in the Bureau of Immigration and Customs Enforcement, so that enforcement of immigration laws is given lower priority than enforcement of customs laws.

What is the number of ICE Special Agents in Charge who are "legacy Customs" personnel? What is the number of ICE Special Agents in Charge who are "legacy INS" personnel?

Answer. As of April 27, 2004, there are 27 SAC offices. Assignments are as follows:

—16 have "legacy Customs" personnel permanently assigned as SACs.

—3 have "legacy INS" personnel permanently assigned as SACs.

—Of the 8 remaining, the acting supervisors are: 7 "legacy Customs" and 1 "legacy INS".

—Permanent selections in progress: 2 have "legacy Customs" selectees and 1 has a "legacy INS" selectee.

Question. What is the number of ICE Senior Executive Service (SES) positions in the Investigations program occupied/encumbered by "legacy Customs" personnel? What is the number of ICE Senior Executive Service (SES) positions in the Investigations program occupied/encumbered by "legacy INS" personnel?

Answer. There are 22 SES positions in the Office of Investigations. Seventeen (17) are filled with "legacy Customs" personnel and 5 are filled with "legacy INS" personnel.

Question. What is the number of ICE GS–15 supervisory positions in the Investigations program occupied/encumbered by "legacy Customs?" What is the number of ICE GS–15 supervisory positions in the Investigations program occupied/encumbered by "legacy INS?"

Answer. As of April 27, 2004, there were 68 GS–1811–15s in the Office of Investigations, 52 of which are "legacy Customs" and 16 are "legacy INS".

Question. What is the number of ICE HQ component or division chief positions in the Investigations program occupied/encumbered by "legacy Customs?" What is the number of ICE HQ component or division chief positions in the Investigations program occupied/encumbered by "legacy INS?"

Answer. There are 5 divisions at Headquarters in the Office of Investigations. Three of those divisions are headed by "legacy Customs" personnel and 2 are headed by "legacy INS" personnel.

Question. Some have indicated that "legacy Customs" personnel, particularly in managerial positions, have not diligently attended to their duty to enforce immigration provisions now under the ICE mandate, essentially treating customs as more important than immigration enforcement. What steps are being taken to ensure that former Customs personnel do not neglect their duty to enforce immigration laws?

Answer. In ICE, legacy INS and Customs investigators are being cross-trained to maximize law enforcement authorities and capabilities. This force multiplier is intended to expand the capability of our newly shared authorities in the area of investigations and intelligence. Each individual ICE agent has a responsibility to utilize all of the tools in his/her collective INS and Customs enforcement arsenal to identify, investigate, prevent and deter criminals or terrorists from exploiting vulnerabilities as a means of harming our country.

Question. What is the number of 1801-series Detention & Removal Officers in ICE? Whereas the 1801s are responsible for carrying out the administrative enforcement and removal provisions of the immigration code, how are they distributed nationwide? How are they empowered to do their duty more effectively and efficiently using technology and in coordination and cooperation with State and local law enforcement? Answer:

District	Deportation Officer	Immigration Enforcement Agent
Anchorage	5	4
Atlanta	25	35
Baltimore	21	23
Boston	32	45
Buffalo	21	113
Chicago	37	42
Cleveland	4	3
Dallas	29	46
Denver	21	56
Detroit	9	8
HQ	86	0
El Centro	0	11
El Paso	35	133
Helena	6	12
Honolulu	8	9
Harlingen	31	130
Houston	41	50
Kansas City	13	28
Los Angeles	84	145
Miami	57	178
Newark	42	43
New Orleans	40	88
New York City	59	158
Omaha	7	23
Philadelphia	35	42
Phoenix	51	162
Portland, ME	2	4
Portland, OR	8	21
San Juan	11	42

District	Deportation Officer	Immigration Enforcement Agent
Seattle	23	36
San Francisco	44	85
San Antonio	24	79
San Diego	60	222
St. Paul	9	16
Washington, DC	18	14
Total	998	2,106
Grand Total	3,104	

DRO is directly involved with State and local law enforcement agencies in the search and apprehension of fugitives. DRO continues to expand the use of technology in an effort to apprehend fugitive aliens. A recent example is providing the officers of the Miami Fugitive Operations Team with Blackberry devices. A Blackberry device will eventually enable Officers to search names in NCIC (criminal history) and the Division of Motor Vehicles. In addition, we are entering into an agreement with the United States Marshals Service to expand our databases. The agreement will allow DRO and the USMS to compare databases on warrants and select and search for fugitives of joint interest. DRO is also planning to purchase laptop computers with wireless modems so Officers can conduct field inquires. DRO is expanding the use of commercial databases containing biographical information on a person, such as last known address, in an effort to locate and apprehend fugitives.

Question. What is the number of 1811-series Special Agent/Criminal Investigator personnel in ICE? How are they distributed geographically? Whereas 1811s are the "detectives" responsible for complex, protracted investigative casework largely dealing with the criminal provisions of the immigration code, how do they coordinate and cooperate with both 1801s and with State and local law enforcement, especially pursuant to cases where State or local officers encounter an alien lawbreaker?

Answer. As of April 27, 2004, there were 5,464 special agents assigned to the Office of Investigations, as follows.

Organizational Component	On Board
HQ—Office of Investigations	289
SAC Atlanta, GA	181
SAC Baltimore, MD	78
SAC Boston, MA	155
SAC Buffalo, NY	109
SAC San Juan, PR	128
SAC Chicago, IL	312
SAC Dallas, TX	139
SAC Denver, CO	109
SAC Detroit, MI	175
SAC El Paso, TX	220
SAC Houston, TX	206
SAC Los Angeles, CA	389
SAC Miami, FL	335
SAC Newark, NJ	143
SAC New Orleans, LA	221
SAC New York, NY	382
SAC St Paul, MN	96
SAC San Antonio, TX	315
SAC San Diego, CA	330
SAC San Francisco, CA	260
SAC Seattle, WA	216
SAC Tampa, FL	177
SAC Tucson, AZ	143
SAC Phoenix, AZ	95
SAC Washington, DC	108
SAC Philadelphia, PA	107
SAC Honolulu, HI	46
TOTAL	5,464

A key objective of DHS and ICE is to share information with our State and local partners in law enforcement that contributes directly to the security and safety of the United States and the American people. The Law Enforcement Support Center (LESC) in Vermont is the vital DHS and ICE point of contact with the entire law enforcement community and is on the cutting edge of the Federal effort to share critical enforcement information with state, county, local and even international law enforcement officers. It is a national, single point of contact, law enforcement center that provides timely immigration status and identity information and real-time assistance to local, state and Federal law enforcement agencies on aliens suspected, arrested or convicted of criminal activity. The primary user of the LESC continues to be State and local law enforcement officers seeking information about an alien encountered in the course of their daily duties.

Question. Is ICE requiring both legacy Customs and legacy INS enforcement personnel to attend cross-training programs? What percentage of legacy Customs vs. INS personnel has actually completed such training? Does ICE intend that all enforcement personnel will undergo such cross-training, and if so, when is it expected to be completed?

Answer. Yes, all OI Special Agents will be cross-trained in both legal and investigative blocks of instruction.

OI conducted a manual survey the last week of March 2004. At that time 830 Special Agents had completed the cross-training. This accounts for 19 percent of the 4,463 agents targeted for cross-training in this fiscal year. Of the 830 who have completed the cross-training, 57 percent are legacy immigration agents and 43 percent are legacy customs agents. The Automated Class Management System is expected to be on-line shortly. At that time, training statistics will be more readily available.

OI has established a target to complete the cross-training for all non-supervisory Special Agents GS–05 through GS–13 by the end of fiscal year 2004. This cross-training will be accomplished using a train-the-trainer format with initial training being conducted at the Federal Law Enforcement Training Center (FLETC).

Cross-training beyond this priority group will be completed in fiscal year 2005.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Mr. Bonner, Mr. Garcia, there is now a hiring freeze in place at both your agencies, as well as at Mr. Aguirre's agency, and I understand you are facing a budget shortfall of more than 12 percent. It is outrageous to hear about a hiring freeze in critical national security agencies after the Bush Administration has strongly opposed attempts by the Ranking Member and many many others in Congress to increase funding for DHS. How could this have happened, and what funding does Congress need to provide so you can at least replace law enforcement agents who resign from your agencies?

Answer. The budgets for our agencies have increased substantially since fiscal year 2001 and we are not facing a budget shortfall. As a result of budget reviews of our agencies and the Department, we supported a hiring freeze as a prudent measure in the face of uncertainties in budget allocation and adjustments in fee collection forecasts.

The Department established a review team composed of staff from the CFO's Office, BTS, CIS, and the Coast Guard to assess the situation. The review team engaged in a detailed budget reconciliation effort among the three Bureaus. The team examined the allocation of resources and services throughout the three Bureaus, and this effort resulted in an immediate internal realignment of $212 million. A subsequent internal realignment of approximately $270 million is possible, pending additional discussions and coordination of the final documentation and billing.

The Congress has recognized that funds may need to be realigned between ICE, CBP, and CIS. In the Joint Explanatory Statement (H. Rpt. 108–280) accompanying the Department of Homeland Security Appropriations Act, 2004 (Public Law 108–90), the Congress recognized that the budgetary resources may need to be realigned. Specifically, the Congress noted: "The conferees are aware that the Department is conducting a comprehensive review of administrative and other mission responsibilities, particularly as they affect ICE and other agencies that have inherited multiple legacy missions. While funding provided by this conference agreement is based on the best possible information available, the conferees understand there may be a need to adjust funding to conform to the decisions resulting from the review." A similar statement was included under the heading discussing CBP.

Over the past year, these three Bureaus have undergone major, successful reorganizations by incorporating programs, staff, and resources from legacy programs at the Immigration and Naturalization Service and the Customs Service (as well as the

General Services Administration and the Department of Agriculture) and a realignment of functions to strengthen the security of the Nation. Through this process, which included successful reassignment of over 50,000 employees from the legacy agencies, robust hiring continued to ensure adequate staffing to accomplish mission objectives. However, the transformation effort has not been without challenges and each Bureau continues to integrate everything from budgets to uniforms to Standard Operating Procedures in virtually every area. We have made great progress to date.

During a review of the status of execution of the fiscal year 2004 budget, the ICE and CBP determined that implementation of hiring restrictions was a prudent managerial measure not just to stay within 2004 appropriations, but for mission-related objectives. CIS had already instituted hiring restrictions since the beginning of the year due to lower than anticipated fee projections. Additional focus was, and is required to work through funding realignments related to the establishment of the three new Bureaus. This work recognized the tremendous effort of the Administration and the Congress to establish the Department but also acknowledged that some of the finer details on funding and provision of support services required negotiations and reconciliation between the three Bureaus. The work has been on-going, but agreements have been recently reached to realign funds to cover costs of services incurred by the Bureaus. Formal memoranda of agreement will be implemented between the three Bureaus, which will help ensure that funding is aligned with services rendered.

The Department is committed to the security of the Nation and we will continue to work towards successful establishment of the three Bureaus, CBP, CIS, and ICE. To that end, we will continue to work with the Congress, in particular through the appropriations process, to ensure that funds are aligned to mission objectives consistent with Congressional intent.

Question. Mr. Garcia, I am pleased that you and other components of the Executive Branch are making such good use of the Law Enforcement Support Center, located in my home State of Vermont—including its role in Operation Predator. The LESC provides information to State and local police departments throughout the Nation, regarding the immigration status and identities of aliens suspected, arrested, or convicted of criminal activity. You joined me in Vermont last August to announce expanded capabilities at the LESC. I look forward to continuing to work with you to ensure that the LESC is as helpful as possible to law enforcement officers throughout our Nation.

At the same time, I want to ensure that adequate funding is available for the LESC to perform its various functions. The President's proposal did not include a specific budget for the LESC, leaving me only to assume that the base budget from this year will be continued in the upcoming fiscal year. Considering the increased demands on the LESC and their expanded capabilities, how will you ensure that the LESC has the resources it needs to perform its vital role of supporting Federal, State and local law enforcement?

Answer. All of the new or increased activity levels at the LESC that are contributing significantly to national security and public safety have been accomplished within existing resources. ICE has clearly recognized the value of the LESC as demonstrated by the steps taken to increase productivity and is determined to expand the role of the LESC not only within the broader law enforcement community, but also within DHS and ICE.

In order to ensure the LESC is properly positioned to address its expanding workloads and roles within the law enforcement community, ICE conducted a detailed analysis of current and projected operational requirements and the resources that would be necessary to assure their continuation and expansion. That analysis, which included examination of staffing, facility and other resource needs, resulted in a comprehensive, strategic document. Some of the recommendations have already been implemented or are in the planning or implementation process.

Question. Mr. Aguirre, the President's budget proposes a 40 percent cut in the amount of directly appropriated funds for the Bureau of Citizenship and Immigration Services (CIS), from the nearly $235 million appropriated for the current year to $140 million for fiscal year 2005. At the same time, the President has proposed a guest worker program that would significant increase the CIS workload.

Why is the President proposing a 40 percent cut in an agency whose workload he wants to increase dramatically?

Answer. The President's fiscal year 2005 Budget is not proposing a cut in the USCIS budget. In fact, the President's budget includes a $300 million increase over last years levels, including an additional $60 million in discretionary funding towards backlog reduction efforts aimed at achieving a 6-month processing time for all immigration benefit applications by fiscal year 2006.

The President's fiscal year 2005 budget reflects the recent changes by USCIS to adjust its fee schedule. This fee adjustment includes amounts for administrative support services ($155 million) previously funded through appropriated funds (tax dollars). Thus, this proposal has no impact on the USCIS budget except for the fact that the funding source for these services will be by way of fees versus tax dollars. With the exception of the $140 million in appropriated backlog reduction funds, USCIS will be a wholly fee-funded agency in fiscal year 2005.

Beginning in fiscal year 2002, USCIS has been receiving a total of $100 million in funds for backlog reduction to achieve the 6-month processing time. The $100 million is made up of $80 million in appropriated funds and $20 million in premium processing fees. The President is proposing a 60 percent increase for backlog reduction efforts in fiscal year 2005, bringing the total backlog reduction funds from $100 million to $160 million ($140 million in appropriated funds and $20 million from the premium processing fees).

Question. Speaking of the guest worker program, I wrote to the President in January and asked him to submit a legislative proposal to Congress that would implement his plan. As you know, we have a short legislative year ahead of us, but I have still not received a response. Are the media reports suggesting the President has shelved his guest worker program accurate? If not, why has he not submitted proposed legislation? Will he do so?

Answer. On January 7, 2004, the President announced principles in creating a new temporary worker program that would match willing foreign workers with willing U.S. employers when no Americans can be found to fill the jobs. We look forward to working with Congress to develop legislation that incorporates the best ideas for the American worker and our foreign visitors. Through the principles outlined by the President, the best course to the end goal of opportunity, security, safety, compassion, jobs and growth can be achieved.

Question. President Bush has promised to reduce the average wait time for applicants for immigration benefits to 6 months by 2006. In light of that goal, and the increased burden the President would place on the CIS through the guest worker program, why did the President's not seek increased funds for backlog reduction?

Answer. As stated above, the President is proposing a 60 percent increase for backlog reduction efforts in fiscal year 2005, bringing the total backlog reduction funds from $100 million to $160 million ($140 million in appropriated funds and $20 million from the premium processing fees).

Question. Mr. Aguirre, I have joined with many other Senators in writing to Secretary Ridge and opposing the potential outsourcing of 1100 Immigration Information Officers (IIOs). My colleagues and I believe that these IIOs perform important work—including background checks on applicants for immigration benefits—that we should not be delegating to the private sector, especially at a time of continuing threats of terrorism. (A) As the supervisor of these IIOs, do you believe they are performing their jobs well? (B) Do you believe they should be replaced by private contractors?

Answer. Many IIOs individually do an excellent job. But we have a very significant customer challenge that we have yet to meet. INS was known for long lines, and lengthy waits at its local offices, and was not considered particularly responsive to written correspondence. Clearly we need to make some changes. USCIS has already started the process with expansions of our toll-free call center services, case status on-line, InfoPass appointments, and initiatives to reduce lines and improve customer service. Introducing an element of competition through the A–76 process should further stimulate innovation and improvements, with the current workforce being one of the competitors in this process.

Question. Mr. Garcia, I have supported and helped to obtain funding for Legal Orientation Proceedings for immigration detainees, with the view that the immigration system works better for all parties when detained aliens are informed as to whether they have a legitimate legal case to stay in the United States. Congress appropriated $1 million for orientation proceedings in fiscal year 2003, but DHS has still not transferred that money to the Executive Office for Immigration Review so the proceedings can take place. Can you tell me when that money will be transferred, and why it has taken so long?

Answer. The Department of Homeland Security (DHS) appreciates the attention and funding Congress has appropriated annually to fund the Legal Orientation Program for Immigration Detainees. As you know, the former Immigration and Naturalization Service (INS) was abolished on February 28, 2003, shortly after the fiscal year 2003 Appropriations was signed into law on February 20, 2003. One of its successor agencies, the U.S. Immigration and Customs Enforcement (ICE), began to manage the funding appropriated for the Legal Orientation Program. Late in fiscal year 2002, the former INS transferred $1 million to the Executive Office for Immi-

gration Review (EOIR) for the Legal Orientation Program. However, this transfer was not made in fiscal year 2003. Also, throughout fiscal year 2003, EOIR had fiscal year 2002 funding available to use for their Legal Orientation Program. In fiscal year 2004, ICE has transferred $1 million to EOIR for the Legal Orientation Program, under a reimbursable agreement that was signed on February 2, 2004.

CONCLUSION OF HEARINGS

Senator COCHRAN. This concludes our scheduled hearings on the President's fiscal year 2005 budget request for the Department of Homeland Security. I appreciate the cooperation and assistance of all members of the subcommittee, especially the distinguished Senator of West Virginia, my friend, Senator Byrd, as well as the dedicated hard work of the staff of this subcommittee.

The hearing is recessed.

[Whereupon, at 12:15 p.m., Tuesday, March 30, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

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

NONDEPARTMENTAL WITNESSES

[The following testimonies were received by the Subcommittee on Homeland Security for inclusion in the record. The submitted materials relate to the fiscal year 2005 budget request for programs within the subcommittee's jurisdiction.]

PREPARED STATEMENT OF THE ASSOCIATION OF AMERICAN UNIVERSITIES

Mr. Chairman, Members of the Subcommittee: I am pleased to have this opportunity to present the views of the Association of American Universities (AAU) concerning the fiscal year 2005 budget proposal for the Department of Homeland Security Science and Technology (S&T) Directorate. AAU is an organization of 62 leading public and private research universities.

Let me begin by thanking Chairman Cochran, Ranking Member Byrd, and members of the subcommittee for their efforts last year in helping the new Department of Homeland Security (DHS) get up and running. I would especially like to thank them for their recognition of the role that universities can play in helping the Department fulfill its mission and for your strong support of the university programs within the DHS S&T Directorate. You all have done the nation a great service, and your work to ensure the security of our homeland is very much appreciated.

AAU Urges Strong Support of Homeland Security S&T

AAU supports the $1.039 billion proposed in the President's fiscal year 2005 budget request for the DHS S&T Directorate. The primary interest of the university community continues to be with DHS University Programs, which support the DHS scholarship, fellowship, and university center programs. AAU requests $70 million for DHS university programs in fiscal year 2005, the same level approved by Congress in fiscal year 2004. This is $40 million more than the President's fiscal year 2005 request.

AAU recommends that this additional $40 million be used to support new DHS university-based centers and other innovative university-based research programs. This is consistent with AAU's view that DHS S&T programs should focus not only on the development of technologies with near-term applications but also on helping generate the fundamental knowledge, cutting-edge science, and human infrastructure needed to meet the nation's future homeland security needs. AAU also supports funding for S&T staffing and administration at a level that allows the directorate to ensure that S&T funds are awarded to projects fairly and competitively, based on scientific and technical merit.

The Role of Universities in Homeland Security

There are several reasons why AAU believes that continued strong support for university research and training is needed and can greatly assist the Department of Homeland Security. Let me briefly highlight three of them:

Long-Term University-Based Research is Critical to Homeland Defense.—Science and engineering research conducted on university campuses is the foundation for many of the technologies now being deployed to prevent, detect, and treat victims of chemical, biological, radiological, nuclear and conventional terrorist attacks. As with university-based basic and applied defense research programs, fundamental

knowledge and research generated at universities will serve as the "seed corn" from which future homeland security technologies will grow.

Universities Are an Important Resource in the Domestic War on Terror.—University medical facilities and personnel were critical in providing medical care and emergency response services after the September 11, 2001, attacks in New York City and Washington D.C. When the anthrax attacks occurred on Capitol Hill, university researchers were called on to help Americans better understand the threat posed by biological agents and to provide critical information that enabled federal agencies and Congress to respond effectively.

University researchers are actively exploring new methods to safeguard the nation, including detection of, and response to, domestic biological, chemical, nuclear, and radiological attacks; risk assessment; cybersecurity; protection of critical infrastructure; and developing a better understanding of the behaviors and motivations of those who engage in terrorist activities.

Universities Are Leading Homeland Security Training and Coordination.—Universities continue to work with government officials at all levels, industry and non-profit leaders, and first-responders to develop coherent, effective homeland security strategies. Colleges and universities are also developing new programs to train first responders and educate students to address current and future homeland security challenges.

Conclusion

Let me conclude by saying that in addition to being able to assist the Department of Homeland Security in fulfilling its science and technology and training objectives, AAU and its member universities are working to ensure safety and security on university campuses. This includes compliance with the new biological and select agent regulations and efforts to help ensure that new systems to track foreign students—as required by law—are in place. AAU urges that in addition to providing funding for homeland security S&T, Congress and the Administration provide adequate funding to support university efforts to respond to these new requirements for campus-based homeland security. With your support, and working together, the nation's research universities will be able to continue to help fight terrorism and ensure domestic security.

Again, I appreciate your ongoing work in support of homeland security. Thank you for the opportunity to submit testimony. Please let me know should you have any questions.

PREPARED STATEMENT OF THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Mr. Chairman, thank you for this opportunity to submit written testimony on the security and safety of public transportation systems. We appreciate your interest in transportation security, and we look forward to working with you as you develop the fiscal year 2005 appropriations bill for the Department of Homeland Security.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and State departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA member systems.

OVERVIEW

Mr. Chairman, public transportation is one of our Nation's critical infrastructures. We cannot over emphasize the importance of our industry to the economic vitality of this country. Over 9.5 billion transit trips are taken annually on all modes of transit service. People use public transportation vehicles over 32 million times each weekday. This is more than 16 times the number of daily travelers aboard the Nation's airlines, and 450 times the number of travelers on Amtrak.

The American people rightfully expect that they can travel to work, school, and any destination on public transit without fearing for their safety and security. Our industry is fully engaged in meeting this responsibility. However, the American people, and we also require the full support of the Federal Government to effectively address this challenge.

America's public transportation services are by design and necessity an open environment. Safety and security are thus the top priority of the public transportation industry. Transit systems took many steps to improve security prior to the horrific terrorist attacks of September 11, 2001, and have significantly increased efforts since then by spending approximately $1.7 billion on security and emergency preparedness programs and technology. These expenditures have been made from local transit agency's own budgets with minimal Federal funding. Recent terrorist attacks in Madrid only highlight the need to strengthen security on public transit systems and to do so without delay.

In a recent APTA survey transit systems identified both capital and operating actions that would enhance transit security; transit agencies around the country have identified in excess of $6 billion in transit security needs. State and local governments and transit agencies are doing what they can to improve security, but it is important that the Federal Government be a full partner in the effort to ensure the security of the Nation's tens of millions of transit users.

We urge the Congress to act decisively on this issue. In light of the documented needs, we respectfully request Congress to provide $2 billion in the fiscal year 2005 Homeland Security Appropriations bill for transit security. Of that amount, we suggest that $1.2 billion be provided for capital needs such as improved inter-operable radio communications, strengthening access control to facilities, and establishing emergency operations control centers, and that $800 million be provided for security related operating costs, including threat assessments, planning, public awareness, training, and drills.

We further request that the existing process for distributing Office of Domestic Preparedness (ODP) Federal grant funding be modified so that funds are distributed directly to transit agencies as was done in fiscal year 2003, rather than through State Administrating Agencies (SAA) as was done in fiscal year 2004.

PUBLIC TRANSPORTATION SECURITY

Mr. Chairman, transit employees are on the front line in our Nation's effort against terrorism. They are the first responder evacuation teams who will assist in getting the public out of critical incident areas and our cities in the event of a terrorist attack. This was evident on September 11, 2001, when public transportation systems in New York City, New Jersey and Washington D.C. helped safely evacuate citizens from center cities. Indeed, this same story was true around the country as transit systems quickly and efficiently evacuated people from closed airports and downtown areas. We remember that the interstate highway program was begun by President Eisenhower as a national defense interstate highway program. It is clear now that public transportation too has a significant national defense component and is a fundamental element in responding to terrorist attacks and other community disasters and emergencies.

In that connection, APTA has played a critical role in transportation security and works closely with a number of Federal agencies in this regard, notably the Federal Transit Administration (FTA) and the Federal Railroad Administration of the U.S. Department of Transportation, and the Transportation Security Administration (TSA), the Office of Domestic Preparedness (ODP), and the Directorate of Information Analysis & Infrastructure Protection of the U.S. Department of Homeland Security. At the program level, APTA works closely with these agencies to administer an industry audit program that oversees a system safety and security management plan for transit systems around the country. Our safety audit program for commuter rail, bus, and rail transit operations has been in place for many years and includes elements specific to security planning and emergency preparedness. Separately, in connection with Presidential Decision Directive Number 63, we are pleased to have been designated a Public Transportation Sector Coordinator by the Department of Transportation, and as my testimony notes below, we have established a Transit Information Sharing Analysis Center (ISAC) that provides a secure two-way reporting and analysis structure for the transmission of critical alerts and advisories to transit agencies around the country. This ISAC is also a mechanism for transit agencies to provide information to the DHS.

Since the events of 9/11, State and local public transit agencies, like all State and local entities, have spent significant sums on police overtime, enhanced planning and training exercises, and capital improvements related to security. As mentioned in the overview, a 2004 APTA survey of transit agencies around the country has identified in excess of $6 billion in added transit security needs. These include both one-time capital investments and recurring operating expenses related to security. It is important to note that these costs are above and beyond the capital infrastructure needs we have identified under the TEA 21 reauthorization effort.

BACKGROUND

Mr. Chairman, prior to and following September 11, 2001, the date of the most devastating terrorist attack in U.S. history, American public transportation agencies have taken significant measures to emphasize their security and emergency preparedness to adjust to society's new State of concern. Although agencies had a wide range of security initiatives in place at the time of the World Trade Center and Pentagon attacks and already had developed emergency response plans, the September 11 incidents caused the agencies to focus, strengthen, and prioritize additional security efforts.

Transit agencies have had an excellent safety record and have worked for years to enhance their system security and employee security training, partly responding to government standards, APTA guidelines, and by learning through the attacks on transit agencies abroad. For example, the 1995 sarin gas attack in the Tokyo subway system caused U.S. transit properties managing tunnels and underground transit stations to go on high alert. The San Francisco Bay Area Rapid Transit District, for instance, responded to the possible threat of chemical weapons attacks by sending a police team to Fort McClellan, Alabama, to learn response tactics from U.S. Army chemical weapons experts.

In the months following the September 11 terrorist attacks, transit agencies of all sizes worked to identify where they might be vulnerable to attacks and increased their security spending for both operations and capital costs. The agencies subsequently upgraded and strengthened their emergency response and security plans and procedures, taking steps to protect transit infrastructure and patrons and increase transit security presence while giving riders a sense of security.

Some initiatives around the country include:

—Increased surveillance via closed circuit TV
—Increased training for employees
—Hired more police, K–9 units added
—Chemical detection systems being tested
—Infrastructure design to eliminate hiding places
—Drills are routinely held with first responders
—Encouraging riders to be vigilant for suspicious activities or items.

After September 11, many transit organizations worked to prevent unauthorized entry into transit facilities. The need for employees and passengers to stay alert and report suspicious occurrences became a key goal of many agencies. These efforts are paying off. But while many transit agencies are more secure than prior to September 11, more needs to be done.

Since the attacks, APTA and the Federal Transit Administration have emphasized the need for effective transit security and emergency preparedness. FTA has sent security resources toolkits to transit agencies; completed security-vulnerability assessments of the Nation's largest transit systems; and provided technical support and grants of up to $50,000 to fund agency emergency drills.

FTA continues to provide emergency preparedness and security forums nationwide. In emphasizing the importance of enhancing transit security, FTA Administrator Jennifer L. Dorn noted that thousands of lives were spared on September 11 in New York City and Washington "because of the quick action of first responders and transit workers."

APTA has launched additional efforts to further transit industry security and preparedness, collaborating with FTA in developing emergency preparedness forums, and sponsoring and organizing security-related conferences and workshops. Moreover, APTA developed a list of critical safety and security needs faced by the transit industry, which it has provided to the Department of Transportation and the U.S. Congress.

PUBLIC TRANSPORTATION INFORMATION SHARING ANALYSIS CENTER (ISAC)

Presidential Decision Directive Number 63 authorizes and encourages national critical infrastructures to develop and maintain ISACs as a means of strengthening security and protection against cyber and operations attacks. APTA is pleased to have been designated a Public Transportation Sector Coordinator by the U.S. Department of Transportation, and in that capacity has received a $1.2 million grant from the Federal Transit Administration to establish a transit ISAC. APTA recently formalized an agreement with a private company to implement the ISAC and make it available to public transit systems around the country.

This ISAC for public transit provides a secure two-way reporting and analysis structure for the transmission of critical alerts and advisories as well as the collection, analysis and dissemination of security information from transit agencies. The public transit ISAC also provides a critical linkage between the transit industry, the

U.S. Department of Transportation, the Transportation Security Administration, and the Office of Homeland Security. A request for funding to continue this ISAC has been submitted to the Department of Homeland Security's Directorate of Information Analysis & Infrastructure Protection.

ONGOING TRANSIT SECURITY PROGRAMS

Mr. Chairman, while transit agencies have moved to a heightened level of security alertness, the leadership of APTA has been actively working with its strategic partners to develop a practical plan to address our industry's security and emergency preparedness needs. Shortly after the September 11 events, the APTA Executive Committee established a Security Task Force under the leadership of Washington Metro's CEO, Richard A. White. The APTA Security Task Force has established a security strategic plan that prioritizes direction for our initiatives. Among those initiatives, the Task Force serves as the steering group for determining security projects that are being implemented through over $2 million in Transit Cooperative Research funding through the Transportation Research Board.

Through this funding, APTA held four transit security workshop forums for the larger transit systems with potentially greater risk exposure. These workshops provided confidential settings to enable sharing of security practices and applying methodologies to various scenarios. The outcomes from these workshops were made available in a controlled and confidential format to other transit agencies unable to attend the workshops. The workshops were held in New York, San Francisco, Atlanta, and Chicago.

In partnerships with the Transportation Research Board, the APTA Security Task Force has also established two TCRP Panels that identified and initiated specific projects developed to address Preparedness/Detection/Response to Incidents and Prevention and Mitigation. The Security Task Force emphasized the importance for the research projects to be operationally practical.

In addition to the TCRP funded efforts, a generic Checklist For Transit Agency Review Of Emergency Response Planning And System Review has been developed by APTA as a resource tool and is available on the APTA website. Also through the direction of the Security Task Force, APTA has reached out to other organizations and international transportation associations to formally engage in sharing information on our respective security programs and directions and to continually work towards raising the bar of safety and security effectiveness.

Within this concept of partnership and outreach, APTA also continues in its ongoing collaboration with the Federal Transit Administration to help in guiding and developing FTA programs. Among these are regional Emergency Preparedness and Security Planning Workshops that are currently being delivered through the Volpe Center and have been provided in numerous regions throughout the United States. The primary focus of such workshops has been to assist particularly smaller transit systems in building effective emergency response plans with first responders and their regional offices of emergency management. Also within this partnership, APTA has assisted the FTA and the National Transit Institute in the design of a new program "Security Awareness Training for Frontline Employees and Supervisors." This program is now being provided by NTI to transit agencies throughout the Nation.

Collaborative efforts between APTA, FTA, Volpe Center, and the National Transit Institute are also underway to establish a joint website that will specifically gather and disseminate effective transit practices with initial emphasis on safety and security.

As you may be aware, APTA has a long-established Safety Audit Program for Commuter Rail, Bus, and Rail Transit Operations. Within the scope of these programs are specific elements pertaining to Emergency Response Planning and Training as well as Security Planning. In keeping with our industry's increased emphasis on these areas, the APTA Safety Audit Programs have similarly been modified to place added attention to these critical elements.

APTA's Committee on Public Safety continues to provide a most critical forum for transit security professionals to meet and share information, experiences and programs and to also provide valuable input to programs being developed by the FTA.

SECURITY INVESTMENT NEEDS

Mr. Chairman, after the awful events of 9/11, the transit industry invested some $1.7 billion in enhanced security measures building on the industry's considerable efforts already in place. At the same time, our industry undertook a comprehensive review to determine how we could build upon our existing industry security practices. This included a range of activities, some of which I discussed earlier in my testimony, including research, best practices, education, information sharing in the

industry, surveys and the like. As a result of those efforts we are now at a phase where we know what we can most effectively do in terms of creating a more secure environment for our riders and have accordingly identified critical security investment needs.

Our latest survey of public transportation security identified needs of at least $5.2 billion in additional capital funding to maintain, modernize, and expand transit system security functions to meet increased security demands. Over $800 million annually for increased operating costs for security personnel, training, technical support, and research and development have been identified, bringing total additional transit security funding needs to more than $6 billion.

Responding transit agencies were asked to prioritize the uses for which they required additional Federal investment for security needs. Priority examples of operational needs include:

—Funding current and additional transit agency and local law enforcement personnel
—Funding for over-time costs and extra security personnel during heightened alert levels
—Training for security personnel
—Joint transit/law enforcement training
—Security planning activities
—Security training for other transit personnel

Priority examples of security capital investment needs include:

—Radio communications systems, including operational control center redundancy
—Security cameras on-board transit vehicles and in transit stations
—Controlling access to transit facilities and secure areas
—Automated vehicle locator systems
—Security fencing around facilities

Transit agencies with large rail operations also reported a priority need for Federal capital funding for intrusion detection devices.

To date the DHS has allocated some $115 million for public transportation security through its Office of Domestic Preparedness. While we appreciate this support from the Department, we must build on those initial investments and begin to address the $6 billion in critical needs the transit industry has identified. We believe that a funding level of $2 billion in the fiscal year 2005 Homeland Security Appropriations bill would effectively begin the process of funding those needs. Of that amount, we suggest that $1.2 billion be provided for transit capital needs, and that $800 million be provided for transit agencies for operating costs.

The Administration's fiscal year 2005 budget, however, does not specifically call for investment in public transportation security. We think it should. Currently ODP grants for transit systems are made available through the States, which means that our transit systems do not have a direct relationship with DHS, and which also means that the process of getting the funds to the local transit systems can be lengthy. Mr. Chairman, our Nation's transit systems have a direct and cooperative working relationship with DOT's Federal Transit Administration which allocates Federal capital investment directly to them, and we believe this is an excellent model that we would like to see developed with the DHS. We stand ready to help in any way we can in that regard.

CONCLUSION

Mr. Chairman, in light of our Nation's heightened security concerns post 9/11, and the bombings in Madrid, tens of millions of Americans relying on public transportation expect the services they use to be made more secure. Increased Federal investment in public transportation security by the Congress and DHS is critical. The public transportation industry has made great strides in transit security improvements since 9/11 but much more needs to be done. We look forward to building on our cooperative working relationship with Congress and the Department of Homeland Security to begin to address these needs. We again thank you and the Committee for allowing us to submit testimony on these critical issues and look forward to working with you on safety and security issues.

PREPARED STATEMENT OF THE ASSOCIATION OF STATE DAM SAFETY OFFICIALS

Dear Chairman Cochran and Members of the Subcommittee: The Association of State Dam Safety Officials (ASDSO) is pleased to offer testimony on the President's proposed fiscal year 2005 budget for the Department of Homeland Security.

The Association of State Dam Safety Officials respectfully requests that the Subcommittee increase the Administration's proposed budget of $5.9 million to $8.6 mil-

lion to fully fund the National Dam Safety Program at its authorized level for fiscal year 2005. The Association further requests that these funds be earmarked for the sole purpose of carrying out mandates authorized in the National Dam Safety and Security Act of 2002.

The Association of State Dam Safety Officials is a national organization of more than 2,200 state, Federal and local dam safety professionals and private sector individuals dedicated to improving dam safety through research, education and technology transfer. ASDSO represents the 50 state dam safety programs, as the state dam safety officials are the governing body of the Association. Our goal is simply to save lives, prevent property damage and to maintain the many benefits of dams by preventing dam failures.

During the 1970s this country suffered devastating dam failures that caused tragic loss of life and enormous property damage; and focused national attention on the catastrophic consequences of dam failures. Those historic failures and recent dam failures serve as a constant reminder that dams must always be properly constructed, properly designed and properly operated and maintained to provide vital benefits and prevent failures.

Today our focus in not only on the safety of dams related to maintenance issues but on security as the Nation faces a significant challenge to protect our infrastructure from terrorist attacks. Protection of U.S. dams is a major concern and focus of national strategic planning efforts within the Department of Homeland Security.

National Dam Safety Program

The National Dam Safety Program Act of 1996 (Public Law 104–303) created the first national program that focused on improving the safety of the Nation's dams. Congress reauthorized the program through the Dam Safety and Security Act of 2002 (Public Law 107–310) and made modest increases in the authorized funds. This small, yet critical program provides much needed assistance to the state dam safety programs in the form of grant assistance, training and research; and through facilitating the exchange of technical information between Federal dam safety partners and the states. The program provides $6 million in grant assistance to states based on the relative number of dams in each state. The grants may be utilized to best suit the individual state's needs. In addition, the National Dam Safety Program provides $500,000 each year to be used for training of state dam safety engineers and $1.5 million annually for research. These research funds are used to identify more effective methods of evaluating the safety of dams and more efficient techniques to repair dams. And now, these research funds can be used to develop better methods to assess and improve the security of dams.

There are over 79,000 dams in the United States, but the responsibility of assuring their safety falls on the shoulders of the states, as they regulate 95 percent of the country's dams. Because of limited staff and limited funding, most states are overwhelmed by that challenge. Table 1 attached to this testimony provides state-by-state data on the number of dams, the number of staff, the state budget and the number of dams that are considered "unsafe." Unsafe means that they have identified deficiencies that make the dam more susceptible to failure, which may be triggered by a large storm event, an earthquake or simply through inadequate maintenance. Currently states have identified over 3,300 dams as being deficient, or unsafe. In Kentucky the state lists 88 unsafe dams including 36 that are classified as high hazard potential. In Pennsylvania there are 531 unsafe dams and 98 of these are classified as high hazard potential.

There are over 10,000 dams classified as high hazard potential meaning that the consequences of the dam's failure will likely include loss of human life and significant downstream property damage. Every member of this Subcommittee has high hazard dams in their home state. There are 217 high hazard potential dams in Kentucky, 861 high hazard potential dams in Texas and 1,027 high hazard potential dams in North Carolina. According to the National Inventory of Dams more than 53 percent of the high hazard potential dams have not been inspected in the last ten years. High hazard potential dams should be inspected every year.

The task for state dam safety programs is staggering; in Iowa where there are over 3,300 dams there are only 1.25 full time employees assigned to the dam safety program. Texas has over 8,000 dams with only 5 engineers in their dam safety program; and Minnesota, which has almost 1,000 dams, only has a staff of 2.1 full time employees

The American Society of Civil Engineers' 2003 Progress Report for America's Infrastructure listed a downward trend line indicating that the condition of the Nation's dams continues to decline. The dams across the United States are aging as 85 percent of the dams will be 50 years or older by the year 2020.

Downstream development within the dam failure flood zone places more people at risk. When homes are built in the dam failure flood zone below a low hazard dam, (low hazard: failure is not expected to cause loss of life or significant property damage) the dam no longer meets dam safety criteria as the potential consequences of a failure now include loss of life.

Federal Leadership Role

There is a clear need for continued Federal leadership to provide assistance in support of dam safety. This country suffered several large and tragic dam failures in the 1970s that focused attention on dams and prompted Congress to pass national dam safety legislation. In 1972, the Buffalo Creek Dam in West Virginia failed and killed 125 individuals; in 1976 the Teton Dam failure in Idaho caused $1 billion in damages and 14 deaths; the Kelly Barnes Dam in Toccao Falls, Georgia failed in 1977 killing 39 Bible college students; also in 1977 40 people died from the failure of the Laurel Run Dam in Pennsylvania; and in 1996 the 38 foot tall Meadow Pond Dam in Alton, New Hampshire failed killing one woman and causing $8 million in damage.

However, the recent failure of the Silver Lake Dam in Michigan in May 2003 again demonstrated the enormous potential damages that dam failures can produce. This dam failure caused more than $100 million in damages including $10 million in damages to utilities, $4 million to the environment, $3 million to roads and bridges and flooded 20 homes and businesses. In addition, the Silver Lake Dam failure flooded a major power plant, which in turn caused the closure of two iron mines, putting 1,100 miners temporarily out of work.

Just last month on March 12, 2004, the Big Bay Lake Dam in Mississippi failed destroying 48 homes, damaging 53 homes, 2 churches, three businesses and a fire station and washing out a bridge. This dam, which cost $2.5 million to construct, has caused many millions in damages, will require downstream homeowners and businesses to rebuild, caused significant loss of property values around the lake and has resulted in $100 million lawsuit filed against the dam owner on behalf of the homeowners.

Dam failures do not respect state boundaries, as a dam failure in one state may cause loss of life and property damage in an adjacent state. The Federal Government funds the recovery costs from the President's disaster relief fund and through the Flood Insurance Program, but the cost of one small dam failure can easily exceed the annual costs of the National Dam Safety Program. Full funding of the National Dam Safety Program is an investment in public safety that will be repaid many times over in fewer dam failures, reduced Federal expenditures for dam failure recovery and, most importantly, fewer lives lost.

Benefits of the National Dam Safety Program

The National Dam Safety Program has been very successful in assisting the state programs. The training program is created is one aspect of this success ($500,000). This training provides access to technical courses and workshops that states engineers could not otherwise attend. Examples include Dambreak Analysis, Concrete Rehabilitation of Dams, Slope Stability of Dams, Earthquake Analysis, Emergency Action Planning and many others including recent training in Dam Site Security. Training courses are also offered through FEMA's training facility at their Emergency Management Institute in Maryland where state dam safety inspectors receive training at no cost to the states.

The Research Program is an important program to all within the dam safety community. Its funds have been used to identify future research needs such as inspections using ground penetrating radar or risk analysis. In addition, these funds have been used to create a national library and database of dam failures and dam statistics at the National Performance of Dams Program at Stanford University as well as a national clearinghouse and library of dam safety bibliographic data at ASDSO.

Research funds are currently being used to provide security training, security assessment tools and best management practices for states to utilize in addressing potential terrorists actions against the 75,000 non-Federal dams. The small increase ($500,000) in the funding levels authorized by the 2002 act was intended to address dam site security. Dam site security is now an urgent area of concern for state dam safety officials both in training needs and in research to better understand and respond to potential threats to dams.

The most valuable benefit to the state programs comes from the State Grant Assistance Program. The grants are based on the number of dams in each of the participating states and are used as an incentive to encourage states to improve their program by meeting basic criteria such as:

—State statutory authority to conduct inspections of dams;

—State authority to require repairs to unsafe dams; or

—State policies that address dam site security at non-Federal dams.

Use of these grants is left up to the state's discretion as each state has its own unique challenges. States have utilized grant funds to perform dam failure and dam stability analyses, to hire additional staff to conduct inspections and to conduct owner education workshops. In addition, grant funds have enabled states to provide additional staff training, and to purchase equipment such as computers, field survey equipment and software, and remote operated cameras for internal inspections.

As we begin to realize the benefits of the grant assistance program, dam safety inspections have increased and so has the number of Emergency Action Plans, used to notify and evacuate downstream populations in the event of a failure, it is disappointing to see that appropriations over the past 2 years are well below the authorized levels. They have remained at the previous level of $5.9 million. Despite the increase in funding approved by Congress in the Dam Safety and Security Act of 2002 to $8.6 million, the states have not realized any increase in assistance. Moreover, budget reductions at have further reduced the state grant assistance funds by almost 22 percent.

Table 2, attached to this testimony, provides information on the amount of state grant assistance received for each state, the potential grant funding if fully funded at authorized levels and the grant amount each state will lose as a result of the reduced funding. The lost grants come at a difficult time when development below dams creates more high hazard potential dams, dams continue to age and, now, security issues must be addressed by the states.

Dam Security of Non-Federal Dams

The horrific events of September 11, 2001 have focused unprecedented attention on the security of our Nation's critical infrastructure, including dams. Dams, in fact, have been identified by intelligence and law enforcement agencies in specific threat alerts. Federal agencies that own dams, such as the U.S. Army Corps of Engineers and the Bureau of Reclamation, have been conducting vulnerability assessments and security improvements on these Federally owned dams. However, little has been provided by the Federal Government in leadership or assistance to the states who have similar and equally urgent dam security demands.

Security experts advise that it is very difficult to make a site completely safe from intentional acts of terror. They offer that their goal is to enhance security and effectively deter a potential attack at a site so that the terrorist will seek another site with less security. The improved security at federally owned dams makes non-Federal dams more attractive targets. There are clearly thousands of non-Federal dams that are potential targets based on type of construction, size, purpose (water supply, hydro power, flood control); and on the population and infrastructure at risk below the dam. Federal leadership is urgently needed to provide technical and financial assistance to states for training, for conducting vulnerability assessments and for identifying and implementing security improvements on dams determined to have an inadequate security program.

Conclusion

Dams are a vital part of our aging national infrastructure that provide many vital benefits, but that also pose a threat to life and property if they fail. The National Dam Safety Program is a valuable program that offers assistance to states as an investment in public safety. One dam failure alone, as evidenced by the Silver Lake Dam failure in 2003, can easily exceed the $8.6 million authorized for this program. The National Dam Safety Program, administered by FEMA, is a modest and prudent investment protecting public safety.

Therefore, the Association of State Dam Safety Officials respectfully requests that this Subcommittee increase the Administration's proposed funding for the National Dam Safety Program from $5.9 million to the full authorized level of $8.6 million; and further earmark these funds to be used only for the National Dam Safety Program in the Department of Homeland Security.

Thank you Mr. Chairman and Members of the Subcommittee for this opportunity offer this testimony. The Association looks forward to working with you and the Subcommittee staff on this important issue of safe dams.

TABLE 1.—ASSOCIATION OF STATE DAM SAFETY OFFICIALS—STATE-BY-STATE STATISTICS ON DAMS AND STATE SAFETY REGULATION—2004

State	Total Dams in National Inventory[1] (2002 NID)	Dams Under State Regulation[2]		State-Determined Deficient Dams[3]			State Dam Safety Budget (× thousand)	State Staff Dedicated to Dam Safety Regulation	
		Total	HH	Total	HH	SH		Total FTEs	Dams Per FTE
Alabama[4]	2,102	0	171	NA	.....	.....	$0	0	NA
Alaska	104	82	16	NR	.....	.....	105.5	1	82
Arizona	328	251	85	58	44	14	570.0	8	31
Arkansas	1,225	407	102	24	22	1	331.0	4.6	88
California	1,471	1,225	335	57	2	26	7,800.0	61	20
Colorado	1,684	1,879	327	220	35	52	1,400.0	12	157
Connecticut[4]	720	2,000	236	12	NR	NR	472.0	4.3	465
Delaware[4]	61	98	9	NR	.....	.....	NR	NR	NR
Florida	724	[4] 778	[4] 100	>20	NR	NR	NR	NR	NR
Georgia[4]	4,470	3,412	399	105	NR	NR	682.0	10	341
Hawaii[4]	122	129	56	0	0	0	135.0	2	65
Idaho[4]	393	439	106	NR	.....	.....	350.0	7.5	59
Illinois	1,456	1,326	173	>22	13	9	345.0	5.5	241
Indiana	1,069	1,129	238	NR	.....	.....	340.0	5	226
Iowa	3,249	3,303	74	16	8	7	55.0	1.25	2,642
Kansas	5,634	5,890	192	23	13	10	271.0	7.58	777
Kentucky	1,051	1,002	175	88	36	35	1,600.0	14	72
Louisiana	357	465	13	17	1	3	NR	9	52
Maine	641	843	[4] 26	68	7	35	[4] 46.0	1.5	562
Maryland	291	355	63	10	1	5	416.6	5.5	65
Massachusetts	1,490	2,917	333	40	22	18	500.0	4	729
Michigan	943	1,039	80	18	3	7	NR	4.8	216
Minnesota	986	1,442	40	250	2	20	250.0	2.1	687
Mississippi	3,315	3,594	282	NR	.....	.....	137.8	4.5	799
Missouri	4,854	640	445	15	11	4	192.9	4	160
Montana	2,885	2,874	101	>11	11	NR	330.0	5.25	547
Nebraska	2,179	2,173	113	130	7	48	289.0	5.67	383
Nevada	469	599	128	>29	5	4	NR	2.25	266
New Hampshire	645	838	86	590	63	159	612.0	7	120
New Jersey	792	1,680	194	567	50	317	1,251.0	18	93
New Mexico	375	390	156	61	38	14	450.0	6	65
New York[4]	1964	5,021	380	>54	NR	NR	746.0	6.3	797
North Carolina	2723	4,638	1,027	>61	NR	NR	902.0	17	273
North Dakota	685	1,758	20	19	5	11	200.0	4.5	391

Ohio	1,325	1,727	462	NR	.....	.....	1,020.0	11	157
Oklahoma	4,610	4,485	184	5	3	1	185.0	1.8	2,492
Oregon [4]	820	3,733	122	0	0	0	255.0	3.1	1,204
Pennsylvania	1,442	3,044	770	531	98	23	2,039.0	24	127
Puerto Rico	34	36	34	0	0	0	600.0	8	5
Rhode Island	185	565	16	0	0	0	99.6	1.2	471
South Carolina	2,447	2,312	153	3	NR	NR	NR	4.5	514
South Dakota	2,377	2,328	47	>3	3	NR	NR	2.5	931
Tennessee	1,051	638	148	5	3	1	275.0	7	91
Texas	7,025	8,133	861	NR	.....	.....	300.0	5	1,627
Utah	752	649	192	82	82	NR	460.0	7	93
Vermont	354	538	55	NR	.....	.....	215.0	2.2	245
Virginia	1,586	521	112	54	31	13	475.6	7	74
Washington	832	933	135	32	13	14	550.0	6.5	144
West Virginia	543	362	266	38	35	3	454.5	6	60
Wisconsin	1,097	3,748	243	NR	.....	.....	487.0	6.25	600
Wyoming	1,335	1,374	76	3	0	1	142.1	5.09	270
TOTAL	79,272	89,742	10,157	>3,341	645	837	28,337.6	359.24	20,576

[1] Includes dams of any size that are likely to pose a significant threat to human life or property in case of failure, and all other Federal and non-Federal dams > 25′ high that impound > 15 acre feet; and dams > 6′ high that impound > 50 acre-feet.
[2] Estimated number of all dams under state regulatory control.
[3] Dams with identified deficiencies by state definition (varies state to state) derived from state inventory in column 2.
[4] 2003 data
NR-Not Reporting. Some states do not keep data on these categories.

PREPARED STATEMENT OF THE ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

The Association of State Floodplain Managers, Inc. (ASFPM) is pleased to share comments on four specific aspects of the fiscal year 2005 budget proposal for the Department of Homeland Security, Emergency Preparedness and Response Directorate (FEMA):

—Restoration of 15 percent formula for Hazard Mitigation Grant Program funding;
—Protection of NFIP funds from transfer for other purposes;
—Support for continued funding for modernization of flood maps;
—Urge increase in NFIP Community Assistance Program funds for state technical assistance;
—Urge appropriation of funds to address the NFIP's repetitive loss problem, given imminently pending authorizing legislation; and
—Continue to retain a separate account for the Flood Mitigation Assistance Program.
—Monitor how the Department of Homeland Security addresses natural hazards and mitigation.

The Association of State Floodplain Managers, Inc. and its 19 state chapters represent over 6,500 State, local, and private sector officials as well as other professionals who are engaged in all aspects of floodplain management and hazard mitigation. All are concerned with reducing our Nation's flood-related losses and reducing the costs of flooding.

RESTORATION OF 15 PERCENT FORMULA FOR HAZARD MITIGATION GRANT PROGRAM

ASFPM urges restoration of the 15 percent formula used to determine amounts made available post-disaster for the Hazard Mitigation Grant Program (HMGP) authorized by the Stafford Act as Section 404. States across the country have evidence that the most effective time to garner support for mitigation projects is in the aftermath of disasters. While mitigation planning is a vital activity to identify hazards and potential risks, only actual damaging events generate significant public interest and State and local financial support. The fact is that most cities, counties and towns across the country have many immediate and pressing financial needs. Regardless of the statistical evidence of the likelihood of future disaster occurrence, communities will not place mitigation higher than today's demands for education, social programs, local first responders, and the like. This is especially true in smaller communities where financial resources are always tight.

On the proverbial "sunny day," flooding is a low priority for the millions of homeowners and business owners in the Nation's flood hazard areas—regardless of the mounting evidence that future floods will occur. Homeowners and business owners view offers for buyouts, elevations, and retrofit floodproofing very differently when they are shoveling mud, coping with toxic mold, or faced with collapsed foundations. Restoring HMGP to the 15 percent formula will provide resources to those who have just experienced damage and are most receptive to change.

Pre-disaster funding should be directed to community-based planning in order to prepare communities to undertake mitigation projects when the disaster strikes. It would also be reasonable to make pre-disaster mitigation funds available to support public projects that address at-risk State and community buildings and public infrastructure—among the more costly categories of public disaster assistance. These projects, which do not require direct and voluntary participation of property owners, can readily be designed and implemented in the pre-disaster context and provide broad public benefits.

—ASFPM urges the Subcommittee to restore the Hazard Mitigation Grant Program formula to 15 percent of certain Federal disaster expenditures. The Disaster Mitigation Assistance Act of 2000 calls for communities to have pre-disaster local mitigation plans in order to access HMGP. One result of this requirement is that communities will be better prepared to identify eligible activities after the next declared disaster, thus further shortening the time needed to obligate and expend the HMGP funds.
—ASFPM recommends that the Subcommittee fully investigate the implications of the nationwide pre-disaster program funded in fiscal year 2003. Initiated in 2002 as a pilot program, the pre-disaster mitigation program was not, as originally intended, evaluated prior to authorization of PDM in the Disaster Mitigation Action of 2000. Particular attention should be paid to citizen, community and State receptivity to mitigation offers and how the ability to provide the non-Federal cost share differs in the pre- and post-disaster periods. Another critical aspect to attend to is whether and how FEMA balanced different hazards, different geographic areas, and communities of different sizes and capabilities.

PROTECT NFIP FUNDS FROM TRANSFER FOR OTHER PURPOSES

The National Flood Insurance Program (NFIP) collects premiums and policy service fees from just 4.4 million flood insurance policyholders. These funds are authorized for specific purposes directly related to administration of the NFIP. Certain Federal employees are supported by these funds, as are such activities as the Flood Mitigation Assistance grant program, grants to States to provide technical assistance to local governments, and flood mapping. Because these funds are not general taxpayer funds, it is vital that they are used only for the specific purposes for which they are collected.

—ASFPM urges the Subcommittee to require DHS to disclose funds collected from NFIP policyholders that have been transferred for other purposes. We further urge the Subcommittee to prohibit the transfer of NFIP funds, and funds authorized and appropriated for the Map Modernization Initiative, for other purposes by DHS.

—ASFPM urges the Subcommittee to require DHS to report on the use of certain NFIP funds to support Federal employees, specifically, the number of such positions, where they are located, how many are vacant and for what period of time, and how those specific positions directly support the NFIP.

CONTINUE SUPPORT FOR FLOOD MAP MODERNIZATION

Good flood maps play a major role in disaster cost reduction through wise floodplain management and are use for many purposes beyond the immediate needs of the National Flood Insurance Program. FEMA estimates that local regulation of flood hazard areas, using the flood maps, avoids property losses of over $1 billion each year. FEMA's estimate does not count the benefits associated with using the maps to guide development to less hazard-prone areas. Flood maps yield benefits at all levels of government, including reducing the need for Federal disaster assistance when people build elsewhere or build to minimize damage.

Initiated with the fiscal year 2003 appropriation of $200 million for the multi-year Flood Map Modernization effort, FEMA and States will use current technologies to expedite cost-effective collection of mapping data and to develop the models to identify flood-prone areas. This will yield digitized map products that will be accessible on the Internet and reduce future costs associated with ongoing map revisions and updates.

—ASFPM strongly endorses the Administration's request for $200 million and urges the Subcommittee to request that FEMA report on technical partnerships that are forming with States and communities, incentives offered to foster those partnerships, and to revisit the time and cost estimates for completion of the initiative.

—ASFPM urges the Subcommittee to express its expectation that FEMA will address State-identified priorities and that quality data and quality maps are the objective—rather than focus only on the quantity or the average age of maps. High quality products also serve as incentives and justification for investment of State and local funds.

INCREASE NFIP COMMUNITY ASSISTANCE PROGRAM FUNDS FOR STATE TECHNICAL ASSISTANCE

The Community Assistance Program (CAP), funded by 4.4 million NFIP flood insurance policyholders, provides small, cost-shared grants that provide partial support of State floodplain programs that, in turn, provide technical assistance to nearly 20,000 local jurisdictions that administer the NFIP's minimum floodplain management regulations. CAP is critical because the best way to limit increases in future flood damage is to build State capability to work with and train local officials to ensure that developers comply with the rules and post-flood recovery is undertaken properly. FEMA's staff is too small to provide this vital assistance to nearly every community in the country, thus the partnership with States was established. In 1995, CAP was funded at $4.2 million which, even then, was insufficient to establish adequate capacity in every State.

Currently, CAP stands at $7 million. Although the increased funding has improved state capacity and capability to meet the demand, the increased workload of state floodplain management offices has far outstripped the increased funding. The increased state workload is due to the following factors: more demand for technical assistance and training of local officials; nationwide emphasis on pre- and post-disaster planning and coordination; more communities participating in the NFIP; significant increases in the number of properties insured by the NFIP; and decreases in FEMA staff, which shifts even more programmatic responsibilities to

the States. Importantly, the FEMA Map Modernization program is generating extreme demands for assistance and coordination (implementation is expected to last at least 7 years). It is reasonable to predict that Map Modernization program alone will necessitate at least one additional full time employee in each State floodplain management office, which would require approximately $3.75 million.

—ASFPM urges increasing CAP funding to $10 million in order to increase the technical assistance and training the states provide to the 20,000 communities in the NFIP as FEMA's partners, and to successfully implement the Map Modernization Program.

EXPECT AUTHORIZATION TO ADDRESS THE NFIP'S REPETITIVE LOSS PROBLEM

The National Flood Insurance Program's authorization is due to expire on June 30, 2004. On November 20, 2003, the House of Representatives passed the Flood Insurance Reform Act of 2003 (HR 253) and the Senate Subcommittee on Economic Policy recently marked up the companion bill (S. 2238). FEMA has characterized the disproportionate amount of claims paid on a very small percentage of NFIP-insured properties as the most significant factor that drives increases in the cost of flood insurance. Having more flood-prone homes and businesses insured by the NFIP is an effective way to reduce the Federal burden of disaster assistance.

Both the House and Senate bills authorize augmentation of the existing Flood Mitigation Assistance grant programs to focus on repetitive loss problem, and both bills authorize the transfer of funds from the National Flood Insurance Fund (generated by premium and fee income). The Flood Mitigation Assistance program is mature, with virtually all states currently active to some degree, therefore new funds can be used immediately. Because the NFIP must be reauthorized and extended before June 30, 2004, action on the bills is expected before work on appropriations is completed.

—ASFPM requests that the Subcommittee monitor progress on the Flood Insurance Reform Act of 2004. If the S. 2238 passes prior to final action on the fiscal year 2005 budget, ASFPM urges the Subcommittee to include in the fiscal year 2005 budget the authorized transfer of funds from the National Flood Insurance Fund to the National Flood Mitigation Fund.

—Continue to Retain A Separate Account for the Flood Mitigation Assistance Program

The ASFPM appreciates direction in the fiscal year 2004 appropriations that FEMA maintain the Flood Mitigation Assistance Program (FMA) funds separate from other mitigation funds. FMA was authorized by the National Flood Insurance Reform Act of 1994, which also created the National Flood Mitigation Fund as a separate account. FMA is not supported with general funds, but is funded entirely by a portion of the service fee collected from the 4.4 million flood insurance policies. Therefore, the ASFPM is concerned with the Administration's proposal to combine FMA funds with other mitigation funds, even to achieve accounting efficiencies. To ensure accountability to the policyholders and to ensure that these funds are used only for the explicit purposes authorized, the FMA funds are best kept separate. In particular, how FMA is administered must not be changed. FMA is specifically intended to support cost containment for the NFIP, in part by addressing the problem characterized as repetitive losses, but also to mitigate against severe flood damage and imminent threats due to coastal erosion.

—ASFPM urges the Subcommittee to clarify—again—that Flood Mitigation Assistance Program funds in the National Flood Mitigation Fund are not to be comingled with pre-disaster mitigation funds.

MONITOR HOW THE DEPARTMENT OF HOMELAND SECURITY ADDRESSES NATURAL HAZARDS AND MITIGATION

Millions of Americans are at risk—every day—of experiencing floods, tornados, earthquakes, hurricanes, wildfires, severe winter storms, and other natural hazards. From a broad perspective, ASFPM is disturbed that the Department of Homeland Security has deliberately diminished focus on natural hazards. Despite continued verbal assertions of commitment to FEMA's all-hazards mission, DHS has reduced cohesiveness of programs and reduced staff who deal with hazards and mitigation. The following are specific concerns: transferring FEMA funds to areas of DHS that are not under the jurisdiction of the Under Secretary for Emergency Preparedness & Response; detailing FEMA staff out of that directorate; and reducing support for the vital network of State and local public safety and disaster mitigation officials.

—ASFPM urges the Subcommittee to monitor DHS proposals and actions that affect FEMA programs and staff to prevent unwise and unnecessary reduction in

FEMA's effectiveness, which in turn will jeopardize State and local efforts to deal with natural hazards and mitigation.

PREPARED STATEMENT OF THE INTERNATIONAL ASSOCIATION OF EMERGENCY MANAGERS

Chairman Cochran, Ranking Member Byrd, and distinguished members of the Subcommittee, thank you for this opportunity to provide a statement for the record regarding the fiscal year 2005 budget proposal for the Department of Homeland Security.

My name is Daryl Lee Spiewak, and I am the emergency programs manager for the Brazos River Authority in Waco, Texas. I am a certified emergency manager, a certified Texas emergency manager, and a Texas certified floodplain manager. I currently serve as the President of the International Association of Emergency Managers (IAEM). Our over 2,000 members include emergency management professionals at the State and local government levels, the military, private business and the nonprofit sector in the United States and in other countries. Most of our members are city and county emergency managers who perform the crucial function of coordinating and integrating the efforts at the local level to prepare for, mitigate the effects of, respond to, and recover from all types of disasters including terrorist attacks.

We respectfully submit suggestions on two particular issues relating to the Department of Homeland Security budget for 2005.

Emergency Management Performance Grants (EMPG)

—Reject administration request to cap at 25 percent amount which can be used for personnel.
—Request that the funding cut be rejected and the amount increased.
—Request the program retain all hazards emphasis, including terrorism.
—Urge that funding be specifically designated in the Appropriations Bill and maintained as a separate account.

Hazard Mitigation Grant Program (HMGP)

—Urge the Committee to return the funding level to 15 percent of certain eligible disaster costs.

In addition, we would like to offer our support for the Administration's request for $200 million to continue the Map Modernization program and for the $150 million request to continue the PreDisaster Mitigation program.

Emergency Management Performance Grants

The Emergency Management Performance Grants (EMPG) are pass-through funds to State and local emergency management offices to provide a foundation for basic emergency preparedness and response capabilities. Congressional report language has referred to the program as "the backbone of the Nation's emergency management system." This funding has existed in the past under several different names such as the Emergency Management Assistance Program and State and Local Assistance Program which were actually more appropriate names. This program is different from most grants, in that it is a continuing program with deliverables and requirements which must be met in order to receive funding the following year.

We very much appreciated the support of the House and Senate Appropriations Committees for EMPG in the fiscal year 2004 Department of Homeland Security Appropriations Bill. Congress specifically designated funds in a separate account, increased the amount from the fiscal year 2002 level to $179 million; specifically indicated the funds could continue to be used for personnel costs and supported the all hazards approach. The House Report recognized that "State and local emergency managers rely on these funds for a variety of expenses, but predominately for personnel who plan, train, coordinate, and conduct exercises and other functions essential to effective preparedness, mitigation, response, and recovery efforts."

Reject Cap on Expenditures for Personnel.—Since the purpose of the program is to provide support for State and local emergency management personnel, the Administration's request to cap the amount of funds which can be used for personnel at 25 percent of each grant is puzzling. Since the functions of emergency management are almost 100 percent personnel driven, such as planning, coordinating, exercise design, training, and public education, the effect of the 25 percent cap would be devastating. States have estimated that this cap would result in potential losses of up to 60 percent of their emergency management staff. In some localities it would

result in the elimination of whole programs. We would be cutting capacity at the very time we need to be building capacity.

Perhaps to put this proposed cap in perspective one could consider the effect on the functioning of a Congressional office or a Congressional Committee if directions were given to only spend 25 percent of the funds received for running the offices on personnel and administrative costs.

Reject Funding Cut and Increase Funding.—Historically, funding for EMPG has been inadequate. The program was intended to be 50 percent Federal and 50 percent State or local funding. Currently many jurisdictions receive 20 percent or less. Some jurisdictions do not receive any EMPG monies due to inadequate funding levels. State and local emergency management programs are in desperate need of financial support if they are to continue to meet the requirements of all hazard planning and coordination as well as implement the President's homeland security strategy in States, counties, cities and neighborhoods across America. The new security concerns arising from the current world situation make the coordination and unifying role served by emergency managers more important than ever. Given continued support and funding, emergency managers have the skills, the expertise, and the willingness to rise to the planning and coordinating challenges presented by the full range of hazards affecting their communities.

We respectfully request that the $9 million reduction in the President's request be rejected and that the funding be increased. A 2004 study by the National Emergency Management Association (NEMA) indicates that at the 50–50 shared cost level there is a $245 million shortfall.

Maintain the All Hazards Approach.—Legislative language is included in the Administration's 2005 request giving "priority to homeland security activities." The simple fact is that almost all emergency management activity creates a generic capacity to deal with crises. For nearly 50 years, the Federal Government has provided funding assistance to State and local governments to support a comprehensive national emergency management system. During that time, the Federal emphasis has shifted on numerous occasions and our members have adjusted programs accordingly. There is no doubt that "homeland security" (currently, although we believe, incorrectly, defined as terrorism) has priority today, but the proposed language certainly has the potential to limit the ability of the emergency management system to adjust to changes in the future and is therefore problematic.

Hazard Mitigation Grant Program

Restore Hazard Mitigation Grant Program (HMGP) to 15 percent. The Hazard Mitigation Grant Program in the Emergency Preparedness and Response Directorate provides post disaster mitigation funding. The program is authorized in Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93–288) and the monies are provided from the President's Disaster Relief Fund. We appreciate the House and Senate Appropriations Committees retaining the program rather than terminating it as requested in the Administration's Budget requests in fiscal year 2003 and fiscal year 2004. However, the fiscal year 2003 Omnibus Appropriations bill changed the formula used to determine hazard mitigation funding from 15 percent to 7.5 percent of eligible disaster costs. In order to reduce future disaster costs, commitments must be made to both pre-disaster and post disaster mitigation. Citizens and elected officials are most receptive to undertaking projects and initiatives that reduce the impacts of future disasters immediately after a disaster has occurred. Without the HMGP funding, those opportunities will be missed.

The House unanimously passed H.R. 3181 in November of 2003 which would have restored the funding to 15 percent. This bill is pending in the Senate Environment and Public Works Committee and at this time it is not known if action will be completed given the limited time left in this legislative session. We, therefore, urge that the HMGP program be restored to 15 percent.

Flood map Modernization and PreDisaster Mitigation

IAEM supports the Administration's request for $200 million for flood map modernization. Flood maps play a key role in disaster reduction, mitigation, and community planning and development activities. Many of the flood maps in place are 15 to 30 years old and do not reflect recent development and may contain inaccurate information about the floodplains as a result. FEMA estimated the cost of a multi-year map modernization plan at $750 million over a 7-year period. We support this multi-year effort.

IAEM supports the Administration's request for $150 million for predisaster mitigation. We believe that both predisaster and post disaster funds are important for reducing future disaster costs. We support administrative funds being available to

FEMA to administer the program and urge that FEMA review and streamline the application process.

Thank you for giving us the opportunity to provide this testimony. We would welcome the opportunity to provide additional information to the Subcommittee.

PREPARED STATEMENT OF THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

Introduction

Thank you Chairman Cochran, Ranking Member Byrd, and distinguished members of the Committee for allowing me the opportunity to provide you with a statement for the record on the Department of Homeland Security (DHS) fiscal year 2005 budget. I am Edward F. Jacoby, Jr., President of the National Emergency Management Association and Director of the New York State Emergency Management Office. In my statement, I am representing the National Emergency Management Association (NEMA), whose members are the state emergency management directors in the 50 States and the U.S. territories. NEMA's members are responsible to their governors for emergency preparedness, homeland security, mitigation, response, and recovery activities for natural, man-made, and terrorist caused disasters.

At this time, the Department of Homeland Security has been in place for over a year and the state of emergency management in our Nation is of grave concern. Each day, State and local governments are responding to natural and man-made disasters, the threat of terrorism remains elevated while fortunately, actual terrorism incidents remain sporadic on U.S. soil. The multi-hazards emergency system continues to be the means to practice and exercise for devastating acts of terrorism, while at the same time preparing the Nation for hurricanes, tornadoes, hazardous materials spills, and floods. Yet, all-hazards preparedness may be a thing of the past as more focus is being placed on terrorism. We must ensure that our capability to deal with many hazards, including terrorism remains intact and that we do not shift our focus to preparedness for a single peril.

The capability to coordinate an effective response to an event does not change by the type of disaster. The all-hazards approach relies upon the maintenance of plans, trained personnel to carry them out, and supporting infrastructure in the form of emergency operations facilities with inter-operable communications. We must continue this approach in practicing and exercising for devastating acts of terrorism, as well as day-to-day emergencies. We cannot afford to lose the system we have in place to deal with all disasters in order to build new infrastructure for homeland security's sake.

The Department of Homeland Security budget provides critical support to State and local emergency management programs through actual dollars, grants, and program support. This year, NEMA would like to address three main issues with the proposed Federal budget for Department of Homeland Security.

—Extreme concern for the 25 percent cap on personnel use and the cut to the Emergency Management Performance Grant (EMPG) program;
—Support for continuing and enhancing the Homeland Security Grants, which must be coordinated and managed through the States; and
—Concern about the reduced formula for the post-disaster Hazard Mitigation Grant Program (HMGP).

EMERGENCY MANAGEMENT INFRASTRUCTURE FUNDING

The Emergency Management Performance Grant (EMPG) is the single all-hazards emergency preparedness grant program in support of capacity building at the State and local level. While the State and local government partnership with the Federal Government to ensure preparedness dates back to the civil defense era, increased responsibilities over the last decade have fallen on State and local governments. With the recent expanded focus on terrorism and the increased demands of the Federal Government to assist in the National Strategy for Homeland Security, EMPG is the vital source of funding to assist State and local governments in ensuring that the infrastructure is in place to address all of the traditional hazards that threaten communities—including terrorism.

More than any other intergovernmental program, emergency management and disaster response are a joint and shared responsibility among all levels of government. The increase or decrease in resources for one level has a direct impact on the other partners. For example, a decrease in the capability of local governments to respond to any disaster automatically passes the burden of cost and long-term redevelopment activities to the State, and then to the Federal Government. Unfortunately, the consequences of such policies are much more significant in terms of the effects of disasters on our citizens and communities. The inability to respond to life-threat-

ening emergencies by the local government cannot be replaced by efforts at the State and Federal levels. Likewise, the basic elements of comprehensive emergency preparedness cannot be replaced by narrow program funding for homeland security efforts.

The President's budget proposal will have a devastating impact on the Nation's emergency management system at the same time that responsibilities are increasing for new and emerging hazards. The proposal decreases funding for the EMPG program by $9 million, increases the focus on terrorism, and most destructively, the proposal imposes a 25 percent cap on personnel uses of the EMPG grants. Over the last 2 years, Congress has affirmed the importance of EMPG in appropriations bills in language addressing the significance of the program and increased the levels of funding for the program twice. Prior to these increases in fiscal year 2003 and 2004, the program had been straight lined for over a decade. NEMA is appreciative of Congress' recognition of the EMPG program, but this year we respectfully ask that Congress not only address the programs shortfalls, but maintain the EMPG multi-hazard approach and the program's flexibility to be used for personnel without arbitrary constraints.

EMPG is the only all-hazards program that State and local governments can use to build their emergency management capacity. The grants can be used for personnel, planning, training, exercises, warning systems, emergency operations centers, public outreach, and interagency coordination. EMPG is a flexible program that allows State and local governments to tailor funds to address the specific risks and needs of their jurisdiction. While it is called a grant, EMPG is really a cost-share system which ties together the emergency management system of local, State, and Federal Governments. EMPG's modest Federal increases in 2003 and 2004 helped the program grow, but the program continues to be funded at greater levels by State and local governments. States are continuing to increase their out of pocket costs in order to ensure there is adequate funding for local programs. In fact, a 2004 NEMA study found that there is approximately a $245.9 million shortfall in EMPG for all 50 States. This means that many communities that would like to implement a full-time, professional emergency management capability cannot do so because of shortfalls in Federal funding. Further, EMPG is primarily used as a pass-through program for local governments, so the shortfall affects our smallest localities that are often those most in need of emergency preparedness planning.

Changing the focus of the program to terrorism could severely hamper the ability of State and local government capabilities to respond to a wide range of events with a higher likelihood of occurring such as natural disasters, non-traditional disasters like the Columbia Space Shuttle explosion, Mad Cow disease, West Nile virus, civil unrest, and hazardous material incidents. An increased homeland security focus must be viewed as an enhancement to our basic emergency management capacity. Success in building vigorous and robust capabilities for homeland security will be sabotaged by taking away the basic building blocks of the emergency management system. While terrorism is a major focus at this time, we must balance preparedness efforts by integrating terrorism as one of the many threats facing our Nation, rather than the current approach of making all other preparedness efforts a subset of terrorism. Further, Homeland Security Presidential Directive 8 States that, "to the extent permitted by law, Federal preparedness assistance will be predicated on the adoption of statewide comprehensive all-hazards preparedness strategies." The all-hazards approach cannot be dismissed based upon the assumption that one threat is greater and more significant than the other. After all, no one really has a crystal ball to predict what the next disaster or emergency may be. However, last year there were no terrorism disaster declarations and 56 major disaster declarations, 19 emergency declarations, and 46 fire suppressions declarations. Our system for day-to-day public safety and homeland security must be mutually supportive and nimble enough to address any hazard.

The most significant attack on the way that emergency management functions in this country is the proposal to cap personnel costs for EMPG at 25 percent. The cap will result in immediate, near-term and long-term degradations in the Nation's ability to effectively address emergencies and disasters. Citizens and communities that handled emergencies locally may no longer be able to do so and the responsibility and costs will be passed to the next higher level of government. But the costs will be greater, more frequent, and more dramatic. A 2003 NEMA survey on EMPG found that 1,565.5 or 42.9 percent of state level full time positions are supported in part by EMPG funds. Eighty-three part-time state emergency management personnel are funded in part or entirely with EMPG funds. At the local level, 2,172 full-time positions and 1,184 part-time positions are supported by EMPG. States are reporting to NEMA potential losses of up to 60 percent of their emergency management personnel should this arbitrary cap be imposed. A snap-shot of the impact in

Mississippi shows that 75 percent of state emergency management personnel and 95 percent of local emergency management personnel are funded by the program and both programs would have to sustain significant cuts under the proposal. In West Virginia, the cap could cost the State 18 full-time employees from emergency management and 38 full-time employees in local positions for emergency management. While the Administration explains that this measure would allow for more training and exercises, we find it hard to understand how extra training and exercises could be accomplished with less man-power. Emergency management personnel, particularly at the local level, provide the coordination function for all disaster and emergency response. How can we expect the response to terrorism to be effective and efficient without proper coordination among responders?

The Federal Government must continue the commitment to ensuring national security though all-hazard preparedness. Without adequate numbers of State and local personnel to operate the all-hazards emergency management system, the infrastructure used to prevent, prepare for, respond to, and recover from all disasters will collapse. Congress must affirm the intent of the program and also ensure predictable funding levels for the program.

HOMELAND SECURITY GRANT PROGRAM

Congress has made significant attempts to ensure that the Homeland Security Grant Program is streamlined and provides greater flexibility. We appreciate the attention and funding that the Congress has given to ensuring emergency responders are adequately prepared for domestic terrorism threats. Emergency responders are better prepared today to face the various threats associated with terrorism because of the Federal commitment to address the war on terrorism that is being played out in our States, cities, and towns. States continue to take an all-hazards approach to disaster preparedness as we have integrated our domestic preparedness efforts into the proven systems we already use for dealing with both man-made and natural disasters.

Funding Levels

This year, we are concerned about the President's budget proposal for homeland security that would cut over $600 million in funding that has been dedicated to improving emergency responder preparedness for homeland security. The Federal Government must maintain its commitment to ensure that homeland security preparedness continues and the Constitutional responsibility to maintain a national defense is not compromised. Continuity of effort can only be maintained by State and local governments with adequate Federal support, especially when it deals with the front line emergency responders. Reductions in funding will immediately be translated into reductions in prevention, protection, and preparedness activities. We cannot afford to lose the strides that we have already made in protecting our country by limiting funding, where more is still necessary to achieve the objectives in the National Strategy for Homeland Security. The funding level must be appropriately increased to address areas where shortfalls exist. Further, continued or increased funding should not take away from traditional all-hazards capacity building programs for public safety, public health, and emergency management.

One Stop Shop for Grants Information

The Congressionally created and appointed Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction (known as the Gilmore Commission) initially said a "Federal focal point and clearinghouse for related preparedness information and for directing State and local entities to appropriate Federal agencies is needed," in their first report to Congress on December 15, 1999. NEMA affirmed the notion of a single visible point of contact and coordination of information for State and local governments in the August 25, 2000 Resolution on States' Principles for a National Domestic Preparedness Strategy.

Congressional Legislation to Simplify the Grants Process

As Congress considers legislation to address and reform the Homeland Security Grants, we ask that you take NEMA's suggestions into consideration. The suggestions include the following:

—All efforts to increase emergency management capacity must be coordinated through the states to ensure harmonization with the state emergency operations plan, ensure equitable distribution of resources, and to synthesize resources for intra-state and inter-state mutual aid. Also, the Stafford Act, which governs the way disaster assistance is allocated, successfully uses States and Governors as the managers of Federal disaster relief funds for local govern-

ments, which can become overwhelmed and in need of assistance when disasters occur.

—States understand the need to get funding quickly to the first responders and have long coordinated statewide and regionally to ensure adequate state assistance to local governments for emergency preparedness and response;

—Each State must have a base minimum level of funding to ensure the capacity to respond to any event. Such capacity is necessary for homeland security because of the changing nature of the threat and also because of the importance our emergency system places on mutual aid to respond to events;

—Traditional emergency management capacity building programs like EMPG must be continued as separate and distinct from the homeland security grants programs;

—Duplicative requirements in the grants process must be eliminated and flexibility in the use of the grants must be enhanced; and

—Federal streamlining is necessary to consolidate the Federal grant application process for homeland security funds in order to ensure that funding can be provided faster to first responders. The current application submission, review, and approval process is lengthy and should be reviewed for efficiency.

Fiscal Conditions and Match Requirements

Further, because the war on terrorism is a national emergency and States and local governments continue to be in the toughest fiscal situations since the deep recession in the early 1980s, we must be wary of programs that would require significant matches. In fact, for local governments to meet the match would be even more difficult given their fiscal constraints. If a significant match is required, the application of this initiative will only go to those agencies and governments that can fiscally afford the match and not necessarily where the need is greatest. If a match is necessary, we would suggest that the match be non-fiscal or in the form of a deliverable as opposed to soft or hard dollars. We also recommend continuation of the current match requirements for Emergency Operations Centers enhancements of 75 percent Federal and 25 percent State and local. Waivers may be a way for the Federal Government to also address the lack of capital for a match when State and local governments are experiencing fiscal distress.

Flexibility for Personnel to Manage the Program

Greater flexibility to use some of the first responder grants for personnel both at the State and local level to manage the programs is critical to completing the preparedness mission. As an existing funding stream, EMPG is used in part to fund State and local staff to manage critical programs including the homeland security grants. The First Responder Grants should recognize that personnel are necessary to manage these programs, particularly when rigid deadlines are set for obligating millions of dollars and accountability is paramount. State and local government, emergency management, and responder organizations are already working at a maximum capacity within existing resources and need Federal support for more than the purchase of equipment. Flexibility based on strategic approaches should be the norm, not single-issue, narrowly focused grants.

Standards and Strategy

NEMA has long supported the development of standards to ensure interoperability of equipment, communications, and training across State, regional, and local jurisdictions. In terms of establishing voluntary minimum standards for the terrorism preparedness programs of State and local governments, NEMA offers itself as a resource in this area. Our organization, along with other stakeholder groups such as the Federal Emergency Management Agency, International Association of Emergency Managers, National Governors' Association, National Association of Counties, International Association of Fire Chiefs, and others, has developed and implemented the Emergency Management Accreditation Program (EMAP). EMAP is a voluntary standards and accreditation program for State and local emergency management that is based on NFPA (National Fire Protection Association) 1,600 "Standard for Disaster/Emergency Management and Business Continuity Operations" (an ANSI or American National Standards Institute approved standard) and FEMA's Capability Assessment of Readiness (CAR). EMAP is currently conducting baseline capability assessments of all states, some of which are pursuing accreditation in conjunction with this initial assessment. The State of Florida and the District of Columbia were granted accreditation through the program. NEMA suggests that these standards already being collaboratively developed through EMAP be considered in the development of minimum standards for training, exercises and equipment. The EMAP baseline capability assessment process should also be considered

as a model when considering changes or refinements to other assessment processes conducted by the Department of Homeland Security.

Further, NEMA has called for a long-term strategy for our Nation's homeland security that becomes the "roadmap" for the future of our Nation on homeland security. Such an effort must define the "new normalcy" and also address what State and local governments must accomplish in order to be prepared for a homeland security event. NEMA sees a role for the Gilmore Commission or a similar body to undertake the development of such a National Long-Term Strategy for Homeland Security. Such an effort must include input from State and local stakeholders.

HAZARD MITIGATION GRANT PROGRAM & PREDISASTER MITIGATION

NEMA supports efforts by the Congress and the Administration to continue both pre- and post-disaster mitigation activities. The two-pronged effort can help to address Federal costs towards disasters, because both programs can help to lower overall disaster costs. NEMA calls on Congress to reauthorize the predisaster mitigation program before December 31, 2004 and to also restore the post-disaster Hazard Mitigation Grant Program (HMGP) formula to 15 percent.

Effective February 20, 2003, Congress changed the formula for post-disaster mitigation grants from 15 percent to 7.5 percent. This change limits the availability of funds for post-disaster mitigation and prevents the lessons learned from disasters from being immediately incorporated into mitigation projects to prevent losses of life and destruction of property. As a result, State governments no longer can offer property buy-outs or other mitigation measures to as many disaster victims. The months immediately following disasters provide unique opportunities to efficiently incorporate risk reduction measures in a very cost-effective manner, in many cases lowering the overall cost of the project by leveraging other funding sources including insurance settlements. We ask that you restore the formula to 15 percent this year in order to address mitigation needs.

Some of the most vivid examples of projects that were not funded in fiscal year 2003 because of the formula reduction include HMGP projects from recent disasters. These properties and projects will remain vulnerable with continued risk in future disasters. Some of these include:

—3 acquisitions, 7 elevations, and 7 flood proofing projects for properties flooded during Hurricane Isabel and Tropical Storm Henri in Delaware;

—3 outdoor warning siren proposals, one acquisition project for 18 structures, and one stormwater handling system improvement project as a result of a flood declaration in Kentucky;

—over 88 families who were flood victims remain untouched by post-disaster mitigation in West Virginia because of the formula change; and

—over $18.5 million in projects resulting from Hurricane Isabel will remain unfunded in Maryland as a result of the lack of post-disaster funds.

The HMGP has proven to be a highly effective tool in steering communities toward risk reduction measures, in many cases breaking repetitive loss cycles that have cost other Federal disaster relief programs multiple times. Cost-benefit analysis is currently a requirement for predisaster mitigation programs. We must not lose these opportunities to initiate projects to enhance our communities and reduce future disaster costs.

EMERGENCY OPERATIONS CENTERS

In fiscal year 2002, $56 million was appropriated to the Federal Emergency Management Agency to address Emergency Operations Centers (EOCs) improvements. EOCs are the coordination point for State and local government in the response and recovery of any disaster or incident. After September 11, 2001, NEMA's members saw an implicit and urgent need to upgrade the Nation's emergency infrastructure and to make it more redundant. After all, the New York City EOC was destroyed on that very day as it stood within the World Trade Center 7 Complex. The coordinated response effort of the NY State Emergency Management Office and the NY Office of Emergency Management was later moved to Pier 92 in New York City as a temporary EOC. However, losing the NYC EOC provided a valuable lesson to be learned by all States and localities on redundancy. The $56 million was allocated to states to begin the planning process to assess necessary infrastructure and security improvements and security measures to be taken. Since then no dedicated Federal funding has been provided for the implementation of these plans. Many State and local facilities are out of date; do not have the interoperable technology to coordinate with the Federal Government or among State and local levels; and lack adequate security features. Federal assistance is necessary to match State and local commitments to upgrade their EOCs as an integral part of the Nation's emergency

response system. According to a 2003 NEMA survey, it is projected more tan $1.6 billion will be needed to construct and maintain State and local primary and alternate EOCS over the next 2 to 5 years. This includes the costs to consistently upgrade equipment and software, train personnel, and conduct operations during emergency and non-emergency situations.

CONCLUSION

As we continue to build national preparedness efforts through the Department of Homeland Security, we must not forget about the multi-hazard approach to incident management and the role it plays in preventing the loss of life and devastation to our communities on a daily basis. We must be prudent and thoughtful in addressing homeland security enhancements to our exisiting emergency preparedness and response system. In this year's appropriations process Congress will make critical decisions that shape the future of emergency management in this country. As you begin your consideration, we ask you to recognize the importance of the EMPG program in building capacity through people at the State and local level. I thank you for the opportunity to testify on behalf of NEMA and appreciate your partnership.

PREPARED STATEMENT OF THE NATIONAL FLOOD DETERMINATION ASSOCIATION

Mr. Chairman and members of the Subcommittee, The National Flood Determination Association (NFDA) strongly supports the $200 million requested in the President's most recent fiscal year 2005 budget for map modernization. NFDA is a national nonprofit organization comprised of flood determination companies, their vendors, re-sellers and other industry associates involved in the making, distributing and reselling of flood zone determinations.

The flood zone determination industry is a key stakeholder in the map modernization initiative. By producing flood zone determinations for the lending industry to assist them with the compliance requirements of the National Flood Insurance Program (NFIP) and the National Flood Insurance Reform Act, NFDA recognizes accurate flood maps are an important part of compliance with requirements of the NFIP. Today, FEMA paper flood maps are the maps of record for compliance, and the flood zone determination industry is the single largest extensive user of the maps. In 2001 and 2002, our industry completed 24,507,632 and 30,211,047 flood zone determinations respectively, related to newly originated loans for the mortgage industry. In addition, we completed another 5,472,532 and 4,906,743 determinations for the same years for loans we were tracking on behalf of lenders that were affected by map revisions.

Map modernization is a positive initiative, not only for the flood zone determination industry, but for State and local communities as well. By employing state-of-the-art technology, such as Geographic Information Systems (GIS) and Geographic Positioning Systems (GPS), communities can map their flood risk digitally. As a result, the updated maps will be easier and more cost-efficient to update as conditions change. In addition, digital flood maps are dynamic visual tools for State and local officials, land-use planners, private businesses, environmental protection organizations and emergency management personnel to recognize and chart areas for future development and plan for public safety.

NFDA has been given the opportunity to provide feedback on the current FEMA maps, most of which are greater than 10 years old, in an effort to improve the quality of the existing maps as well as create some standards for the new maps to be published. These technical mapping meetings provide a communication forum that enables the end users of the maps, FEMA, and its contractors to identify practical solutions to the daunting challenge of maintaining and enhancing the accuracy and quality of the FEMA maps.

As a result of the success from the technical mapping meetings, NFDA strongly encourages map modernization representatives to establish an advisory committee comprised of stakeholders and FEMA and contractor representatives as a means of ensuring regular, consistent communication takes place regarding this initiative. In order for the new maps to be truly effective, it is critical to emphasize quality over quantity. The use of new flood studies to develop quality data rather than re-use of possibly out-of-date data is key to achieving truly accurate flood maps. Development of consistent mapping standards for all communities is also important. An advisory committee modeled on the technical mapping advisory council established for 5 years by the Flood Insurance Reform Act of 1994 would be able to review the metrics used for establishing standards, as well as make recommendations for enforcement of those standards in order to create and retain a quality product.

As strong supporters of FEMA, the National Flood Determination Association also strongly supports reauthorizing the National Flood Insurance Program for 3 more years. Multi-year reauthorization is important to the prevention of a program lapse similar to the one that occurred in January of 2003 when the NFIP was unauthorized for 13 days.

Additionally, NFDA asks that important programs such as the natural disaster programs remain within FEMA's jurisdiction. Removing such programs is a threat to FEMA's effectiveness, and it is important that FEMA is allowed to maintain its management without interruption.

In closing, our association has been an avid supporter of FEMA and its map modernization initiative since its inception, and is pleased to offer our continued support in the future. As a part of that support, we ask that the Committee appropriate the $200 million requested for map modernization and reauthorize the NFIP for 3 more years.

PREPARED STATEMENT OF THE NATIONAL TREASURY EMPLOYEES UNION

Chairman Cochran, Ranking Member Byrd, distinguished members of the Subcommittee; I would like to thank the Subcommittee for the opportunity to comment on the fiscal year 2005 budget for the Department of Homeland Security (DHS) and specifically its impact on the DHS Bureau of Customs and Border Security (CBP).

As President of the National Treasury Employees Union (NTEU), I have the honor of leading a union that represents over 13,000 Customs and Border Protection employees who are stationed at 307 ports-of-entry across the United States. Customs and Border Protection officers, canine enforcement officers, and import specialists make up our Nation's first line of defense in the wars on terrorism and drugs as well as the facilitation of lawful trade into the United States. In addition, legacy Customs personnel are responsible for ensuring compliance with import laws and regulations for over 40 Federal agencies, as well as stemming the flow of illegal contraband such as child pornography, illegal arms, weapons of mass destruction and laundered money.

In 2003, legacy Customs Service employees seized over 2.2 million pounds of cocaine, heroin, marijuana and other illegal narcotics. Customs and Border Protection Officers also processed over 412 million travelers last year, including over 1 million cars and trucks. These numbers continue to grow annually. Over the last decade trade has increased by 137 percent. Legacy U.S. Customs Service personnel facilitate more trade, and interdict more drugs than any other agency within the Customs and Border Protection Bureau. The legacy Customs Service collects over $20 billion in revenue on over 26 million entries involving over $1.2 trillion in international trade every year. The legacy Customs Service also provides the Federal Government with its second largest source of revenue. Last year, the legacy Customs Service deposited over $24.7 billion into the U.S. Treasury.

FISCAL YEAR 2005 BUDGET

The President's fiscal year 2005 budget requests a funding level of $40.2 billion for the Department of Homeland Security and from that total $6.2 billion is requested for the Bureau of Customs and Border Protection (CBP). The CBP includes the legacy inspection and border security personnel of the Customs Service, INS, Border Patrol and APHIS. The focus of the CBP is security at and in-between ports-of-entry.

Unfortunately, the President's request for the CBP represents a token increase from last year's appropriations for all of the agencies transferred into the CBP. NTEU believes that this recommendation is simply inadequate to meet the needs of Customs and other border security personnel, especially in light of their additional homeland security missions such as the Customs Trade Partnership Against Terrorism (C–TPAT), the Container Security Initiative (CSI), U.S. VISIT and the 24-Hour Rule that requires advanced transmission of accurate cargo manifest information to the CBP.

In addition to annual appropriations, Customs also receives funds from a user fee account known as the COBRA account. This user fee account funds all inspectors' and canine enforcement officers' overtime pay as well as approximately 1,200 Customs positions across the country. The COBRA account is funded with user fees collected from air and sea passengers entering the United States (except from the Caribbean and Mexico), commercial vehicles, commercial vessels/barges and rail cars. The COBRA fund was recently reauthorized and now will expire on March 31, 2005. However, the President's fiscal year 2005 budget does not address the future reauthorization of COBRA or the possible integration of the COBRA fees with other CBP

user fees. The COBRA fund must continue to be reauthorized or Congress must appropriate additional funds to make up for the loss of the user fees in the future.

Despite the increased threats of terrorism, the dramatic increases in trade resulting from NAFTA, and new drug smuggling challenges, CBP personnel has confronted its rapidly increasing trade workload and homeland security missions with relatively static staffing levels and resources. While staffing was increased in last year's supplemental and fiscal year 2004 appropriations, in the last 10 years, there simply have not been adequate increases in staffing and resource levels for inspectional personnel and import specialists to successfully conduct their missions. The events of September 11 brought attention to the fact that the Northern border, and especially the Nations' seaports, and the Southwest border are still in urgent need of additional personnel and resources.

In fact, Customs' recent internal review of staffing, known as the Resource Allocation Model or R.A.M., shows that the Customs Service alone needed over 14,776 new hires just to fulfill its basic mission and that was before September 11. In addition, in 2001 the Patriot Act called for a tripling of the number of Northern Border personnel from the roughly 2,300 personnel who were on the border in the fall of 2001 to 6,900 by the end of 2004, a number that DHS is far short of reaching. According to the testimony of Commissioner Robert Bonner before the 9/11 commission on January 28, 2004, the CBP currently has approximately 3,900 CBP personnel on the northern border.

Traffic volume at U.S. land ports-of-entry has steadily increased as our shared borders with Mexico and Canada have become more open as a result of the NAFTA and other trade initiatives. The steady increase of commercial and non-commercial traffic has led to increased wait times at many land ports-of-entry, particularly those along the Southwest border. Wait times along the Southwest border can often extend to 45 minutes or more during peak hours. Such lengthy delays can be both irritating and costly to businesses and the traveling public.

The lack of resources at ports-of-entry is also a problem along the Northern Border and at seaports. Port security, largely overlooked in the Homeland Security Act, must also be a priority of this committee. The fiscal year 2005 budget provides only $50 million for port security grants as part of the Transportation Security Administration appropriation, a reduction of almost $100 million in grant money for ports from the President's fiscal year 2004 budget. Each year more than 16 million containers arrive in the United States by ship, truck and rail. In the last 5 years alone, Customs has witnessed a 60 percent increase in trade entries processed, and this rate is expected to grow an average of 8 to 10 percent a year. Port security must remain a high priority for the Department of Homeland Security.

With increased funding for resources, modern technologies, such as Vehicle and Cargo Inspection Systems (VACIS), which send gamma rays through the aluminum walls of shipping containers and vehicles to enable Customs inspectors to check for illegal drugs or weapons of mass destruction, as well as decreasing the amount of time shipping containers are out of the supply chain, could be acquired. Other technologies, such as portable contraband detectors (a.k.a. Busters), optical fiber scopes and laser range finders can be invaluable to Customs personnel protecting our borders from terrorists and illegal drugs. However, adequate and consistent funding for personnel to operate these technologies has not been forthcoming. On a daily basis, CBP officers are being tasked with additional anti-terrorism, trade, immigration, agriculture and drug smuggling initiatives with little increase in across the board staffing, leaving many ports of entry with too few personnel to successfully carry out all of the DHS mission priorities.

CBP PERSONNEL ISSUES

CBP Personnel Overtime Cap

An aspect of the consolidation of legacy Customs, INS and APHIS inspectors into a single front-line border security position that needs to be addressed immediately by this subcommittee is the correction of the overtime cap language for all CBP employees. When legacy Customs employees joined together last March to form the Bureau of Customs and Border Protection, the Department and Congressional appropriators realized the differences in overtime systems between the various border agencies. Unfortunately, the fiscal year 2004 DHS Appropriations bill included a provision that, while intending to provide greater consistency in overtime earnings among the front line CBP workforce, has instead created additional problems for the CBP workforce, more specifically, legacy Customs personnel and the new CBP officers.

Specifically, the fiscal year 2004 DHS Appropriations bill states that all CBP employees are subject to a $30,000 annual overtime cap (legacy Customs, INS, APHIS,

& new CBP officers). However, the fiscal year 2004 appropriations language does not address COPRA (Customs Officer Pay Reform Act) overtime earnings for legacy Customs personnel and new CBP officers. The original language of the COPRA law included a $25,000 cap. However, for the past several years, the annual appropriations bills specifically amended COPRA to provide for an increase to $30,000 as an overtime cap. Unfortunately, this year's (fiscal year 2004) appropriation does not contain this amendment and has had the unintended effect of re-instituting a $25,000 cap for only those employees covered by COPRA (legacy Customs personnel and the new CBP officers).

Commissioner Bonner is well aware of this problem, as he indicated in a November 2003 Commissioner's message to all CBP employees stating that, "we believe that this disparity was not intentional and we have begun to take all necessary steps to correct it through the proper channels. At my direction, the CBP Office of Congressional Affairs is now working with the Department to address this inconsistency through a legislative correction." NTEU hopes that the Commissioner, working closely with the members of this subcommittee, can fix this situation both retroactively for legacy Customs employees this year and prospectively in the fiscal year 2005 DHS Appropriations bill.

FLETC 6 Day Training Issues

On January 1, 2002, at the request of the Federal Law Enforcement Training Center (FLETC), the legacy U.S. Customs Service implemented a 6-day a week training schedule for all basic training courses for Customs officers in order to accommodate the higher volume of employees being sent to FLETC as a result of the events of September 11.

Unfortunately, as a result of the 6-day a week basic training schedule, the legacy U.S Customs Service, and now the Bureau of Customs and Border Protection (CBP) have refused to compensate legacy customs officers and the new CBP officers for their sixth day of basic training at FLETC. Legacy Customs officers and the new CBP officers receive no pay, either "straight time" or overtime pay for their work on the sixth day of basic training. While there may be disagreement as to what overtime system may be appropriate, it is outrageous that these employees are required to work 1 day a week for no pay at all.

This inequity has become even more egregious for legacy Customs inspectors due to a recent decision of the Bureau of Immigration and Customs Enforcement (BICE), that authorized the retroactive payment of FLSA overtime to legacy immigration inspectors who, like legacy Customs officers had been assigned to a 6-day workweek while attending their basic training at FLETC since January 1, 2002. Again, by forcing hundreds of newly trained legacy Customs inspectors and new CBP officers to work a sixth day without any compensation while their legacy INS counterparts receive FLSA overtime is certain to hinder the esprit-de-corps and development of the Department of Homeland Security's "One Face at the Border Initiative" which has merged the legacy Customs and INS inspectional workforces into one border security position within DHS. The committee needs to work closely with DHS and the CBP bureau to immediately correct this training pay inequity for legacy Customs employees and the new CBP officers.

One Face at the Border

As the subcommittee is aware, on September 2, 2003, Secretary Tom Ridge announced the creation of a new CBP officer position and the "One Face at the Border" initiative. Under this plan, a new position, the Customs and Border Protection Officer (CBPO) would combine the duties of legacy inspectors from Customs, INS and APHIS into a single front-line border security position at the 307 official ports-of-entry across the United States.

NTEU believes that combining the border protection responsibilities that were held by three highly-skilled specialists into a "super inspector" raises some serious concerns. Each of the job responsibilities from the three legacy inspection agencies is highly specialized and distinct. By utilizing one employee to perform all three primary and secondary inspection functions, will the agency lose the expertise that has made the United States border inspection personnel second to none?

NTEU believes that the CBP officer position was created with the assumption that the basic skill sets for legacy Customs and INS inspectors are similar and NTEU would have to agree with this statement as far a primary inspection is concerned. However, it is in secondary inspections where expertise is needed. It is in secondary inspections where legacy Customs and INS experts "drill down" to seek the facts they have been trained to find.

CBP Officer Training

Prior to the creation of the CBP officer position, legacy Customs inspectors received 9 to 12 weeks of intensive basic training on Customs Service rules and regulations alone. Now, the new CBP officer will receive only 14 weeks of training for all Customs, INS, and APHIS rules and regulations. Under the new CBP officer training guidelines, legacy inspectors currently on the border will be transitioning into the new position in the spring of this year by way of classroom training, CD–ROM computer teaching and on-the-job training. While the new training will lead to a broader knowledge of the INS, Customs and APHIS rules and regulations of entry for passengers and goods entering the United States, there is a concern as to whether it will provide the specialized expertise necessary to ensure the successful accomplishment of the critical missions of the Department of Homeland Security.

Another aspect of the "One Face at the Border" initiative that needs more thorough scrutiny is the lack of details with regard to the secondary inspection process at ports of entry. Currently, legacy Customs and INS inspectors are "cross-trained" as to the most basic Customs and INS procedures for entry into the United States for passengers and goods. However, if a legacy Customs inspector is faced with a complicated visa entry situation at an airport or land border primary inspection station they have the ability to send the passenger to a more intensive secondary inspection where an experienced legacy INS inspector can make a determination as to the validity of a particular visa. It is unclear whether experts in visa issues or other specific Customs and INS border protection matters will continue to be readily available for secondary inspection. This issue is even more urgent in light of the fact that on January 5, 2004, DHS rolled out its new entry/exit visa processing system known as U.S. VISIT. Operating at 115 airports and 14 seaports across the country, and eventually expanding to the 50 largest land border ports of entry by the end of 2004, U.S. VISIT is currently being manned by only legacy INS inspectors because legacy Customs inspectors do not have the on the job experience to thoroughly determine the validity of a particular visa or passport. NTEU feels strongly that if border initiatives such as U.S. VISIT are to be successful, specific expertise must be maintained among the CBP officer ranks as it relates to Customs and INS regulations.

Law Enforcement Officer Status

In addition, legislative action that would help to ensure the retention of Customs and other CBP personnel could include granting law enforcement status for legacy Customs Inspectors, Canine Enforcement Officers and other border security personnel in the CBP. For example, legacy Customs Service Inspectors and Canine Enforcement Officers continue to be the Nation's first line of defense against terrorism and the smuggling of illegal drugs and contraband at our borders and in our ports. Legacy Customs Service Inspectors have the authority to apprehend and detain those engaged in terrorism, drug smuggling and violations of other civil and criminal laws. Canine Enforcement Officers and Inspectors carry weapons, and at least 3 times a year they must qualify and maintain proficiency on a firearm range. Yet, they do not have law enforcement officer status. They are being denied the benefits given to other Federal employees who they have been working beside to keep our country safe. Legacy Customs employees face real dangers on a daily basis, granting them law enforcement officer status would be an appropriate and long overdue step in recognizing and retaining the Customs personnel who continue to protect our borders from terrorism and drugs. There currently is a bill before the House HR 2442, which would grant law enforcement status to CBP personnel. Representative Filner introduced this bill and it currently has 101 cosponsors. I would ask the members of this subcommittee to cosponsor this very important legislation.

DHS Proposed Personnel Regulations

As the committee is aware, the Homeland Security Act of 2002 authorized the Secretary of Homeland Security and the Director of OPM to develop new human resources (HR) systems for Federal employees in the Department of Homeland Security in the areas of pay, performance management, job classification, labor-management relations, and disciplinary matters. As part of the creation of the new DHS HR system, a design team composed of DHS managers and employees, HR experts from DHS and OPM, and representatives from the agency's three largest unions, including NTEU, were assembled to develop a wide range of HR options for consideration by Secretary Tom Ridge and OPM Director Kay Coles James who will develop the new DHS HR system.

To support the effort to create the new DHS personnel system, the President's fiscal year 2005 budget provides the department with $102.5 million to develop and implement a new performance-based pay system for DHS personnel including fund-

ing for a pay for performance pilot program within the Coast Guard. NTEU is strongly opposed to the $102.5 million requested in the President's budget to fund the implementation of this ill-conceived program and believes that this funding would be better spent by this committee on additional staffing and equipment to protect or borders from terrorism.

As a member of the DHS Human Resources Design Team NTEU has always strongly advocated that in designing pay, classification and performance management systems for DHS, that the principles of credibility, transparency and accountability must be honored and applied to the DHS HR options that were introduced by Secretary Ridge and Director James in February. Unfortunately, the proposed DHS personnel regulations neither honored nor applied the principles that employees in the department deserve.

As the Committee is aware, the public comment period on the proposed DHS personnel regulations, closed on March 22, 2004. It is our understanding that DHS received over 2,000 comments during the past month from DHS employees, Members of Congress, employee representatives and the general public. From an initial review of the submitted comments, it can be safely said that the vast majority of the comments oppose the proposed pay and job classification system for DHS personnel.

The proposed DHS personnel regulations propose to implement a radical change to pay and job classification systems for DHS employees, and to increase the linkage between pay and performance. However, no reliable information exists to show that this system will enhance the efficiency of DHS operations and promote homeland security. Indeed, most of the key components of the system are not clearly determined in the proposed regulations. The proposed regulations consist only of broad statements concerning the creation of occupation clusters of related positions in the department and the ability of DHS/OPM to create a number of "pay bands" for each cluster that relates to skill level. The "pay band" ranges will be set by an extremely complicated formula of mission requirements, local labor market conditions, availability of funds, and pay adjustments received by other Federal employees.

The proposed pay system lacks the transparency and objectivity of the General Schedule. Critical decisions on pay rates for each band, annual adjustments to these bands and locality pay supplements and adjustments will no longer be made in public forums like the U.S. Congress or the Federal Salary Council, where employees can watch the process and have the opportunity to influence its outcome. Rather, these decisions would now be made behind closed doors by a group of DHS managers (sometimes in coordination with OPM) and their consultants.

If the proposed system is implemented, employees will have no basis to accurately predict their salaries from year to year. They will have no way of knowing how much of an annual increase they will receive, or whether they will receive any annual increase at all, despite having met or exceeded all performance expectations identified by the Department. The "pay-for-performance" element of the proposal will pit employees against each other for performance-based increases. Making DHS employees compete against each other for pay increases will undermine the spirit of cooperation and teamwork needed to keep our country safe from terrorists, smugglers, and others who wish to do America harm.

One thing is clear. The proposed pay system will be extremely complex and costly to administer. A new bureaucracy will have to be created, and it will be dedicated to making the myriad, and yet-to-be identified, pay-related decisions that the new system would require.

In the area of labor relations, NTEU is extremely disappointed by the proposed DHS personnel system. Despite the congressional mandate to protect an employee's right to collectively bargain, the proposed DHS personnel regulations are drafted as such to minimize the influence of collective bargaining so as to undermine the statutory right of employees to organize and bargain collectively. When Congress included provisions in the Homeland Security Act to protect employees' collective bargaining rights, Congress could not have intended those rights to be gutted as they are in the proposed regulations.

For example, the proposed regulations eliminate bargaining over otherwise negotiable matters that do not significantly affect a substantial portion of the bargaining unit, they eliminate a union's right to participate in formal discussions between bargaining unit employees and managers, and they drastically restrict the situations during which an employee may request the presence of a union representative during an investigatory examination. In addition, the proposed regulations set and change conditions of employment and void collectively bargained provisions through the issuance of non-negotiable departmental regulations, assign authority for resolving many labor-management disputes to the Homeland Security Labor Relations Board, composed exclusively of members appointed by the Secretary, and grant broad new authority to establish an entirely new pay system, and to determine each

employee's base pay and locality pay, and each employee's annual increase in pay, without requiring any bargaining with employee representatives.

The Homeland Security Act required any new human resources system for DHS employee "contemporary." Unfortunately, the labor relations and performance management proposals are, however, remarkably regressive. By proposing to silence front-line employees and the unions that represent them, DHS/OPM appear to have decided that employees and their representatives can make no contribution to the accomplishment of the essential mission of protecting the homeland. This backwards-thinking approach is at odds with contemporary concepts of labor relations.

In the area of due process for DHS employees the proposed personnel regulations make drastic changes. Included in the proposed regulations are provisions that bar the Merit Systems Protection Board from reducing or otherwise modifying any penalty selected by DHS, which would deprive employees of a chance to challenge excessive or unreasonable penalties, the proposed regulations eliminate the right of a union to submit serious adverse actions imposed against bargaining unit employees to an arbitrator, and they reduce an agency's burden of proof in adverse actions cases to a standard that would require DHS's decisions to be upheld even if they are more likely than not to have been improper.

In addition, the proposed DHS regulations would allow the Secretary of Homeland Security to determine an unlimited number of mandatory removal offenses or "deadly sins" that require mandatory termination for DHS personnel, without access to any independent review of the charges; the only review would be by an in-house entity. These proposed DHS "deadly sins" are even more Draconian that the IRS' deadly sins, which are subject to independent review and are set by statute, not subject to the whim of the current or future DHS Secretaries.

It is important to note that President Bush supports repealing the mandatory termination provisions currently in effect at the IRS and legislation drafted by the Administration to do this (H.R. 1528) has passed the House with strong bipartisan Congressional, as well as, Administration support. The Administration believes that the IRS needs more flexibility in this area. Since flexibility has been the primary goal of personnel changes at DHS, it is totally inconsistent to introduce procedures that take away all discretion by requiring mandatory penalties.

When Congress mandated that DHS employees be treated fairly and afforded the protections of due process, and authorized only limited changes to current appellate processes, Congress could not have envisioned the drastic reductions in employee rights that are in the proposed DHS personnel regulations. No evidence shows that current employee due process protections or the decisions of an arbitrator or the MSPB jeopardize homeland security. While there was support expressed in Town Hall meetings and focus groups for speeding up the adverse action and appeals process, there was no support for drastically altering the process in favor of management or otherwise reducing the likelihood of fair and accurate decisions.

Ideally, a new DHS human resource management system should promote esprit-de-corps so as to enhance the effectiveness of the workforce. Unfortunately, these proposals fall far short of that ideal. Instead, they will result in a demoralized workforce composed of Federal employees who feel as if they have been relegated to second-class citizenship. This system will encourage experienced employees to seek employment elsewhere and will deter qualified candidates from considering a career in DHS.

Thank you for the opportunity to share NTEU's thoughts on a number of extremely important issues concerning the Department of Homeland Security, its fiscal year 2005 Budget and its front line employees.

PREPARED STATEMENT OF THE UNIVERSITY OF MIAMI

Chairman Cochran, Ranking Member Byrd, and distinguished members of the Subcommittee, thank you for giving me the opportunity to provide testimony on the Disaster Resistant University initiative and to request continued funding in the fiscal year 2005 appropriations bill of your Subcommittee.

We very much appreciate the interest of Members of Congress in this program. It is a modest program with great benefits.

Request for fiscal year 2005

We respectfully request the following language in the fiscal year 2005 Department of Homeland Security Appropriations Bill Emergency Preparedness and Response section of the bill under the Predisaster Mitigation section.

The Committee directs Emergency Preparedness and Response (FEMA) to continue the Disaster Resistant University Program by providing continued support to

the pilot universities and those selected in fiscal year 2003 and fiscal year 2004 to implement mitigation efforts to reduce their vulnerabilities and improve protection of their students, employees, and the Federal investment in vital research.

Program Background

The FEMA Disaster Resistant University (DRU) Initiative was created to reduce the potential for large loss of life and hundreds of millions of dollars in key Federal research and billions of dollars in damage from natural disasters. The University of California at Berkeley was the prototype and founding member of the program. In October 2000, FEMA selected five additional universities to join Berkeley in the pilot phase of the program: the University of Alaska at Fairbanks, University of Miami, University of North Carolina at Wilmington, Tulane University, and the University of Washington at Seattle. The selected universities have two elements in common: a vulnerability to disasters and a commitment to improve protection of students, faculty and staff, and one of our most valuable assets, intellectual property. The pilot program was funded with $700,000 in grants from predisaster mitigation funds and the U.S. Fire Administration.

Purpose of the Program

The purpose of the program is to help the Nation's colleges and universities facing the threat of natural disasters and acts of terrorism to assess their vulnerabilities and find ways to protect the lives of their students, faculty, and staff; their research; and their facilities. It will provide a framework and process for other universities to do the same.

The intent of the program was to assist universities by first providing a small grant for them to assess their vulnerabilities, devise appropriate plans, and set priorities and then to provide grants in following years of approximately $500,000 each for the universities to take steps to reduce those vulnerabilities.

Need for the Program

The Federal Government funds $19.4 billion annually in university research, according to the National Science Foundation statistics in 2001, the latest year available. This Federal investment in the vital intellectual property of the Nation should be protected.

In addition, universities are critical to the economic health of their surrounding communities. Their ability to resume operations quickly following a disaster greatly speeds the recovery of the entire community. For example, the University of Miami is the 3rd largest employer in Miami-Dade County and has a $1.9 billion a year impact on the community; the University of Washington is the 3rd largest employer in the State of Washington and has a $3.4 billion impact; the University of North Carolina at Wilmington is the 3rd largest employer in the area and is a $400 million annual benefit to an eight county area; the University of California at Berkeley is the 3th largest employer in the Bay area and generates $1.4 billion annually in the Bay area; Tulane University is the largest employer in Orleans Parish and the 5th largest in Louisiana with a $1.5 billion gross impact on New Orleans; and the University of Alaska at Fairbanks is the largest civilian employer in the Tanana Valley. In addition, many universities operate medical schools which provide essential clinical services to the residents of their communities and adjacent areas.

Many recent events underscore the need for the program: the loss of many years of research at the Texas Medical Center as result of flooding from Tropical Storm Allison, the earthquake damage to the University of California at Northridge and the University of California at Los Angeles, the facility damage and loss of life at the University of Maryland as result of a tornado, hurricane damage to the University of North Carolina at Wilmington, the earthquake damage to the University of Washington at Seattle, and the declaration by the FBI that our universities are "soft" targets for terrorists.

Status of the Program

On December 31, 2003, FEMA published a Notice of Funds Availability (NOFA) for grant applications. As directed by Congress, $500,000 is to be available to the six existing DRUs and $100,000 each is to be available for six new ones to start the process. The funds are from the PreDisaster Mitigation Fund.

The applications were due to FEMA regions on March 1, 2004. The FEMA regions have completed preliminary reviews and forwarded the applications to FEMA headquarters. Panels will be reviewing the applications in late April and awards are expected in early June.

Forty-four universities and four consortia applied. Applications were received from six Historic Black Colleges and Universities (HBCU) and one tribal school. Applications were received from universities located in nine of the ten FEMA regions.

Although no additional funding has been made available since the original small grants in 2000, great progress has been made by the universities with the modest Federal investment. Participation in the DRU brought high level commitment and a framework for disaster planning and mitigation activities that helped universities focus and enhance efforts to protect their students, faculty, staff, vital research, and facilities.

Each university has made significant improvements in developing awareness campaigns on campus; assessing their risks, vulnerabilities, and mitigation options, prioritizing and implementing some of the mitigation options; updating emergency operations plans; and developing and implementing plans for business continuity. The universities have improved disaster resistant design specifications for buildings and their contents, incorporated disaster resistance into campus master planning, and partnered more closely with governmental and private entities.

These six pilot universities are making strong efforts to protect their over 120,000 students, over 60,000 employees, 1,550 buildings valued at over $11,820,458,000, and $1,600,710,000 in annual research.

The six participating Disaster Resistant Universities look forward to continuing their progress and to mentoring the six new universities which FEMA will be selecting soon.

Included in the applications from the six pilots for the fiscal year 2003 funding were projects such as protecting windows, tying down rooftop mechanical equipment, structural bracing for hurricane damage protection for buildings housing major research projects; seismic retrofit of the university police Department 9–1–1 dispatch center and emergency operations center; developing emergency plans for campus special needs populations; seismic evaluation of the power plant vital for research facilities; and improving nonstructural hazard mitigation in university laboratories, increasing data backup, and expanding business resumption planning into departments and research units.

Streamlining the Process

We are grateful that the process of getting out the fiscal year 2003 funding is underway; however, the new application process for the fiscal year 2003 funds was very time consuming. Some of the information required seemed much more appropriate for communities than a university. One pilot university estimated it took 200 hours of staff time to prepare the application and several spent more than 150 hours. One of the universities applying as a new selection for a $100,000 grant devoted 150 hours of staff time. In addition the process is time consuming for State and local emergency management officials. We would like to work with FEMA on suggestions for streamlining the process while still maintaining high quality applications.

Summary of Congressional Interest

We very much appreciate the support Congress has given this program.

Fiscal year 2002

The Conference Report on the VA, HUD and Independent Agencies Appropriations bill for 2002 (House Report 107–272) contained the following language:

The conferees believe that many of the Nation's universities are vulnerable to disaster and urge FEMA to continue its Disaster Resistant University program and expand the scope to include safe-guarding university assets from acts of terrorism.

Fiscal year 2003

The Conference Report on the fiscal year 2003 Omnibus bill in the FEMA section of the VA, HUD and Independent Agencies stated the following:

The conferees are in agreement that FEMA should continue the Disaster Resistant University program and direct FEMA to carry out the direction contained in House Report 107–740.

House Report 107–740 stated the following:

Finally, the Committee notes that in September of 2000 FEMA selected five universities to join the University of California at Berkeley in the pilot phase of the Disaster Resistant University program: University of Alaska/Fairbanks, University of Miami, University of North Carolina/Wilmington, Tulane University, and University of Washington/Seattle. The purpose of the program is to help the Nation's colleges and universities facing the threat of natural disasters to assess their vulnerabilities and find ways to protect their research, facilities and the lives of students, faculty and staff. The Committee directs FEMA to continue the Disaster Resistant University Program with grants of $500,000 to each of the six pilot Disaster Resistant Universities and $100,000 each to at least six additional universities, including at least one HBCU, to join the program.

Fiscal year 2004

The Senate Report on the Department of Homeland Security Appropriations bill (S. Report 108–86) included the following language under the National Pre-Disaster Mitigation Fund which was funded at $150,000,000.

The Committee encourages the Department to continue the existing Disaster Resistant University program at the fiscal year 2003 level.

The House receded to the Senate in the conference agreement.

We again thank you for the opportunity to provide written comment on the need for continued funding of this important program. We would welcome the opportunity to provide additional information or to discuss the program further with your staff.

PREPARED STATEMENT OF THE UPPER MISSISSIPPI RIVER BASIN ASSOCIATION

The Upper Mississippi River Basin Association (UMRBA) is the organization created in 1981 by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to serve as a forum for coordinating the five States' river-related programs and policies and for collaborating with Federal agencies on regional water resource issues. As such, the UMRBA has an interest in the budgets for the U.S. Coast Guard and the Federal Emergency Management Agency (FEMA).

Both the Coast Guard and the FEMA have vital functions specifically related to homeland security that must be adequately funded. But both also have other traditional missions that are equally important to public health and safety, economic well-being, and environmental protection. For the Coast Guard, these include activities such as aids to navigation, vessel and facility inspections, emergency response, and mariner licensing. For FEMA, key traditional missions include the National Flood Insurance Program, flood map modernization, hazard mitigation, and response to floods and other natural disasters. Nowhere are these services more important than on the Upper Mississippi River System, which supports a vital link in the inland waterway transportation system, some of the Nation's most productive agricultural land, population centers ranging from small towns to major metropolitan areas, and a nationally significant ecosystem.

COAST GUARD

Operating Expenses

A continuing priority for the UMRBA is the Coast Guard's Operating Expenses account. The President's fiscal year 2005 budget proposal includes $5.173 billion for this account, an increase of almost 10 percent from the fiscal year 2004 enacted level. However, this net increase of $455 million for Operating Expenses is more than fully consumed by specific increases tied to implementation of the Maritime Transportation Security Act (MTSA); increased personnel costs; and operating costs for new vessels, aircraft, and facilities related to the Coast Guard's saltwater responsibilities. These initiatives are important in their own right and will benefit a range of Coast Guard missions. However, it is also true that the Coast Guard's non-security missions will be under continued strain as the inflation-adjusted resources for these missions remain static or shrink.

When the Department of Homeland Security was formed, the UMRBA strongly supported the Coast Guard's stated objective of sustaining traditional missions near their pre-9/11 levels. These traditional missions are critical to the safe, efficient operation of the Upper Mississippi River and the rest of the inland river system. Under these mission areas, the Coast Guard maintains navigation channel markers, regulates a wide range of commercial vessels in the interest of crew and public safety, and responds to spills and other incidents. The beneficiaries include not only commercial vessel operators, but also recreational boaters; farmers and others who ship materials by barge; and the region's citizens, who benefit enormously from the river as a nationally significant economic and environmental resource.

Even prior to September 11, recent years had brought a number of changes to the way the Coast Guard operates on the inland river system, including elimination of the Second District; closure of the Director of Western Rivers Office; decommissioning the Sumac, which was the largest buoy tender on the Upper Mississippi River; and staff reductions. While the States understand the need for efficiency, the cumulative impacts of these changes must be carefully monitored, particularly in light of the increased demands that we are now placing on the personnel and assets that remain in the region. The UMRBA is quite concerned that staff reductions and resource constraints have combined to impair the Coast Guard's ability to serve as an effective, proactive partner.

Specifically, increased security demands have reduced the staff assigned to vessel inspections and limited the Coast Guard's investigation of reported spills. Sending a single person to conduct vessel inspections reduces the rigor of those inspections, and, in a worst case scenario, potentially puts the inspector at risk. Similarly, electing not to respond to reports of small spills means some of these spills will go uninvestigated and puts increased demands on local officials, who do not have the Coast Guard's expertise or resources. Moreover, it could result in costly delays should a spill turn out to be larger than first reported, an all-too-common occurrence. Temporary adjustments initially made to accommodate immediate security needs are now evolving into long term standard operating procedures. While everyone recognizes the need to adjust to our new security environment, it is essential for the Coast Guard to retain the capacity to perform its traditional missions on the Upper Mississippi River. Toward that end, the UMRBA supports the President's fiscal year 2005 budget request for the Coast Guard's Operating Expenses account, but urges Congress to ensure that sufficient resources from within this account are allocated to the Coast Guard's inland river work.

Research, Development, Testing, and Evaluation

Through its Research, Development, Testing, and Evaluation (RDT&E) program, the Coast Guard conducts cutting edge research in several critical areas, including oil spill prevention and response, risk assessment, and mariner safety. Of particular note, researchers at the Coast Guard's Groton, Connecticut Research and Development Center have made invaluable contributions to state-of-the-art fast water spill response, in situ burning, and human error reduction. However, the President is now proposing to shift the Coast Guard's RDT&E funding to the Department of Homeland Security's Science and Technology (S&T) Directorate. This proposal represents precisely the kind of diminution of the Coast Guard's non-security missions with which the UMRBA and others have repeatedly expressed concern. Research on innovative oil spill recovery equipment or new methods for combating crew fatigue will simply be lost in the department-wide S&T Directorate, with its overwhelming focus on homeland security issues. Moreover, the President's proposal appears to be inconsistent with Section 888 of the Homeland Security Act, which calls for "the authorities, functions, and capabilities of the Coast Guard to perform its missions . . . [to] be maintained intact." The UMRBA urges Congress to provide adequate and direct funding to the Coast Guard's multi-mission RDT&E program in fiscal year 2005.

Reserve Training

The President is requesting $117 million for Coast Guard Reserve Training in fiscal year 2005. The UMRBA States are keenly aware of the importance of the reserve forces. During major flood events on the inland rivers, reservists have consistently provided exemplary service, augmenting the Coast Guard's capabilities and helping to protect public health and safety. More recently, many reservists have been called to active duty, enabling the Coast Guard to meet many new security-related demands. On the inland rivers, this has included increased patrols near critical facilities and development of security plans for key inland ports. The UMRBA urges Congress to fund Reserve Training at $117 million in fiscal year 2005, thereby helping to maintain a Coast Guard reserve that can effectively execute both homeland security- and natural disaster-related missions.

Boating Safety Grants

The Coast Guard's boating safety grants to the States have a proven record of success. The Upper Mississippi is a river where all types of recreational craft routinely operate in the vicinity of 15-barge tows, making boating safety all the more important. As levels of both recreational and commercial traffic continue to grow, so too does the potential for user conflicts. This is particularly true with major events like the Grand Excursion 2004, during which flotillas of boaters will retrace President Millard Fillmore's 1854 steamboat journey from Rock Island, Illinois to the Twin Cities.

Boat safety training and law enforcement are key elements of prevention. However, the future of this successful grants program is uncertain. Following the pattern of recent years, the President has requested $59 million in fiscal year 2005 funding for boating safety grants to the States. This is the amount historically authorized without annual appropriation from the Boat Safety Account, which is funded by a tax on fuel for recreational motor boats. Successive Administrations have not typically exercised their option to request an additional $13 million in annual appropriations for the grants. However, the authority for the funding from the Boat Safety Account has expired and must be extended if the program is to continue in fiscal year 2005. Such a provision is currently being considered as part of the pend-

ing Highway Bill. The UMRBA urges prompt reauthorization of the Boating Safety Program, and funding of this important work at $72 million annually.

FEDERAL EMERGENCY MANAGEMENT AGENCY (EMERGENCY PREPAREDNESS AND RESPONSE DIRECTORATE)

Hazard Mitigation

UMRBA is particularly interested in FEMA programs that help mitigate future flood hazards. Mitigation, which is the ongoing effort to reduce or eliminate the impact of disasters like floods, can include measures such as relocating homes or community facilities off the floodplain, elevating structures, and practicing sound land use planning. Mitigation planning and projects are essential to reducing the Nation's future disaster assistance costs. Given the importance of mitigation, UMRBA supports the Pre-Disaster Mitigation (PDM) grant program, which was created in fiscal year 2003 and for which the President is requesting $150 million in fiscal year 2005. While the PDM grant program is still relatively new, it holds promise for enhancing communities' ability to prevent future damages, particularly in areas that have not experienced a major disaster and thus have not had access to post-disaster mitigation assistance through the Disaster Relief Fund. In addition, pre-disaster mitigation assistance is an effective means of meeting the ongoing need in all communities to plan for future floods and reduce their vulnerability before the next flood disaster.

FEMA is still in the process of awarding fiscal year 2003 grant funds, and fiscal year 2004 grant guidance has not yet been released. In fiscal year 2003, each State in the country was provided $248,375 for planning grants. The balance of the $150 million appropriated in fiscal year 2003 is being allocated nationally as competitive grants, in three phases. While fiscal year 2003 competitive grants have not yet been awarded, the review process has concluded. A total of nearly $6 million in PDM competitive grants will likely be awarded, from fiscal year 2003 funds, to communities throughout the five States of the Upper Mississippi River Basin. Although the PDM grant program has gotten off to a slow start, it holds promise. Thus, UMRBA supports the President's fiscal year 2005 funding request of $150 million for the PDM program.

Flood Map Modernization

Flood maps are not only used to determine risk-based National Flood Insurance Program premium rates, but also provide the basis for local regulation of flood hazard areas and for State and local disaster response planning. However, most flood maps are over 15 years old and are rapidly becoming obsolete. Many flood maps are outdated by the effects of land use changes in the watersheds. When outdated maps underestimate flood depths, it can often lead to floodplain development in high risk areas. It is therefore important that flood maps be updated on an ongoing basis and in a timely way.

The President's fiscal year 2005 budget proposes $200 million for FEMA's Flood Map Modernization program. While funding for flood maps has increased substantially since the Map Modernization initiative began in fiscal year 2003, there are growing concerns about the adequacy of the original time and cost estimates. For instance, producing updated and accurate maps often requires that new studies be conducted. However, the existing map modernization budget is only sufficient to fund actual mapping costs and will not adequately cover the costs of necessary associated tasks, such as new flood elevation studies or levee certifications. In fiscal year 2004, FEMA Region 5 was allocated $12 million for map modernization and Region 7 was allocated $7.28 million. Given such constrained funding and the fact that mapping needs are being prioritized based on population, rather than flood risk or need, it is not clear when relatively sparsely populated counties along the Mississippi River will be mapped. Ironically, the Federal Government, through the U.S. Army Corps of Engineers, recently spent approximately $17 million to develop new flood profiles for the Upper Mississippi and Lower Missouri Rivers. Unfortunately this updated information cannot be fully utilized until sufficient funding is made available to modernize and digitize the flood maps for river communities. Thus, the UMRBA urges Congress to provide adequate funding for map modernization, including sufficient funding to develop new maps for the Upper Mississippi and Lower Missouri Rivers based on the new flood profiles.

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