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HOUSE COMMITTEE ON HOMELAND SECURITY HOLDS A HEARING ON  
THE FISCAL YEAR 2008 DEPARTMENT OF HOMELAND SECURITY BUDGET

FEBRUARY 9, 2007

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THOMPSON: The Committee on Homeland Security will come to order.

The committee is meeting today to receive testimony on the president's fiscal year 2008 budget request for the Department of Homeland Security.

Welcome, Mr. Secretary.

Let me begin by thanking you for delivering your testimony within the timeframe requested by the committee. This is a good start for the new Congress.

I appreciate your cooperation to date on this matter. I believe I've seen you more this year than I did all last Congress.

You're keeping your word about meeting more often with this committee and I appreciate it and I know the members do likewise.

Last February when you appeared before this committee to discuss the administration's fiscal year 2007 budget, the entire nation was disgusted with the atrocious response to Hurricane Katrina. Confidence in FEMA and the overall department was an all time low.

At the same time, in last year's budget, the department proposed drastic cuts to programs that assist our first responders, who are on the front lines of the war on terror here at home, and funding for mass transit, rail and critical infrastructure were enormously shortchanged by that budget.

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It was evident to the nation that the department was not prepared to handle another catastrophic terrorist attack or natural disaster.

Today the committee is reviewing the department's fiscal year 2008 budget proposal, a budget which you illustrate protects the nation from dangerous people and goods, protects critical information, improves emergency preparedness and response, improves operation and management of the department.

Well, this may be a new year, but in some instances, Mr. Secretary, it feels like *deja vu*.

I do recognize some significant increases in the areas such as fiber and border security. Unfortunately, I fear that behind the increases lurks some problems rather than answers.

For example, the budget requests \$31 million to add an additional 600 detention beds for fiscal year 2008. I'm not sure that 600 beds are enough, if the intention is to truly increase work site enforcement.

In addition, adding beds alone is not the only issue. Detention space needs to be humane. Just last week, I saw reports of the tent city, nicknamed Ritmo, set up in Raymondville, Texas. The conditions depicted by these reports are far from humane.

I can assure you that this committee will be looking into this matter.

I also have other concerns, Mr. Secretary. I'm concerned that the budget does not adequately address why the department ranked at the bottom for the second time in nearly every category of the OPM employee satisfaction survey.

I'm also concerned that the budget is again passing the homeland security book to state and locals. Once again, the president's budget would eliminate funding for local law enforcement terrorism prevention programs.

This year's budget would cut 52 percent from the state homeland security grant program, which provides grants to first responders in all 50 states and U.S. territories.

The firefighters grant program, FIRE Act, would be cut by nearly 50 percent. First responder training grants would be slashed by 55 percent. And the president's budget would zero out funding for grants to metropolitan medical systems that are needed to prepare for the mass casualties from a disaster, like pandemic flu.

As I've said to you before, millions of lives are at stake and we cannot continue to protect the homeland on the cheap nor can we do it through contracted services.

One last note. I'm personally very disappointed that you are zeroing out the minority serving institution research and fellowship program. As we have discussed on numerous occasions, the department must reach out to these institutions to assure that our homeland security efforts mirror America and its citizens. This elimination does not show a commitment to doing so.

With that, Mr. Secretary, I look forward to hearing your testimony about the department's fiscal year 2008 budget priorities and justifications.

The chair now recognizes the ranking member of the full committee, the gentleman from New York, Mr. King, for an opening statement.

KING: Thank you, Chairman Thompson.

Good morning, Mr. Secretary, it's good to see you again.

Let me, at the outset, say that I sat through most of the hearing the other day where we heard testimony from the

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inspector general and the controller general and, quite frankly, what I got from that testimony is that I think that you and your management team in place are doing a very good job.

The fact is when you're talking about 22 departments and agencies being consolidated, 180,000 employees, all those numbers we've heard before, there are tremendous challenges and I believe that you and the team you have in place are going definitely in the right direction and have a plan in place.

Also, I would like to, for the record, and we took this from the department's Web site listing the accomplishments for the 2006, Department of Homeland Security, Mr. Chairman, I'd like to make this part of the record.

THOMPSON: Without objection.

KING: Thank you, Mr. Chairman.

I say that, though, as a prelude to saying that as I go through the budget and I see some of these same reductions that Chairman Thompson spoke about, the at least \$420 million cuts in first responder grants, the zeroing out of the MMRS grants, reduction in training grants, and the fact that so much is being -- and, also, the safety grants and we saw the problems we had last year with trying to find out how the money could be allocated to go the areas that needed it the most.

And I remember at the time one of the rationales you gave was that you felt that Congress had not perhaps given enough money on the whole issue of grants.

And my concern is that when the department was started back in 2003, it was put together with a budget which was supposed to involve no extra costs to the federal government. Basically, you were taking these other departments and they, of course, would go with them and there would be no net increase in costs to the government.

Well, since then, we have certainly gone much more into the issue of immigration than was contemplated when the department was created. We've had Katrina, which showed that much more had to be done in the area of natural disasters.

The committee last year legislated with port security funding and port security, chemical plant security. This year I know Chairman Thompson intends to have extensive hearings on rail and transit security.

And my point is are we looking at this budget from the wrong direction? Are we taking a budget that was first brought up four years ago, which was a guesstimate, which I think Secretary O'Neill said was not going to cost one extra penny, and we try to work within that budget every year and add on a certain percentage, add this to a budget that perhaps was inadequate to begin with.

And if we are at war with Islamic terrorism, if we are in a war similar to the war in Iraq or the war in Afghanistan, when you're at war, you decide how much money you need and you work your way back from that.

Should we, rather than work within the box, create a larger box or look at and really just look entirely at a new way of how we approach this and find out what is needed and what is not needed? Not just throw money at programs.

But it seems to me that we are limited so often. For instance, Secretary Snow said yesterday that we're trying to make the best we can with scarce resources.

Well, if we're at war with Islamic terrorism, there shouldn't be scarce resources.

So I would just ask you to consider that. Certainly, I intend to be discussing this with the chairman as we go forward and also members on my side, if we should be looking at this with larger parameters than we are right now.

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So with that, I thank the chairman for giving me the time. I'll try to pursue this during my questions.

But, Chairman Thompson and, also, Secretary Chertoff, one issue which I believe maybe we should discuss right now is the whole issue of interoperability on the \$1 billion which is to be, I guess, jointly administered between yourselves and the Department of Commerce.

My understanding is that there is some difficulty in coming to a memorandum of understanding between the Department of Homeland Security and the Commerce Department.

Now, as I see it, interoperable communications are critically important to the nation's first responders. The inability to communicate hampers the ability to respond to an event and creates further confusion.

While I would prefer that there be greater flexibility to distribute these funds past the current fiscal year to ensure they're used effectively, I'm deeply concerned by the delay in getting the administration of this grant program up and running.

I'm also deeply concerned regarding the grant guidance for these funds. The guidance should permit use of funds for the purchase of interoperable systems that use bandwidths other than 700 megahertz. Many areas, including New York City, have taken their own initiative and spent millions of dollars of their own funds to build interoperable communications systems using bandwidths other 700 megahertz.

For more than 10 years, New York's been utilizing channel 16 frequencies and a 400 megahertz ban to achieve interoperability.

Given the city's dense urban areas, 700 megahertz systems just do not work, and that's just one example. You and I've discussed this and I believe we're on the same page on this.

Secretary Chertoff and Chairman Thompson, I hope you agree this is a critically important issue for first responders across the country. I hope we can gain assurances from you today that you will ensure that grant guidance permits the purchase of systems operating on band widths other than 700 megahertz.

I would further encourage you to let us know when and where the department is encountering problems in reaching agreements with Department of Commerce on this issue.

And I believe, Mr. Chairman, this is an issue where you and I are in full agreement.

THOMPSON: You're absolutely correct, Mr. King, and we will probably be sending a joint letter putting that position forward to the secretary for a response.

Thank you very much.

KING: I yield back the balance of my time. Thank you, Mr. Chairman.

THOMPSON: Thank you, Mr. Ranking Member.

Other members of the committee are reminded that under the committee rules, opening statements may be submitted for the record.

Again, I welcome our witness today. When he was confirmed in 2005, Secretary Michael Chertoff became the second person to serve as the head of the Department of Homeland Security.

Prior to his confirmation, Mr. Chertoff served as a United States circuit judge for the third circuit court of appeals. Prior to that, he served as an assistant attorney general at the Department of Justice, where he was instrumental in

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helping to trace the September 11 terrorist attack to the Al Qaeda network. He's served in a number of other public service positions.

Mr. Secretary, I thank you for your service and I appreciate you agreeing to testify here today. Please.

CHERTOFF: Thank you, Mr. Chairman, Happy New Year. It's a pleasure to appear here at the beginning of this new year and the new Congress.

I appreciate the opportunity we've had already to meet informally and I look forward to continuing that practice, which I think has been helpful to me and I hope it's been helpful to you, as well.

I request that my full statement be made part of the record. I'm going to try to just be brief in terms of summarizing what I have to say and then responding to questions.

This is a budget that reflects an eight percent increase over our fiscal year 2007 budget and actually almost 50 percent over the 2003 fiscal year. So it does reflect an expanded amount of money, recognizing that we have an expanded mission.

It reflects the president's very strong position, which he articulated yesterday when he visited the department, to continuing to make sure we have the tools and resources that we need to enhance our security, but in a way that balances our freedom and our prosperity.

And we do have, as you point out, an enormous range of missions, which I break down into five basic goals -- keeping bad people out of the country, keeping bad or dangerous things out of the country, protecting our critical information, continuing to build a well prepared and effective response capability, and, finally, strengthening the institution of DHS itself.

And I'm just going to very briefly review where we are now, what we've accomplished, and where we want to go in the next fiscal year on each of these items.

Mr. Chairman, as you and the ranking member pointed out, the border has become a very, very significant public issue and we've devoted a lot of resources and begun to see very positive results in getting control of the border.

That includes investments we've made in high technology and tactical infrastructure. We're requesting \$1 billion for SDSBINET (ph) program to continue to support the deployment of high technology and virtual fence across the border, and, where appropriate, we are now putting fencing up on the border.

For example, in the Barry Goldwater range, which is basically an ordnance testing range for the military, we are putting up these pilings which will keep our vehicles and we are welding fencing between the pilings to keep people out. That protects the people as well as the mission.

I'm delighted to say the deputy secretary was down himself last week doing some of the welding.

But in addition to the high tech and the fencing, we're also well on the way to doubling the Border Patrol, as the president committed last year, looking to have, at the end of this coming fiscal year, 17,819 Border Patrol and then getting to the 18,319 by the end of the calendar.

These boots on the ground additional infrastructure and the fact that the National Guard has been working with us has produced some very significant results, which I will mention in a moment.

Another piece of this, of course, is when we apprehend people, what do we do with them? We invented the policy of catch-and-release for those who are illegally here and caught at the border. We've done that through a combination of better processing times, but also by increasing the number of beds from 18,500 in fiscal year 2005 to 27,500 in this

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fiscal year and looking to add almost 1,000 additional beds for fiscal year 2008, which would get us to 28,450.

This has allowed us, to the extent the law permits, to detain and remove everybody that we catch at the border and this is having a very significant deterrent effect with respect to non-Mexicans who used to come into the country with the belief that even when they were caught, they would be released into the community and then they would never show up again.

So we begin to see the deterrent effect as it's felt through the community of people who are trying to sneak in.

I'm going to show you a chart now that shows what we have seen in terms of trends in apprehensions of people coming across the southern border, which shows that since we began Operation Jumpstart and increased enforcement in the middle of last year, which was -- you've got the wrong chart up.

We're going to show you the decreases in apprehensions. What you'll see is from the third quarter of fiscal year 2006, which is when we began putting more boots on the ground, through the fourth quarter and into the present, we have had, for the first time, a reversal of the trend of the number of people coming across the border, the number of incursions and the number of apprehensions.

That's quite dramatic. It went down 13 percent and 37 percent in the third and fourth quarters relative to the prior quarters.

That doesn't mean that we have done the job. What it means is we've begun to have an impact and it means that we now have some momentum which we have to keep building upon if we're going to get this job done.

Finally, our increased work site enforcement, including a dramatic rise in the number of criminal penalties brought against companies that systematically violate the immigration laws, has begun to have an impact on the economic engine that draws people illegally into the country.

We've also made dramatic impact in terms of our protection of our ports. Three years ago, we only screened about 48 percent of our cargo overseas under the container security initiative. Now we do 82 percent.

Four or five years ago, we had no radiation portal monitors at our seaports. By the end of this year, virtually 100 percent of the containers coming into the United States will go through radiation portal monitors at our ports before they enter the country. And by the end of next year, our budget proposes to have virtually 100 percent of our land ports with the radiation monitors that will screen for radiation for containers and cargo coming in.

We're also, pursuant to the Safe Ports Act, beginning the process of deploying radiation systems and X-ray systems at overseas ports, including Pakistan, the United Kingdom and Honduras. So that to the extent that foreign governments allow us to do so, we can actually do this scanning overseas.

Let me turn to critical information. Critical infrastructure, whether it be TSA, where we are beginning to deploy document checkers to add a new level of defense for our air system, or whether it's our new chemical plant regulations and toxic inhalation rail regulations, we are seeing significant steps forward raising the bar for security for all elements of our infrastructure.

We have completed the national infrastructure protection plan. We have got submissions on each of the critical sectors in terms of their security plans and we are working to validate and to elevate the security of all elements of our economy.

Let me turn, fourth, to emergency preparedness and response. I think FEMA has demonstrated in the last year a remarkable turnaround from what I think you've pointed out, Mr. Chairman, was a very sad story that we had to face last year at this time.

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I think the recent response to the tornadoes in Central Florida, while not of a scale of a Katrina, I think is a hopeful sign in terms of our systems retooling all across the board.

And we are requesting \$149 million additional to continue with this new initiative under Chief Paulson, as well as money that we're going to use, \$48 million, to further professionalize our disaster workforce by moving a significant number from being term employees to being permanent employees.

Let me turn to the issue of grants for a moment before I conclude. We recognize, of course, that there's always a desire for money in state and local governments and we do have to operate within a pool even within an expanded budget, where we have to make difficult tradeoffs.

Our commitment is to be risk-based and that means while we don't put all the money in the high risk areas, we are unquestionably leaning towards the high risk areas in the way that we do allocate the money.

We have listened to Congress. This year, as opposed to in prior years, we have agreed to continue to propose grants in the individual infrastructure categories as opposed to a single infrastructure grant program that lumps them all together and our proposed funding continues the funding levels which Congress enacted last year.

CHERTOFF: The Urban Area Security Initiative grants, which were \$770 million last year, we're proposing to increase to \$800 million. And although you are correct to say, Mr. Chairman, that the state homeland security grants we're proposing to cut by a little more than half, that is more than offset by the \$1 billion in interoperability funding which will be available in fiscal year '08 to address what everybody has recognized is a very high priority still unmet need.

I think the bottom line is that the money that will be in the hands of communities in fiscal year 2008, under the president's budget, will be approximately the same as it was last year, and that is about \$3.2 billion, which I think is a very good news story.

I also have to remind the committee that there is still over \$5 billion that has been unspent. So there's plenty of money in the pipeline and as we consider how to balance the competing demands, we want to keep the pipeline primed, but we don't necessarily want to overflow it.

Finally, Mr. Chairman, I think very seriously, the results of the survey about which you mentioned, I recognize that with any new department that is being stood up, physical constraints, shortages of money for training and the fact that we are working people very hard does have an impact on morale.

I've asked the deputy, our human capital officer and our undersecretary of management to dig deeply into the survey to see what the causes of dissatisfaction are, to put together a plan that will give us better communication, better stability.

I'm pleased to say some of the steps we've already taken, including increased professionalization of leadership in the workforce, for example, FEMA, where we have now finally completed centrally populating our senior leadership for DHS in St. Elizabeth's, which I think is an important part of what will settle the department over the long term and build a culture and a spirit which are essential to having a happy and a productive workforce.

So, Mr. Chairman, I thank you for hearing me and I look forward to answering your questions.

THOMPSON: Thank you, Mr. Secretary. I thank you for your testimony. And I recognize myself for five minutes for the beginning of the questions.

I guess the first question, Mr. Secretary, is you've seen the budget, are you satisfied with it? Is it enough resources for you to do your job?

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CHERTOFF: I am satisfied, Mr. Chairman. I believe that it presents us with a lot of resources, which I think we can use appropriately and in a disciplined fashion, but which addresses what we need to get done in 2008 to build on the progress up to now.

THOMPSON: Given that, you talked about the poll that was taken by OPM relative to morale of the staff.

That is a real problem. I want to bring it to your attention in the sense that the committee will be looking over the next few months at how you propose to resolve what we think is too significant an issue not to have a plan in place to address. But it is a major issue.

Last month I talked to you about the western hemisphere travel initiative and that I had talked with some ministers from the Caribbean relative to the passport requirement and, more specifically, I had spoken with the Bahamian minister of tourism, Mr. Obi Wilchcombe, and he was concerned that with the implementation of this initiative, it might have an adverse effect on tourism.

At that time, you felt that it was the right thing to do, but that in the interim, for people who might have a problem, we would have created a opportunity for them to phase in, if you please, that implementation.

Can you give me some idea as to how that's going?

CHERTOFF: Yes, I'd be delighted to.

We did track this very carefully in the period of time leading up to the deadline, which was January 23, and we've done it since then. We've discovered that thanks to some very good communication by the destinations and by the airlines, at the time that we actually began the program on January 23, we had virtually perfect compliance.

We had very few instances where people did not have the passports that they needed at the border. In those few instances where they haven't, we've allowed people in and we've simply told them that they have the requirement in the future. We obviously check their identification.

But although I have to say I think the press was dogged in trying to search out stories or problems at the airport, I have not seen any report of any significant problem with respect to the program and it is, as we speak, virtually 100 percent compliance at all of our ports of entry.

So it's a very important program, because it's an important security measure for the country. I'm pleased to say we were able to put it in without a lot of inconvenience.

THOMPSON: OK, now, a lot of that is with Canada. What about with the Caribbean?

CHERTOFF: It was 99 percent.

THOMPSON: With the Caribbean.

CHERTOFF: In some cases, I think it was 100 percent. It was really quite remarkable that people got the message and carried through on it.

THOMPSON: And I appreciate the fact that you facilitated a window of opportunity for those individuals who might not have received the information relative to the passport.

Was it 30 days or some kind of window?

CHERTOFF: Well, we continue to have the window open and, happily, it's been a window which very few people have had to pass through.

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Eventually, I think we will -- let me say this, Mr. Chairman. We've always allowed people, Americans, to return. Particularly if you don't have a passport, it sometimes becomes a little more difficult.

I don't envision this as being any more problematic than what we face, for example, when people come back from Europe or Asia.

THOMPSON: Well, then, that's fine and that resolves the questions.

Relative to the experiment under the Safe Ports Act, we have shared with you some concern about the technology that's being deployed at the ports.

You can expect a communication from the committee as to whether or not that technology is state-of-the-art technology, whether it's foreign-owned technology or what have you, and I would appreciate your response to it.

I now yield to the ranking member.

KING: Thank you, Mr. Chairman.

Mr. Chairman, as I mentioned in the opening statement, I do believe we have to start looking at the budget from a different perspective and I'll certainly feel privileged to spend time with you and the chairman as we go forward on that.

If you look upon this as a war, then as far as I'm concerned, the Department of Homeland Security should be our domestic Pentagon.

For instance, on the issue of grants, they are being cut by \$420 million. On port security, we authorized \$400 million. I think only \$210 million is going in the budget for port security grants.

And I know you're saying that the \$1 billion from the interoperability is to partially offset that, the fact is I was part of those negotiations at the time and I don't recall it ever being even suggested that those dollars would be in lieu of money. It was supposed to be a supplement to what was already being spent. It was not supposed to be filling in.

So I would have a really serious difference with you on that.

Let me just ask several questions, then, and just ask you if you can answer them.

One, on the interoperability, if you could tell, number one, what is the status of the memorandum of understanding between DHS and the Commerce Department?

Secondly, as far as guest workers, if the U.S. visit plan is not able to control both entry and exit, how could a guest worker program work at this stage?

And I think this is probably a follow-up to what the chairman was referring to as far as the radiation portal monitors. I know the ones that were installed on a test project, in a pilot project on Staten Island, the GAO, I believe last fall, said there were serious deficiencies with them. If you could update us on what the status of that is.

With that, I'd just give you the opportunity to answer.

If I could just make one other point, Mr. Secretary. I always enjoy seeing you up here, the chairman enjoys seeing you up here. The fact is I do think that Congress missed a golden opportunity this year to consolidate jurisdiction in one committee.

Just a quick reading, there's at least seven full committees with any number of subcommittees who are calling your people up here continually and if we do have hurricanes to fight and a war to fight, I just think it puts too much stress on

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the department to constantly have the top management coming up here to appear before multitudes of committees and subcommittees, all of whom are trying to get their moment in the sun.

Thank you.

CHERTOFF: Well, I certainly endorse the idea of allowing us to consolidate our appearances before this committee on the authorization side and the comparable committee on the Senate. That's what the 9/11 commission recommended and it would certainly, I think, not only make my life easier, but it would actually continue to build on I think a very productive relationship we've developed both informally and in more formal settings.

On the three questions you raised, the memorandum of understanding is very close to being signed. If it's not signed within the next week or 10 days, I'm going to get on the phone or sit down with Secretary Gutierrez and we'll just get it done. I don't think there's any obstacle in principal. It's just kind of a paperwork issue.

With respect to TWP, temporary worker program, and U.S. visit exit, it is quite clear that a foundation of a temporary worker program will have to require a secure identification card and then that card will have to be something which it will be in the interest of the temporary worker to make sure is being recorded when that person enters and leaves the country.

But the number of people involved in that program dwarfs the number of people who cross the northern and southern border every year. The total number of crossings we have every year are 400 million.

And I'll be very candid about where the challenge we face with exit is. We intend to move forward next year with exit at the airports. In fact, we have money in the budget to handle that at the airports.

At the land ports of entry, though, if we were to be required to stop every single person when they leave to determine who is a citizen and who's not a citizen, who gives their biometric and who doesn't give their biometric, we would have extremely long lines in places like Detroit and Buffalo and the southern border, as well.

So we need to come up with a more efficient system for determining who is leaving as part of U.S. exit and that is going to require us to work with the Canadians and the Mexicans to see whether we can share information on their side of the border, so people only have to stop once rather than twice.

At the same time, it's very important and we're putting, I think, \$140 million into the budget this year that we move forward with a second part of U.S. visit entry, which is the 10 fingerprints, which allow us to match the fingerprints of people coming into the country, foreigners, against latent fingerprints we pick up from battlefields and safe houses all over the world.

And that is something which directly adds probably the largest step up in security at the borders of any screening tool that we have.

Finally, with respect to the radiation portal monitors, I believe the GAO report as based on an early pilot study and I've spoken to the head of DNDO and the advanced monitors we're looking at now have a much higher success rate.

Of course, we'll be testing them operationally before we invest a significant amount.

KING: Thank you, Mr. Secretary.

THOMPSON: Thank you very much.

I now yield to the gentlelady from California, Ms. Sanchez.

SANCHEZ: Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being before us today.

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And I just want to make a little aside with respect to something that Ranking Member King said about if we don't have the U.S. visit program, we're not going to be able to do the guest worker program if there would be some sort of program put in the future.

And I would just say we're not going to be able to make sure any of our immigration reform, if we pass a law, whether it's naturalized citizens, whether it's residents and just the security issues. So it's incredibly important that these programs we have, like U.S. visits, actually work before we ever pass some sort of immigration reform law.

We have to, as a sovereign state, I believe, we need to know who's coming in and out and that U.S. visit program is incredibly important both at the airports and at land and port entries.

Mr. Secretary, I want to ask you a little bit about the catch- and-release policy. I want to know when you all decided to begin the catch-and-release policy, how long it's been in place, what the actual logistics are of such a program, especially in light of a lot of allegations that I have received from civil liberties and immigration law groups, that illegal immigrants are confined to 23 hours a day in windowless tents made of Kevlar-like material, are often with insufficient food, clothing, medical care, and very little or no access to telephones and counsel.

So I want to hear how long, how did you come to this, what you think it really looks like if you're somebody who ends up in this catch-and-release program. And I'd like to know how many OTMs have you returned to their native countries since you started doing it this way.

CHERTOFF: Catch-and-release was a policy that existed well before I arrived at the department and reflects the fact that we did not have enough detention beds to hold non-Mexicans who were caught at the border.

Now, Mexicans can simply be returned across the border on the same day, so there's no detention issue. But people from Guatemala or China or other parts of the world require processing before they can be sent back to their native country.

So the question is what do you do with them? Until 2006, because of the shortage of beds and because of the cumbersome process, most of them were released and the consequence is most of them never showed up for their court hearing.

SANCHEZ: I think we all understand that. I'm trying to get a feel for what's it look like, how long has it been, and what have been the results? Because the real result we want is to get this person back to their home country.

CHERTOFF: So here's what we did.

SANCHEZ: And when we read in the paper it's taking 12 months or 18 months of hanging out in some tent on the border, this doesn't make us look good or efficient.

CHERTOFF: Let me break it into two categories. For the people who are now subject to what I call catch-and-return, people caught at the border, they are put in expedited removal.

The average time to removal used to be 90 days. It has now been reduced to about 20 days, which means that people who are caught at the border and put in expedited removal are returned in approximately 20 days to their home countries. There are some, obviously, exceptions. That's an average.

I want to separate that from the category of people who are detained in the interior. There we do not necessarily always detain people when we catch them illegally, because we don't have the beds to do that for everybody, but we do generally detain those who either have criminal records or are particular flight risks or have some other characteristic that suggests they ought to be a higher priority.

Sometimes those cases do take a while to process, because the individual involved is pursuing legal remedies in the

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United States, which are very time consuming. So while they are in that process, often the judge determines, sometimes the judge bails them out, but sometimes the judge determines that it is appropriate to detain them.

So 12 and 18 months applies to people who are detained in the interior and really is a function of the way the immigration court system operates.

SANCHEZ: On the 20 days, does this OTM get before a judge?

CHERTOFF: Expedited removal, as a matter of law, does not put you in front of a judge.

SANCHEZ: And my last quick question before my time runs out.

Are these camps also on the northern border and are we doing the same thing at the northern border or are you really just doing this at the southern border?

CHERTOFF: We have detention centers all over the country. Ninety-nine percent of the people who come across the border illegally between the ports of entry come from the southern border.

So when built particularly a tent camp that you're talking about...

SANCHEZ: Did you just say 99 percent of people who cross the border are coming...

CHERTOFF: Illegally.

SANCHEZ: ... across the southern one instead of the northern one?

CHERTOFF: Correct, 99 percent of the people coming...

SANCHEZ: Only one percent of people without documents are coming across our northern border. Is that because we don't have it all checked and we don't have as much going on at the north or you really believe just one percent of the people are coming across the northern border?

CHERTOFF: Most of the flow, this may change eventually in the future as we tighten up on the southern border, most of the flow comes through the southern border and I've been told it's approximately 99 percent between the ports of entry.

SANCHEZ: Ninety-nine to one.

CHERTOFF: Yes.

SANCHEZ: You want to stand by those numbers, 99 to one?

CHERTOFF: This is what I've been told.

SANCHEZ: Ninety-nine to one? That's almost absolute.

CHERTOFF: What I'm telling you, Congresswoman, is that, by far, the majority of people, by a very, very large margin, and I'll have someone verify the figures for you, by a very, very large margin, the people coming across between the ports of entry are coming from the southern border.

But I will also tell you we have the same program at the northern border. If we catch somebody in the northern border who's there illegally, we will put them into the same program.

They will be put into detention and they will be returned under the same expedited removal. We go where the flow

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is. We're indifferent as to whether they come across the northern border or the southern border or, frankly, whether they come by sea. It's the same thing.

If we catch them and they're illegally here and we can put them in expedited removal by law, we will hold them and we will remove them within a very short period of time.

SANCHEZ: Thank you, Mr. Chairman.

THOMPSON: Thank you very much.

CHERTOFF: I'll just get someone to verify the percentage, but it doesn't strike me as intuitively wrong.

THOMPSON: We'll now hear from the gentleman from California, Mr. Lungren.

LUNGREN: Thank you very much, Mr. Chairman.

I've been on the southern and northern borders, took our subcommittee to the northern border last year, and I'd be surprised if it weren't 95-99 to one, given the activity.

Also, I remember when I was up in the sector that includes Seattle, that they said 90 percent of the people that were caught there who were there illegally were actually from South and Central America, interestingly enough, but not that they've come across the border illegally. They'd actually traversed up through the lower 48 to get up there.

I want to say we're never totally satisfied with what you're doing, but I think you're making progress and I appreciate it. We in this committee asked you to stop catch-and-release. We had begun to start legislation prohibiting it and you moved ahead before the legislation was completed to do that.

We have in the Congress enacted laws to allow you to do expedited removal and, frankly, I think we should be criticizing if you weren't doing it. The fact of the matter is those people are caught within a close distance to the border, are not entitled to the same legal remedies as are others. That has been the law of the land for a long time.

And, frankly, I think you're enforcing the law as we should and, in the past, we've criticized you for not doing enough.

So I appreciate the progress you're making there, but obviously more progress needs to be made.

I would apologize to you from the Congress for us not adopting the 9/11 commission recommendation that you only have to come up here one time. It makes great TV, I suppose, but we should be about the business of protecting this country, not about the business of having multiple hearings by multiple committees.

I'd like to ask you about -- one thing I would say about the temporary worker program, in addition to making sure the exit program works, you have a temporary worker program in which you require the money that otherwise would go into Social Security be put into a fund which would allow the individual involved to redeem that amount in their home country.

You have a way of identifying whether they're there or not, not allowing them to redeem that money if they don't show up during that period of time.

Making them disqualified for future participation in the program and the threat of arrest if they come back to the United States might be one way of solving that and I hope you'll be looking at that.

I'd like to throw in my two cents on interoperability. I've been visited by people from the city of Ponce, from people in my district in Elk Grove, from Sacramento, California, from some in southern California. Interoperability

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remains a huge problem.

A number of years ago, we thought it would require us to buy all new radios. Now we know we have those systems that allow us to take multiple divergent systems and put them together.

And I would just say, Mr. Secretary, please do what you need to do to shake that money loose. We, in good faith, worked together on a bipartisan basis to \$1 billion in there and now when these constituencies come to us, it sounds a little strange for us to say, "We gave you \$1 billion and they can't get a memorandum of understanding between the Department of Commerce and your department to make it work."

We really need it sooner rather than later and I would hope that you would make a commitment to make sure that that happens in short order. It is absolutely needed.

In H.R. 1, which passed the House last month, there's a proposal to repeal the section of ATSA that governs terms and conditions of the TSO workforce. I'm worried about that, because I thought the Congress made a judgment to give you that flexibility so you could respond to things like Katrina, like the London bombing and what it had for us here.

Could you give us any idea of your feeling, if we come through with a conference report which requires you to work under repeal of that section?

CHERTOFF: I think the tradition has been that when you're dealing with people who work in the national security field, you need the maximum flexibility that can only operate in a system where you do not have collective bargaining over terms and conditions of work.

In this instance, of course, we pay a lot of attention to building a good career path and putting money into retention and training for TSA and, as a consequence, there's been a significant drop in the rate of people who are departed.

Nevertheless, if you look at the experience we had, for example, last August, after the discovery and the revelation of the airline plot in the U.K., we had to rapidly turn around the terms and conditions and the deployment of people literally within less than 24 hours.

Likewise, during Katrina, we had to all of a sudden move people all the way across the country to do an enhanced screening operation.

I fear that these are subjects which could become part of collective bargaining and that would make it much more cumbersome and difficult to respond to this.

I also think that collective bargaining, because the employees are not under the general schedule, in theory, collective bargaining could make wages a subject of bargaining and that would, of course, have a significant budgetary impact and create a dislocation between those employees and other employees.

So our view is that Congress made the correct judgment originally and should adhere to it.

LUNGREN: Thank you. Thank you very much, Mr. Chairman.

THOMPSON: Thank you. I'm sure, Mr. Secretary, you understand some of us differ with that opinion. Thank you.

I now...

DICKS: Mr. Secretary, welcome again. As you know, the state of Washington is seeking to partner with the department to pursue a pilot project that will demonstrate the ability of the state to issue enhanced driver's licenses to serve as a secure document or allow for citizens to return to the United States from Canada.

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It is my understanding that officials from DHS and the State Department met recently with officials from Washington State and have made some substantive progress.

I think this is very important. I thank you and the department for helping to move this forward.

Because this project will require an adjudication of the license holder's citizenship, the Department of State must be an active partner.

Mr. Secretary, can you tell me how discussions with the State Department are progressing?

CHERTOFF: Well, I agree the State Department has to be an active partner and I've spoken to representatives of the State Department and the assistant secretary for policy, who is really the point person on this, is meeting regularly with the State Department to make sure that we are on track for the implementation of this program.

So I can't tell you at this moment exactly where the State Department is, but we are actively engaged with them as one of the most high priority current efforts.

DICKS: This whole real ID issue is worrisome to me. Can you tell me when you expect to see the proposed rules and how you intend to facilitate the state's ability to meet the May 11, 2008 deadline?

And what is DHS doing to minimize the cost to the states of complying with the Real ID Act?

CHERTOFF: Let me first make it clear that the deadline of May 11, 2008 doesn't mean that on that day everybody has to have a real ID license or they're out of luck in terms of identification.

In fact, the law allows, I believe, a five-year period during which this is actually going to be implemented. May 2008 would merely be the kickoff date.

We have been, throughout this process, in active discussion with not only various state representatives, but the Motor Vehicle Association. I'm anticipating that by the end of this month, we will have the regulations out for comment.

DICKS: Good, good. There's a lot of concern, as you can imagine, by the states about how this is going to unfold and the time they're going to have to get this done and the cost involved. So I appreciate your involvement on this.

Mr. Secretary, the Safe Ports Act passed last September mandated the creation, and you mentioned this in your statement, of an intermodal radiation detection test center to identify optimal solutions for monitoring containerized import cargo that move directly from ships to trains for radiation.

The need to act is urgent because by the end of this year, all imported containers at the top 10 container ports must be scanned for radiation.

When do you expect to have an implementation and cost plan finalized for the test center?

CHERTOFF: I know we regard this as a priority. Let me get back to you with a more specific date of when we think we're going to have this decided, but we want to do this obviously in the next couple of months.

DICKS: OK, good. The other thing I wanted to touch upon, we had the inspector general up here and the IG and I know you inherited all these agencies and some of them were on the GAO's list as not being auditable before you got them.

And I had a chance to talk to Mr. Norquist, who is a former staff from up here, who we have high regard for.

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What is your strategy? I think the concern we have is it sounded as if it was difficult to deal with the Department of Homeland Security on this issue, that the legal counsel's office was obstructing and doing various things to slow down the interaction.

Can you assure us that you're going to get on top of this and make sure that this is cleared up in a reasonable period of time?

DICKS: I don't want you to be like the Department of Defense. The Department of Defense cannot audit their books and I guess the Coast Guard is your biggest problem.

CHERTOFF: It is, yes.

DICKS: But somehow we've got to move in the right direction here.

CHERTOFF: It is absolutely important and I sat down with David Norquist recently, after we got the most recent audit. The good news was we had progress. CBP, for the first time, got an unqualified opinion. ICE was credited with making significant progress.

You're correct that the Coast Guard seems to have the greatest difficulty, maybe because they have the most capital assets.

He has put together a specific plan to get us, with a timeline to get us to a clean audit within a couple of years. It's probably not going to happen this coming fiscal year. But it has milestones. We're going to meet periodically.

I have empowered him to make sure that he is the authority over all the CFOs and the components to get this done.

The other area where we were lagging, and I have a good news story to tell here, is in IT security. In the fall of 2005, under FISMA, our certification and accreditation completion was only 22 percent, but in the fall of 2006, it was 95 percent.

DICKS: Good.

CHERTOFF: So we had a big jump forward. Now, we still have more work to do, but it's a good story.

DICKS: Thank you, Mr. Chairman.

We now recognize the gentleman from Florida, Mr. Bilirakis.

BILIRAKIS: Thank you, Mr. Chairman.

Mr. Secretary, I want to thank you for your department's response in the devastating tornados that recently swept through central Florida.

Although my district was not impacted, I understand that FEMA has worked closely with my state's emergency management officials and I've also heard that the governor is very pleased with the response to this tragedy.

I hope you will share my appreciation with those who helped.

My first question...

CHERTOFF: I will absolutely convey your appreciation to Chief Paulson and all the people at FEMA and I appreciate your comments.

BILIRAKIS: My first question, in your opinion, does the employee dissatisfaction and low morale impact the

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ability of DHS to recruit and retain qualified program people to serve in highly specialized positions?

CHERTOFF: First of all, I think we have an exceptionally dedicated workforce. At least preliminarily, when I analyze where the sources of dissatisfaction were, I mean, some of it is not surprising. We still live in physically cramped quarters.

We had a long period of time where not everybody had a desk. We have been working people very hard and that means there's less availability of training.

So as we mature as a department, those issues will correct.

I think in those areas where we had some greater problems in morale, we have had success in recruiting and retaining people, but this is going to require constant attention.

Some of it is what we've done in TSA to reduce the departure rate by building a more substantial career development path. Some of it, frankly, involves changes of leadership. We've had almost a complete turnover in leadership and I'm very satisfied that the leadership we have now is professional and well respected.

BILIRAKIS: Thank you. I have some of the same concerns that my colleagues already have raised about funding for the first responders.

If you could relay that information to the president and the administration, we'd appreciate it very much.

I'm pleased that the administration's budget request provides funds to hire, train and equip an additional 3,000 Border Patrol agents, which I believe are necessary.

I think the problem, however, is not a question of funding for this needed agents, but the inability to recruit and train dedicated men and women to fill those positions. Is that correct?

CHERTOFF: Well, I've spoken to the commissioner and they're confident that they can meet their recruiting goals, not only to get the new people, but also to fill the gap for people who depart.

We've gotten, for example, I think, former military folks, as well as law enforcement people are interested in coming on board.

Ironically, one piece that's working a little bit on the other direction is we have a number of Border Patrol who then want to move over to, let's say, ICE and become investigators.

But we have a plan and I'm confident we're going to meet the president's goal by the end of 2008.

BILIRAKIS: The next question, my final question, Mr. Chairman.

Do you believe that Congress should review the authority that border agents have in discharging their duties to clarify what agents can and cannot do to apprehend illegal aliens, terrorists and drug traffickers which attempt to cross the border?

CHERTOFF: I think that there's a professional doctrine on the use of force and the authorities that is well settled and everybody is trained to. I think we're best served to let the professional leadership, the career leadership of the Border Patrol make any adjustments that are necessary in those.

BILIRAKIS: Thank you, Mr. Chairman.

THOMPSON: Thank you very much.

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We now recognize the gentleman from Massachusetts, Mr. Markey.

MARKEY: Thank you, Mr. Chairman. Mr. Secretary, welcome.

Mr. Secretary, I think that the Bush White House doesn't understand that when they nickel and dime an agency, that morale is going to be hurt. They've done it for the last five years. Morale has been affected and I think the consequences for you, as a manager, are quite severe.

If they were funding this agency at the level which it deserves, in the same way that they've given a blank check to fight the war in Iraq, I think that the problems would be much less severe.

Let me give you an example. In a statement of administration policy on 9/11, the Bush administration asserted that 100 percent screening of maritime cargo is neither executable nor feasible.

In your testimony, you stated that the department's secure freight initiative, which is scanning 100 percent of maritime cargo at six ports, is doing so through the deployment of a combination of existing technology and proven nuclear detection devices.

Dubai Ports World, one of the largest port operators in the world, was involved in negotiations over the purchase of U.S. port terminals. It has now promised to install scanning equipment in all of its ports worldwide at its own expense to scan all cargo containers before they were loaded onto ships headed to the U.S. for nuclear bomb material.

So I'm confused and I'm sure employees at DHS are confused. The port operators say they will do it. The Bush administration says it's being done using existing technology at six foreign ports. Yet, the White House says it's not possible.

So which is it? Is OMB wrong? Is the industry exaggerating its capabilities?

CHERTOFF: I think I can really clear this up. First of all, I think we all agree that it's desirable to scan for radiation overseas, but I also think that we know that not every foreign country is going to permit us to do it and we also know that not every foreign port is physically configured in a way that allows it.

So do we want to move as much of this overseas as we can? Absolutely. Can we guarantee or can we predict that we're going to be able to do 100 percent? I think that's extremely unlikely.

I can tell you, when I went over to Hong Kong, even though they originally piloted this, although it was really a nominal pilot, not a real pilot, they are still struggling with this issue because they've got some real physical problems and, to be honest with you, the government there is not convinced it wants to assume the burden of what it's going to have to do in order to make this program work.

So when the administration says that it is not possible to legislate that we're going to do 100 percent scanning overseas, it reflects the reality that we don't own and control all of these overseas ports.

MARKEY: But our government has just placed a restriction on the Mexicans, the Canadians, the Caribbean that they now must present passports in order to gain entry to our country. We just imposed it on them. I'm sure that they don't like it, but we imposed it on them.

I think that when we want to and our security is at stake, we have the capacity to ensure that the security of the United States takes a higher priority.

My concern here is that when the E.U. refuses, for example, to share passenger data. Then we press them to guarantee that we get access to that information.

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So you yourself have conceded that it's better to screen for a nuclear bomb overseas before it reaches the port of the United States.

Obviously, if the bomb is in a ship in a port of New York or Long Beach or Boston and it's detonated by remote control, they're not going to even take that container off the ship to be screened for nuclear materials. That city has already had a catastrophic event.

So from my perspective, I think that the Bush administration's continued opposition to the language which has now passed the House, it's not already passed the House of Representatives mandating the screening for nuclear bombs overseas, really leads to -- if I was an employee at DHS, I would say, "Well, that makes no sense."

Why would we wait for the bomb to get here to have the DHS people starting to look for it when we could have a law, which we've already passed the house, to say it's screening for the bomb overseas as they're trying to load it onto the ship before it comes to our country?

And I just think it's a series of events like that with the Bush administration saying to you, sir, "We don't have enough to give to you, Secretary Chertoff. OMB has to nickel and dime your agency. We won't be able to fund something, which is so clearly in the security interest of our country."

CHERTOFF: Well, I don't think this is a money issue. I guess if one were to legislate and say that if, by a certain date, a foreign port does not allow us to do the radiation scanning, it's goods are not going to come into the United States, I will predict with a high degree of confidence there are going to be an awful lot of unemployed longshoremen in the port of Boston and the port of New York, because what'll happen is all those goods will move up to Canada or down to Mexico.

MARKEY: The same argument was made about screening of bags going onto passenger planes. The Bush administration said and the airline industry said it'll be a mile long line outside of every airport every single day.

We mandated it from Congress. Two years later, every airport in America was putting every passenger bag through screening and they got it done.

I think if we put the same mandate on, which I hope that we do, we'll make sure that that nuclear bomb, which we know Al Qaeda wants to bring in on a ship into a port in the United States, is detected overseas, not before it's too late and it's in a port in our country.

I thank you, Mr. Chairman.

THOMPSON: Thank you.

We'll now recognize the gentlelady from California, Ms. Lofgren.

LOFGREN: Thank you, Mr. Chairman.

I want to focus in on the technology needs in the immigration function.

The U.S. visit program was originally mandated by Congress in 1996 and since then, we have reiterated that mandate several times, in the 106th Congress, in the INS Data Management Improvement Act, in the 106th Congress, again, in the Visa Waiver Permanent Program Act, in the U.S. Patriot Act in the 107th Congress, the Enhanced Border Security and Visa Entry Reform Act also in the 107th Congress, and in the 108th Congress within the Intelligence Reform and Terrorism Prevention Act.

The 9/11 commission specifically recommended that the department should complete, as quickly as possible, a biometric entry/exit screening system. We do not actually have that system today, as you mentioned earlier in your

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remarks.

I just finished reading the GAO report on the U.S. visit program and there are certainly a lot of problems.

I want to explore why we have not received the report that Congress was due in June of 2005 on this entry/exit program.

I have so many questions from the report. The RSID tags that are being pursued for the I94 documents, is that to be instead of the exit biometric data that the Congress has mandated and has that diverted money and attention from the effort to have the biometric exit plan fully implemented?

I agree that the full 10 fingerprint proposal is what we should -- we always should have had that, but I have questions on whether the system that is being developed for exit is interoperable with the IDENT system and with the FBI system.

We should have been told that in this report that was due in June of 2005.

I also wonder whether the e-passport biometrics that we're now requiring are going to be interoperable with the U.S. visit. I don't really understand why, what technological issue has prevented the implementation of this system.

We don't have a lot of time to get all these reports. Can you tell me when this report that was due in June of 2005 will be delivered to the Congress?

CHERTOFF: I have to say I don't remember a specific report in June 2005. I know we've...

LOFGREN: Well, it wasn't done, that's why you may not remember it.

CHERTOFF: I know we've generated a lot of information on this. I will find out what there is and what we will get you, but I can tell you what the bottom line answer is right now.

We do have U.S. visit at entry for two print at all of our ports of entry. We are deploying U.S. visit 10 print for entrance, which should be deployed overseas and at our major ports of entry by the end of 2008.

The RFID test proved, as GAO indicated, unsuccessful. I mean, this is the real world.

LOFGREN: Has that been dropped then?

CHERTOFF: I think, yes, we're abandoning it. That's not going to be a solution. So in the real world, when something fails, we drop it and we move to the next thing.

But we are looking at a plan for doing exit at the airport, which I think is technologically possible, which once we've fully inspected that, we can tell you about it.

The long pole in the tent, as GAO recognized and as I'm trying to be completely forthright in telling you, is the land border. The volume of people are such that having long lines of people trying to get from, let's say, Detroit into Windsor, Canada is going to be...

LOFGREN: I got that in your original testimony. I don't want to be abrupt, but I've only got a minute left on my time and I want to ask a general question.

We all know that the information technology systems and the immigration status database do not mesh. And I'm wondering if you can tell us, with respect to this budget, where we will get in terms of not just identifying, but also implementing workable secure information technology systems and immigration status and employment verification

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databases which will be available across the DHS components and accessible also by other interested agencies, including the State Department, as well as employers.

Can you tell us where we're going to get with this request for funds?

CHERTOFF: I can't point you to the particular line item here, but we have a plan under our chief information officer to compress, reduce the number of individual IT systems and bridge them and allow them to speak to each other.

We also, by the way, have begun to roll out interoperable IDENT and IAFIS. We've got it in a couple of cities now and we intend to continue that.

So we are moving forward on this interoperability issue.

LOFGREN: Perhaps I can follow-up with you off campus and spend some time looking at these.

This is one quick question. On the Department of Homeland Security budget request from OMB, on page six, I just don't understand this. It says citizen immigration services, 2006 actual \$114 million, year 2007 \$182 million, estimate for 2008 \$30 million.

How could that be?

CHERTOFF: It's moved down to a different line item to acknowledge -- I don't have it in front of me, but if you look down the table, there's another entry for USCIS that reflects the fee increase that we intend to put in.

LOFGREN: So this is reflecting the fee. Now, the fee, there's been some concern and we're having a hearing in the immigration subcommittee in judiciary next week on the whole fee issue and we're being allocated.

But if that fee plan doesn't work, you would be prepared then to proceed with an appropriation for things that are appropriate.

CHERTOFF: Well, I think that would be a problem, because if the fee were not -- I mean, my understanding is Congress has always mandated this be...

LOFGREN: That's not correct. That's incorrect.

CHERTOFF: Well, if the fee were blocked, then we would have a big hole in the budget and that would be a big problem for this Congress, because you'd have to find a significant chunk of money.

Either we would have to go back to the days of backlog, where we'd have to decide to hire fewer Border Patrol or have less technology.

LOFGREN: If I may interrupt. The rule has always been that we don't use the fees for enforcement. Enforcement is the taxpayers' responsibility.

CHERTOFF: This is to build an IT system. We are very heavily in a paper-based system. It's a headache for us. It's a headache for the people who want to get into the citizenship.

In order to maintain what we've now done, which is eliminate the backlog, except for the background checks, and to finally do the IT structure, we've got to build that structure.

So this is not an enforcement issue. This is an issue of having the tools to provide the service to the beneficiaries who are paying for it.

LOFGREN: Well, we'll get all those details next week, but I appreciate it and I've run over my time. So I thank

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you, Mr. Secretary.

THOMPSON: Thank you very much.

We now recognize the gentlelady from Texas, Ms. Jackson-Lee.

JACKSON-LEE: I thank the chairman and I thank him for moving us to have this hearing expeditiously.

Secretary, let me do somewhat of a mea culpa. We have had some rough times in this committee. Either it has been DHS planes following Texas legislators or the huge debacle of Katrina and certainly, recently, an ongoing episode with Border Patrol agents.

But I do want you to glean a sense that we and I want to have the opportunity to work with you of seeing decided improvement. I think collectively we want to see the tragic conditions in the Gulf Coast cured and, frankly, I think as we look at it long term, DHS is carrying much of the weight unfairly.

So I hope that you will view this committee as a collaborator and, as I mentioned to you I think privately, publicly, FEMA, of course, as one of our colleagues has mentioned, certainly has gotten its act together and at least has shown a sensitivity to people who are in need.

So I simply wanted to say that to you, so that maybe we can plod through some of these concerns that I have from the perspective that we all want to move this agency in the right direction.

And might I counter maybe the thoughts of DHS employees and the recent study of their morale and thank them for their service. It is very difficult and I hope that you will continue to press the envelope on the transformation of the agency so that they are DHS employees and that they are respected by all of us, and maybe they'll get that sense and we can pull together and be able to work together and salute their efforts.

With that in mind, I hope that, with Chairman Thompson, that we can work with the Budget Committee, because, frankly, many of us who shop have a terminology in fine stores, what we call the bargain basement, and, frankly, I think DHS is in the bargain basement and I think the president has put this budget in the bargain basement.

And I just want to try to quickly cite my concerns. Local law enforcement terrorism prevention grants zeroed out, state homeland security grants 52 percent cuts, and firefighter grant 50 percent cut.

I'm going to try and yield to you for a moment, but I think collectively, you're going to probably answer and say these are somewhere else and that might be helpful, but I don't think so.

The aviation security budget I'd like to pursue with you a little later, because they -- and that may take more time and I don't want to dwell on that, because you have \$53 million for the secure flight.

But I want to focus on mass transit, a mere one percent increase. And I might associate myself with a number of remarks, particularly the ranking member, on saying that we have spoken about the need and necessity for having security matters, as the 9/11 commission said, under this committee unified, FEMA and otherwise.

But a one percent increase in mass transit, after the Madrid bombing and after the recognition that it is a system that is much in need of a more enormous security.

Let me yield to you for a moment. How are we going to function, even as we authorize new rail security legislation, and a lot of these, I believe this is the way the system works, the rail companies are supposed to be part of their own security, but mass transit burdens the local jurisdictions.

And it is an enormous burden and we're not players in this with a one percent increase.

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CHERTOFF: First of all, let me begin by saying I appreciate your comments about the department. I do really look forward to working collaboratively with this committee.

We all want, at the end of the day, to have been joint founders of a department that people will say really did the job that the American people expect.

I know that the employees and my colleagues at the department would appreciate your remarks and the recognition.

On the issue of mass transit, let me, again, put this in a larger framework. We do slightly increase what we had last year with respect to rail transit grants and, again, we are focused on the high risk systems.

In addition, of course, we have \$41 million, approximately, in the budget directly for TSA to provide services for rail security, including things like teams that we send in when there are threats, additional K-9 teams, which, of course, are very much a part of the model of dealing with this.

And we're also, frankly, looking again at what we need to require that railroads do by way of training so they can more fully live up to their responsibility.

The challenge with respect to mass transit is this -- we do not employ most of the people who do security in mass transit. They're local police, like port authority police or transit police.

And one of the reasons that there's always a disparity between the amount we spend on aviation and the amount we spend on rail is because most of our aviation costs are personnel costs and those personnel costs are really run by the local transit authorities.

Where we do add value, and sometimes it's not in a direct grant, is by doing things like the biowatch program, where we put biosensors in the terminals in order to detect a biological event, our direct surge capabilities, and our funding through these programs for certain kinds of things like video cameras and countermeasures.

An additional way we help is through our science and technology budget. We're constantly doing research to look for new tools that we can use in order to raise the level of protection that these transit systems can build themselves.

So I think that although, obviously, the grants are a significant part of what we do, we actually add a lot of other elements to this mix.

JACKSON-LEE: Let me, if I might, because my time is over. But I want to pursue this and I won't pursue TSA on training. I want to know and I'll submit the question as to whether the training is embedded in there, because I think there's a great need for professional development and career path.

But I want to get to this fence issue and SBInet of \$1 billion. I think we have collectively, and I've heard the department comment that a fence is of minimal value, a concrete wire fence.

I'd like you to explain the \$1 billion SBInet, and I understand this was a competitive contract. As you explain it, would you be kind enough to indicate whether or not the department's MWBE program and whether or not you'll have oversight over the prime contract -- in fact, I'd like a report back on what minority contractors are engaged in this SBInet.

But I would like to understand is that the fence, are we wasting money on the fence or have we gotten smarter to use money that will effectively be able to address this question.

I will put on the record to get information about the Hutto Center and the Border Patrol agents. But if you'd just comment on that.

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And I thank the chairman for his indulgence.

CHERTOFF: First of all, the \$1 billion includes money for fencing where we feel fencing is appropriate. Sometimes that's pedestrian fencing, sometimes it's vehicle barriers, and, of course, a significant amount of the money is for technology.

The deputy was just out there last week looking at the first lay down of technology and if you take the sensors and the ground radar between two hills and you deploy it, you can cover a huge amount of ground virtually and detect who comes across and then if the Border Patrol has aviation assets, they can pick them up.

In many parts of the border, that is the preferred method to building a wall. Now, there are other parts of the border where the fencing does make sense. At the Barry Goldwater range, for example, where we're building now, even a small incursion interrupts our training operations and causes a risk to the migrants. So there we are actually building poles and wire.

So we're going to do this based on the professional judgment of the Border Patrol.

In terms of what we are doing to supervise this contract, we'll get you a list of the subcontractors who are part of the contract. But we've built into this something that was not part of Deepwater, which is the ability to designate portions of the contract where we will either separately compete them or we will just decide that if we can get the equipment more quickly, we'll buy the equipment and tell the contractor, "You put it in."

And just recently, with respect to some of this traditional fencing, what we told the contractor was, "You can bid to do the fencing, but we're going to have other bids, too, and if we decide that we can actually buy the material even more cheaply ourselves, we'll buy the material and we'll give it to you and you just put it and pay the labor."

So we're not going to give them the blank check. There will be a tool we can use, but it's a tool we can also put down and pick up another tool. And, of course, as part of that process, we will be working aggressively to make sure we have outreach for MWBE contractors.

JACKSON-LEE: Thank you.

THOMPSON: Thank you very much.

We now recognize the gentlelady from the Virgin Islands, Ms. Christensen.

CHRISTENSEN: Thank you, Mr. Chairman.

Welcome again, Mr. Secretary.

Before I get to my question, I share the concern of one of my colleagues about the inability to recruit and retain Border Patrol.

I heard your response and I look forward to meeting the president's goal by 2008. As you know, I'm awaiting a Border Patrol unit in the Virgin Islands, but we'll discuss that directly with the relevant people in the department at another time.

In your budget, there is funding set aside for contracting and we heard testimony from the comptroller general earlier this week about what seems to be a greater use of contracting in the Department of Homeland Security and concerns about the contracting itself, the process, the management of those contracts and the products from the contractors, because it raises concerns about the lack of continuity and institutional memory within the department.

I wonder if you would respond to those concerns.

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CHERTOFF: I think the need for professional procurement and acquisition management is actually a government-wide issue. As you get into this very complicated acquisitions, it's a skill that's very much different from the garden variety acquisition.

And, of course, this department, until it was stood up, never really did the kinds of major procurements, except for the Coast Guard doing it in Deepwater, that are more routine in DOD.

So we have putting into the '08 budget requests for almost \$10 million that would be directed at acquisition workforce development, that's a recruiting and training program, so we can begin to build a cadre of people in the department who can supervise.

CHRISTENSEN: I'm more concerned about using contractors to replace whether would otherwise be employees.

CHERTOFF: The model we try to use is to use contractors where there is a surge capability or where there's an immediate shortfall and we can't fill something otherwise.

Ideally, on the things that are kind of recurrent duties you have to do all the time, you want to build a workforce to do that work.

Sometimes as we get into emergency situations, there's a little bit of unevenness. So we try to fill the gap with contractors.

CHRISTENSEN: Let me try to get a couple other questions in. Thank you for your response.

As one of the members that sought to have an amendment last year to fully fund the Deepwater project for the Coast Guard, I'm disappointed to see that there's a decrease of \$356 million in 2008 compared to 2007 for Deepwater.

Given the recent findings of the inspector general concerning the cutters, can you explain how, given this cut, as well as other cuts, you still are satisfied with your budget?

CHERTOFF: Admiral Allen, we sat down to this budget, we looked at both things that have to be addressed in terms of, for example, the problem with the 123 cutters, which we're addressing partly through extended use of Navy vessels and some adjustments with respect to the way we handle the crews, and this caused a kind of reconfiguration of the forward-looking plan with respect to accelerating certain portions and moving certain portions back, so that the mix of cutters coming online is best suited for what our current gaps are and what our current mission is.

Having consulted with the Coast Guard, I'm satisfied that this keeps us on track to do what we have to do, recognizing that there have been some problems with the program and that Admiral Allen...

CHRISTENSEN: I understand.

CHERTOFF: ... is going to spend some time really kind of beating the contractors a little bit.

CHRISTENSEN: I also have some concern about what seem to be large increases in the fees in citizen and immigration services, because at least in my experience at home, many of the people who are legitimately seeking to immigrate are poor.

But I guess I would be less concerned if I knew it was going to result in greater efficiency, shorten the times people have to wait on their documents.

Can you tell us what's being done? What is in your plan to improve the services, shorten the waiting time? I have people that have been waiting years.

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CHERTOFF: There are a couple elements to this. Director Gonzalez, I think when he testifies, will probably be much more specific.

There are two parts to this. The money here is directed to upgrading, for the first time, our IT system and getting away from a paper-based system to an electronic system.

That's going to help maybe the significant majority of cases in cutting the processing time and making it quicker.

There is a separate issue we have to deal with separately and it's partly dealt with with the money, but it's also a process issue, and that has to do with the background checks.

For the vast majority of people, a background check is pretty straightforward. There are some people who, because of issues that arise with their name, wind up requiring a background check that goes further into the files. The FBI does that.

And sometimes you're dealing with legacy files that are scattered in different parts of the country. Some of this is cured by fee money that we're going to use to pay for the cost of processing more of these more quickly at the FBI.

Some of them are going to require us sitting down with the FBI and seeing if we can configure this system to make it work more quickly.

Let me just tell you one thing we've done that will indicate how we're trying to be sensitive. There was a story in the paper a few weeks ago about people who lose their Social Security benefits because you have to be a citizen within seven years or they lapse.

So I talked with Director Gonzalez and he's now surveying all the people in the queue to see who is in jeopardy of losing benefits and we're moving them to the front of the queue.

So we are trying to at least identify those problems we can fix right now in order to deal with these issues.

THOMPSON: Thank you very much.

We'll now recognize the gentleman from North Carolina, Mr. Etheridge.

ETHERIDGE: Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here and thank you for the tough job you have for doing it and to the people of your agency who work so hard every day.

As you had indicated earlier, we would not be here, nor would this committee, had it not been for 9/11. And it was the first responders that we were all so proud of that day and every American was proud of the job they did and continue to do.

And many stood with them and put their arms around them, the firefighters, the police, the medical teams, who really stood up for America. They saved lives, many gave their lives in order to protect us and assist in the recovery and they faced the same thing in Katrina and every other natural or manmade disaster that comes.

And every day these brave men and women devote their energy to protect our homeland and serve the public good and we're grateful for their efforts.

And, yet, the budget the president has submitted to Congress yields little priority to the resources that they need to continue to do their fine work.

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You alluded to it earlier, but I want to get some specifics and get your response, because it goes from a third percent cut in the funding to as much as 63 percent.

And, very quickly, it eliminates funding for the local law enforcement terrorism prevention program, which really plays a key role in assisting local law enforcement agencies in information-sharing, target hardening, threat recognition, mapping, things that are really critical across this country in identifying, as you say, bad people who want to do bad things to us.

It cuts by 52 percent the state homeland security grants, which provide for first responders in all 50 states, reduces funding for the assistance to the Firefighters Act program nearly 50 percent, denies funding for training for first responders to improve their capability to prevent, deter and respond safely and effectively to incidents of terrorism involving weapons of mass destruction.

And you said earlier you were happy with your budget and I'd just like to know how do you justify these shifts in priorities away from these very critical areas to the people who serve us every day.

I-95 is a critical corridor, as are all of our interstates in this country. Thirty percent of the traffic on that road is commercial, as you well know, a lot of dangerous stuff moves up and down it.

Put that in context with your response.

CHERTOFF: Well, first of all, again, there's a lot of money in here that goes to first responders.

The LECPT (ph) money, for example, we've traditionally taken the position that it is important to fund law enforcement, but it ought to be done as 25 percent of the money that goes to the homeland security grants or the urban area grants.

That is money that is supposed to go to police, in part, and to other first responders.

So the fact that it's not separately categorized as a law enforcement grant simply means that it's money that ought to be coming to first responders through the other categories.

The big addition here is...

ETHERIDGE: Can you identify those other categories?

CHERTOFF: Well, state homeland security grants, UASI grants, and the \$1 billion in interoperability. I mean, the interoperability money is directly money to let first responders talk to each other. That's \$1 billion for them to use to get their systems to work, which everybody has acknowledged is a huge priority.

So while it may be configured differently than it was, I think the net-net amount of money that actually gets into the hands of first responders is substantially the same as it was as it was appropriated last year.

And, again, I remind the committee that there's \$5 billion in the pipeline. So just simply putting money in the pipeline that's not yet being spent, and this is not a criticism, because you obviously don't want to just fling the money at a problem, but it's not that people are starving. There is money en route and we're just keeping the flow steady.

ETHERIDGE: Mr. Secretary, having served at the local level and at the state level, you and I know that in a lot of cases, before the money can get there, number one, they have to have a plan. Number two, in a lot of cases, they have to spend the money first and then apply for the reimbursement of the funds.

So just because there's money in the pipeline does not necessarily mean things aren't happening at the local level.

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CHERTOFF: I know that.

ETHERIDGE: And I think to say that there's money in the pipeline may not necessarily be -- I hope don't misunderstand that there aren't continuing needs, because if we don't meet the basic needs, you've got to have basic operability before you can have interoperability.

And in a lot of cases, I can assure you there are a lot of these local fire and rescue that do not have the basic operability to apply for basic interoperability.

So I hope we all understand that we don't want the \$1 billion to come here and then we cut it on the underside so that we still don't have the resources to meet the needs, because if we have a major disaster, wherever it is in this country -- the last time I checked, I never did see a Washington, D.C. fire truck nor a U.S. government fire truck, unless it was on a federal installation.

And really we are depending on these locals, and you and I know that, and I hope we will keep that in mind, because this is a team effort and we continue to put the responsibility on them and I think it is incumbent upon this committee to continue to ask the tough questions.

I hope you will continue to respond to that, because it's important that we put the resources to help.

CHERTOFF: I will.

ETHERIDGE: Thank you, sir.

THOMPSON: Thank you very much.

We'll now recognize the gentleman from Rhode Island, Mr. Langevin.

LANGEVIN: Thank you, Mr. Chairman.

Mr. Secretary, welcome, thank you for being here and I appreciate the tough job you have.

I serve right now as the chairman of the Subcommittee on Emerging Threats, Cyber Security, Science and Technology and it is my intention that, in that subcommittee, we are going to focus particularly on those areas that serve as glaring vulnerabilities with most catastrophic consequences should an attack, a terrorist attack occur.

So on that front, I've got three questions that I'd like to try to address. What we don't get to hopefully you can respond to for the record in writing.

But I want to focus on right now BioShield, as well as the Safe Ports Act, particularly with respect to radiation portal monitors.

With respect to BioShield, yesterday I had the opportunity to briefly discuss some of the strengths and weaknesses of this program with Comptroller General Walker, GAO, as well as Inspector General Skinner, and I'd just say I'm very concerned with some of the recent problems that have come to light with respect to the BioShield program.

For example, we all recently heard about the cancellation of VaxGen's contract for a next generation anthrax vaccine and, at the time, this was the only major procurement contract under BioShield.

So this is just one example of many problems with BioShield. So as I've said in the past, this program is far too important to fail and we absolutely have to do everything we can to ensure its success.

As the chairman of the Subcommittee on Emerging Threats, I plan to hold several hearings to explore how to fix

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major problems with the BioShield operation and in order to get a full understanding of the programs failures, we may very well need to hold joint hearings with other committees tasked with oversight of Health and Human Services.

In fact, there is already a hearing on this issue in the works right now with that subcommittee.

But, Mr. Secretary, on that topic, what do you see as BioShield's greatest weaknesses and what do you think led to the cancellation of VaxGen's contract and how are you working with Secretary Leavitt of Health and Human Services to close some of the gaps that exist with this program? And lastly on this subject, what specific steps can DHS take to ensure BioShield's success?

On safe ports, the Safe Ports Act was passed last year. It was obviously a very important bipartisan measure and the Safe Ports Act was authorized at \$200 million, newly created program.

Yet, the president's budget would only fund this crucial program at \$210 million, barely half of what the law actually called for.

Do you think that \$210 million will be sufficient funding to carry the missions of this program? And could you clarify why the proposed funding is nearly 50 percent below what the law actually called for?

And the final question that I have, I'm concerned that some of the deadlines with respect to the Safe Ports Act have not yet been met.

This law calls for DHS, for example, to deploy a strategy for deploying the radiation portal monitors and our 22 busiest seaports within three months of the law's enactment.

Now, the Safe Ports Act was signed into law on October 13, 2006. Three months would put us at January 23, 2007. Today is now February 9 and we still haven't received the strategy for deploying this important technology.

So the fact that the mere strategy for deployment is late worries me in terms of when we can actually expect to see the actual technology deployed.

So my question is why has DHS not provided Congress with a deployment strategy and when can we expect to see that strategy?

And then, finally, how can we be sure that the actual deployment of radiation portal monitors will commence on time? I know you spoke about some of this this morning.

Are you still confident that the radiation detection equipment will be fully deployed at our nation's 22 busiest seaports by December 31 of this year?

CHERTOFF: Let me answer all these as briefly as I can.

With respect to BioShield, I've worked closely with Secretary Leavitt to streamline the process from the government's standpoint. We've completed a number of material threat determinations, which then puts it in the hands of HHS to actually identify the people who ought to benefit from the money in terms of developing the particular countermeasures.

I'm going to leave it to them to get into the science and what the best way for them to make that determination is.

I don't feel I'm scientifically sufficiently well versed to give you an explanation of why VaxGen was unable to generate the vaccine that was hoped for.

I do think it is important that, at some point, HHS faces up to the fact that it's not happening, it's not working, and

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you've got to pull the plug and move to something else, and that's an important spirit.

So I think that this is probably an issue that's best addressed comprehensively with HHS, because on the medical element, the medical research element, they are really the principals in terms of making the judgments that have to be made.

With respect to the Safe Ports Act, first of all, let me observe that money for some of the radiation detection equipment also comes out of the DNDO budget. It's not entirely out of port security grants.

So there is other money. If you look, in fact, historically at what we've done with respect to ports and you consider the direct value of the Coast Guard and Customs, which actually provides the boots on the grounds, I think we've had \$10 billion, with a "B," over the last several years.

In terms of the actual grants themselves, our recommended budget item for ports is exactly what Congress appropriated last year. As you know, Congress chose to appropriate only half of what was authorized, which I gather is not uncommon when budget time comes around.

So looked at comprehensively, I think that if you consider the value of the Coast Guard and Customs, Border Patrol assets, plus the direct investments in radiation portal monitors, as well as the grants, there is a very, very significant amount of investment the federal government is making in safe ports.

Finally, with respect to the RPMs, we are on track to have virtually all of the containers coming to the U.S. through the seaports going through radiation portal monitors by the end of this year.

I know, for example, I was told yesterday that Long Beach, Los Angeles is 100 percent now in terms of going through radiation portal monitors.

So I will track down where the particular report is. I think this may be a case where the actual deployment has proceeded well ahead of the document, because we've actually been working on this deployment for a couple of years now.

LANGEVIN: I hope you can get that strategy to the Congress as soon as possible.

CHERTOFF: You're on.

LANGEVIN: Thank you. Thank you, Mr. Chairman. I yield back.

THOMPSON: Thank you very much.

We'll now recognize Mr. Carney.

CARNEY: Thank you, Mr. Chairman.

Mr. Secretary, first of all, I want to say how pleased I am to have you as at least a part-time constituent. I feel much safer now because of that.

And I do want to echo Ms. Jackson-Lee's sentiment that we are very proud of the work done by everyone at DHS. In fact, I'm going to be offering a resolution to the fact next week.

I do have a couple questions, however. Last week we met with Secretary Jackson and he said, and I'm going to quote this, "MaxHR is dead," unquote.

Is MaxHR, in fact, dead and, if so, what's taking its place? I know some say it was ill-conceived product to begin

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with, but the concept isn't, of bringing homeland security departments, all departments, in a unifying structure.

What are we doing to replace that?

CHERTOFF: The unification and the integration and building a performance-based system is very important. That is not dead.

It's obvious that the court dismembered a significant part of the original plan, particularly as it related to collective bargaining and some of the grievance issues.

So we're going to follow the court's guidance on that. But we are moving forward with performance-based evaluation, which includes training supervisors on how to do performance-based evaluations.

We may operate a small pilot in one component for non-bargaining unit people with respect to actually linking pay to performance, particularly in the area where there's a lot of knowledge and we're competing with private industry.

So we're trying to advance on those elements of MaxHR which the court permits us to advance with, because I do agree and I think actually one of the points of the survey, one of the consistent well marks was the issue of people feeling that performance wasn't actually being regarded or, frankly, lack of performance sanctioned.

So we do need to not only build that, but we need to train people to that and our human capital officer is going to be doing that.

CARNEY: Very good. I kind of want to follow-up on Mr. Bilirakis' question from earlier.

We all come back and we've talked about a lot in this committee the OPM report and the performance.

Why do you think there was so little progress made in the last two years from the previous one and what are we doing now to make things better?

CHERTOFF: That was the question I asked myself when I saw the report. The survey was taken in the summer 2006. I'm going to say I think this is a little speculative on my part, because we're actually going to go out and have some...

CARNEY: Speculate away.

CHERTOFF: We're going to have some town meetings and we're going to try to get more into the depths.

I think part of it is, in general, the growing pains of a new department. I remember there was a point in time last year that some of our components, we didn't have enough desks for people.

I can tell you the headquarters building we're in now is very, very difficult to operate in. People are working very hard operationally and that was cutting down on training.

So there were a whole series of issues like that that I think we're going to gradually build over time. That's one of the reasons we want to put the money into the St. Elizabeth's, because I think we do ultimately need a headquarters.

I think a second elements is you've got to do a better job of communicating to employees. It's very hard to build a systematic way to reach out to everybody and we're trying to look at our communications activities to see what we need to do internally, as well as externally.

And then I think there were three things that happened last year that had an impact on morale. One is we were in the middle of the kind of post-Katrina soul-searching, which is not a morale builder, by any stretch of the imagination.

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MaxHR was in limbo and I think there was a lot of stress for employees not knowing which way it was going to go and I think having a resolution in itself is a very positive thing.

And then there was the whole issue of whether FEMA was going to get pulled out of the department and reorganized and I can tell you that reorganizations are extremely stressful for people.

So where I hope we are now is that we can come to rest with the structure that we have, which I think is good, that we can start to build a communications capability internally and that we can address the issues in terms of work, life, happiness, your physical surroundings.

Let me just end with this plea. We got banged in the budget on a number of occasions in the last couple years, on things like management and stuff that, frankly, isn't that glamorous and it's hard to argue to the folks back home why we put money into management, we put money into stuff.

But I know you know that at the end of the day, if you don't attend to that stuff, it really hurts. So this is a great opportunity for me to pitch to make sure we pay for the nuts and bolts, as well as the things that people look at that show up well on television.

I appreciate your thinking about doing a resolution and your concern about this. We ought to talk about it more.

CARNEY: Sure. Thank you for your time, sir.

THOMPSON: Thank you very much.

We'll now recognize the gentleman from Texas, Mr. Green.

GREEN: Thank you, Mr. Chairman. And thank you, Mr. Secretary. I am honored to be in your company and find that you are doing a commendable job.

However, I will tell you, given what the challenges are, I'm not sure whether I should congratulate you or pray for you.

CHERTOFF: Pray for me.

GREEN: I assure you I'll do both. Your goals are notable, laudable and achievable. However, the rhetorical question becomes are they efficaciously doable given that you don't have the plan that has been discussed by a number of my colleagues so as to avoid duplication and so as to have proper prioritization. That's one question.

The next has to do with Katrina and your credentials indicate that you're a student of jurisprudence, par to the law, and I commend you for your many areas of expertise.

But the people that we saw on television were literally on an island of desperation and they were looking for some sort of lifeline of hope. And, unfortunately, many of them, instead of finding a safe harbor of help, find themselves on an island of desperation in Houston, Texas.

I am simply saying to you, as a student of jurisprudence, you understand the doctrine of last clear chance. I believe we may be their last clear chance at this point, notwithstanding all that has occurred.

My suspicion is that if we don't act to develop an overall plan for them to reintegrate themselves into their hometowns, it may not happen.

And, finally, with reference to the border, I find this to be an interesting situation, because we have put a lot of emphasis on the southern border and my understanding of the empirical data, and you may correct me, if you would,

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please, is that those known terrorists who either come into the country or try to get into the country, the known terrorists did not come across the southern before.

Before you answer any of the other questions, could you just let me know whether I'm correct on that assumption with reference to the empirical data?

CHERTOFF: Yes.

GREEN: OK, if this is true, and we can cite some, the 9/11 hijackers, millennium bomber, the Murrah federal building, those folks didn't come across the southern border. All of them were either homegrown or may have come in...

CHERTOFF: The millennium bomber came from Canada. The others came through our ports of entry.

GREEN: Exactly. So here's my concern. If we overemphasize the utility of the fence, do we give a false sense of security? Because it would seem to me that we want people to understand that if a fence goes up, it will probably do a lot for impeding the ingress and egress of undocumented workers, I'm not sure that it's going to do as much as many might think that it will do to safeguard us from terrorists.

More specifically, we could have 100 percent effectiveness with this fence, but it could only be a one percent perhaps increase in safeguarding us from terrorism.

Because we get 100 percent effectiveness doesn't mean that that can be translated into 100 percent as it relates to terrorism.

So with these three things, I would beg that you would utilize the remainder of my time to, as best as you can, respond to them.

CHERTOFF: First of all, with respect to the first question, we're putting a lot of emphasis now on joint planning. We're building capabilities to plan in a way that cuts across a number of agencies.

We borrowed some of the model from DOD to do that. We've got more trained people to do that. And I think one of the areas where you see that is we have built, I think, a well integrated border strategy that cuts across a number of the different elements.

So I think that's a promising thing for the future. We're also doing that, by the way, with disaster relief. The Coast Guard is going to set up adaptive force packages so that they can actually work with FEMA to move things in a way that's seamless and that they plan together how to do that.

CHERTOFF: On Katrina, I think this is one of the great heartaches that we have here, is the inability to build a setting in New Orleans that will let people come back. Part of what I think we're going to try to do is develop a housing plan for the people, for example, in Houston that gets HUD much more involved.

I think that in terms of the skill set and the tools available to the federal government, an agency like HUD is really better adapted to long-term recovery. FEMA really is a short-term emergency operation.

There's a longer discussion to be had about what should be done to help out with New Orleans, which I think is far beyond what I can do in the time allotted.

On the last point, I think it's clear that there's a different set of concerns and different set of threats between the southern border and the northern border.

The talk about the southern border, a lot of it is focused on what goes on between the ports of entry, because there's a larger volume of people coming between the ports of entry.

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Up to this point in time, that has not been that serious of an issue with Canada. However, we do have to worry about people coming in through our ports of entry and we consistently find people that we turn away that have linkages to terrorism.

Now, the good news is the Canadians have a very good intelligence system and we work together to identify people that are threats before they even get to the border.

But I don't want you to think we're not attentive to this. Not only are we putting more aerial assets and sensors between the ports of entry in the north, but the whole emphasis on our western hemisphere travel initiative is to give our inspectors the tools to make sure we're turning people away who are going to come in, like Rexam came in, the millennium bomber.

So a slightly different strategy because of the different lay down of what we're facing, but I think you're dead right that we have to look at both borders and our coasts in this issue.

GREEN: Thank you. I yield back, Mr. Chairman.

THOMPSON: Thank you very much. I'd like to add that we will have a second round of questions and we do have the secretary until 1:00. So we will try to keep him as long as we can.

We'll now have the gentleman from Colorado, Mr. Perlmutter.

PERLMUTTER: Thanks, Mr. Chairman. And thank you, Mr. Secretary, judge, for sitting with us and talking to us and really preparing for this hearing, because you have really a good knowledge of your budget.

So I'm going to have some specific questions about the budget that I'd like to ask.

But, first, I want to compliment you and the department on focusing on securing the borders. I mean, that was sort of a real emphasis of the Congress and the prior Congress. You've taken steps and I congratulate you on that.

But you mentioned the enforcement against employers and one of the things I did not see in the budget was some kind of work with Social Security or other agencies so that employers know quickly, accurately whether or not somebody who's coming into their employ is legitimately here in this country.

So I'd like you to respond to that, please.

CHERTOFF: There are two ways we deal with that. The first is we have basic pilot which we are putting increased funding in, which is the system that allows employers to get online and check to make sure there is a legitimate name and a legitimate Social Security number. That addresses most of the issues that employers face.

There is another problem, though, which is sometimes you get identity theft, where a genuine name and number are stolen, and that system is not kicked up for that. That requires a legislative change and I think actually Senator Allard and Senator Grassley are either about to or have dropped a bill in the Senate on this.

It requires the authorization, currently prohibited by law, for the Social Security Administration to be able to look at the filings that come in and see whether the same name and number are brought in two different places.

That ability to scan the system for that, which is legally prohibited, would give us a targeting capability and, also, you could give employers that information so they could make further inquiry, but that requires Congressional action.

PERLMUTTER: Thank you. And as we move from the securing the border, dealing with the supply, dealing with the demand side, we really -- in my opinion, your department is going to have to focus on the processing side, processing side in terms of dealing with Social Security so that there's accurate information.

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Hopefully we're going to have and I'm confident we're going to have some comprehensive legislation come out of here on immigration reform, which is going to give you some directives.

But I'm concerned, as was Representative Lofgren, that on the processing side, you're relying on fees. There's really nothing in there, and that's going to be something that I see swamp a big important part of your department. That's number one.

Number two, on the building, I'm on this committee and I used to pride myself as being kind of a budget hawk and a privacy guy and I'm feeling a little bit out of place on this committee, but here's a budget question.

We've got about \$120 million for the move to the St. Elizabeth's campus in this year's budget. Yet, that building really isn't slated for completion until 2014.

Did you front-end the budget with \$120 million or is there going to be a lot more after this?

CHERTOFF: No, there's going to be a lot more. A significant amount of this is going to be GSA money and we were hopeful we would get some GSA money in the 2007 budget. I don't think it came in.

But the lion's share of this will be GSA money. In addition, our leases are going to run out on a lot of our properties, in any event, in the next five years. So that we're going to have to spend the money one way or the other and we might as well spend it on what we want as opposed to what we can get.

But we were hoping, with this money, it started with the Coast Guard, to begin a process that would get us into the Coast Guard, the Coast Guard in place by 2011 and then the rest of the headquarters elements of the department by 2014 or so.

PERLMUTTER: I guess I'd ask that your department prepare some kind of five-year projection as to the ultimate cost of that building, seriously, when we've got our visitors' center over here that's gone wild in terms of cost overruns.

Even though I agree with Representative King, you're in a department where we want to make sure that you're provided with resources, we still have to be smart about how that money's spent.

CHERTOFF: And there is a plan and there is a projection of what it's going to cost. The \$120 million is just the element to start. I don't have, frankly, on the tip of my tongue, what the total cost is, but we can get that to you.

PERLMUTTER: Since we get to do another round, I'll yield back the balance of my time and wait until it comes around to me again.

THOMPSON: Well, because you've been so gracious, I'll give you a little more time, if you'd like.

PERLMUTTER: At this end, when you're at the end of the train, you learn a lot of patience and I'm at the very end here and I'm at the end in financial services, which brings me to my next question.

As I was looking through your budget, and I'll find it, on flood plain insurance and flood plain mapping, one of the issues that's come up in financial services is the fact that a number of people in New Orleans and in Mississippi were outside of flood plains when, of course, they were just swamped when that hurricane came through.

And I see, and I'll find it, but I see reductions in flood plain insurance and flood map modernization in this year's budget request. And so my question is though I like -- usually I ask about increases to budgets, and here I'm going to ask you about decreases to budget.

Why is that?

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CHERTOFF: I don't have the exact figures on that in front of me. I do know that we have completed, in the Gulf are, the advisory base flood elevations and are working underway on the other elements of this.

In terms of specifics about why that has dropped, I think that's something I'm probably better off getting back to you on.

PERLMUTTER: Thank you, because it really has become a major topic of conversation in the financial services committee and I think it's something that we've really got to look at closely.

I'd yield back and I have more questions, so whenever you want to get back to me.

THOMPSON: If you're patient, we'll get back to you.

PERLMUTTER: I'm learning patience, Mr. Chairman. Thank you.

THOMPSON: Thank you very much. And we'll begin the next round of questioning.

You'll keep hearing this theme over and over, Mr. Secretary, about this \$1 billion interoperability issue and I can't impress upon you my and ranking member's concern about that whole issue.

Can you explain for the committee, in clear terms, the reason for the delay in working out this memorandum of understanding with the department?

CHERTOFF: I don't think it's over a matter of principal. I think it is -- everything in government always takes a little bit longer than you think it should.

About a week ago, I said, "Let's just get this done." Sometimes you get the sense that everybody feels they've got to touch every piece of paper or it's not properly blessed.

But this is just a matter of getting the paperwork done. I think they're meeting either today or the early part of next week to figure out whatever wording issues that are left.

And I will, within 10 days, if I don't have the piece of paper to sign, I'll be on the phone with Secretary Gutierrez and we'll just figure out where we have to get it done.

There's an agreement we're going to go forward with this and I know both agencies and OMB are determined to get moving very quickly on the guidance, because we want to get this out there as fast as possible. We all have the same objective here.

THOMPSON: Ten days.

CHERTOFF: Yes.

THOMPSON: Thank you very much.

Another issue that we see from time to time, we have a number of tunnels that have been constructed along the southern border specifically and some of us are having difficulty seeing whether or not the department is moving with enough dispatch to fill the tunnels in.

Can you give the committee your assurance, even though the budget does not reflect resources to complete the destruction or filling in of the tunnels that have been used to smuggle individuals and/or drugs into this country, that we will, in fact, do that?

CHERTOFF: Yes. Most of the tunnels have been filled and capped. I think seven have not been. It costs about \$3

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million and the budget for CDP, although there's not a separate line item, includes the money to get those filled.

THOMPSON: So will that be within the present budget year or the future?

CHERTOFF: I think we can do it this year, actually. I think there's money this year to get it done. And in the meantime, we do monitor them.

The one thing that sometimes slows us up is sometimes the tunnels go under private property and care has to be taken in the way you fill it so you don't impact the private property, the buildings on top.

THOMPSON: Well, if you would provide the committee with the department's timetable in accomplishing that, we'd really appreciate it.

We had testimony earlier in the week from GAO and the inspector general that there were times that the general counsel injected himself into the process of getting information.

Is that something that you put in place or have you reviewed it and see that as a hindrance in allowing the comptroller general and inspector general to do their job and if so, what's your latest position on that?

CHERTOFF: We certainly don't mean it to be a hindrance and I saw a summary of the IG's testimony and I thought yesterday he was pretty satisfied with the general counsel's office. I guess GAO was not.

I've told the general counsel we want to be cooperative, we want to be expeditious. Obviously, he has to assure himself that when we're producing things or interviews are being done, we're not compromising any legal positions that we have to maintain.

And I know, having spent a lot of years as an investigator, that sometimes for investigators, the mere presence of a lawyer is a bad thing, but I don't happen to think that's right.

So consistent with...

THOMPSON: Because you're a lawyer?

CHERTOFF: Because I'm a lawyer and because I've been on all different sides of this. I've investigated and I've represented those being investigated.

But the bottom line is consistent with their professional obligations, I've asked them to be as cooperative as possible with investigators.

THOMPSON: Well, I would want -- because one of our problems is you're now, by virtue of having a general counsel, getting blamed for the delay in Congressionally-mandated reports being received in a timely manner and if this process is delaying the submission of Congressionally-mandated reports, I think you need to review it.

CHERTOFF: I agree with that.

THOMPSON: Thank you.

And I yield to the ranking member.

KING: Thank you, Mr. Chairman. Again, I want to thank the secretary for the testimony this morning.

Three quick points. One, on the issue of port funding, where we authorized \$400 million and \$210 million is in the budget, I think we've become part of a circular reasoning in that you're saying the \$210 million is in the budget this year because that's what Congress appropriated last year and we must have felt that was the right number.

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My understanding from talking with the Appropriations Committee, the reason they put \$210 million in last year, only \$210 million, was the budget was not big enough to go beyond that.

So that, again, goes to my point as to how we should look upon the budget, as to what we need or just keep basing it off the previous year.

Now, I have two questions. One, when do you expect the UASI grants to be announced and, secondly, with Charles Allen and the intelligence operation in DHS, how mature do you think that is becoming as being part of the intelligence apparatus in the federal government and is establishing the position you think that it should have with a department like the Department of Homeland Security?

CHERTOFF: As to the first, the guidance is out. I can't tell you off the top of my head when the first submissions are supposed to come in.

What we agreed to do this year was to have enough time to allow one round of back-and-forth. So that if we got something and you could help yourself by retooling it, we can do that.

I will get you the deadlines on that. I don't remember.

I think Charlie Allen has led intelligence analysis, I think, very significantly into a new level. First of all, he sits with the other senior intelligence agency heads and the DNI's kind of major intelligence council.

I have given him substantial authority, including budget review authority over the intelligence components. He has undertaken a significant number of initiatives, including researching and analyzing homegrown terrorism.

And we work closely literally on a daily basis, taking intelligence and operationalizing it with our operational components.

When the president was up yesterday, we took him into the national operations center and I had Admiral Rufe, who's the head of that, of our operations coordination, I had Charlie Allen there, and they both said to the president, "You know, this is a partnership that takes intelligence and turns it into action."

So it's a dynamic task, but we have made huge progress.

KING: Are you satisfied there's sufficient cooperation coming from CIA, FBI, DIA, as far as giving the level of intelligence to Mr. Allen that he needs to be able to make intelligent decisions and also to share that with local governments?

CHERTOFF: Yes, I am. We're continuing to work to refine our sharing and make it quicker. We're also working with state and local governments to support financially their creation of fusion centers and then to embed analysts in fusion centers.

Another thing Charlie has done is set up a fellowship program to bring local officials into information and analysis so, A, we can get the benefit of their perspective and, also, then they can go back and go back.

He has a very good vision for the future, which is having a much more vertically integrated intelligence capability so that we are really using the intelligence-gathering abilities of the police to pick up things.

I don't have a filibuster, but let me just highlight one thing. One thing we did with the grant guidance this year, frankly, because I talked to Ray Kelly about it, was creating a space to use some of the money for personnel costs if they were dedicated 100 percent to counterterrorism. We're going to do that in L.A., too.

And the reason we did it was because we recognized for the next wave of homegrown terrorism, a lot of our

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intelligence is going to come from police in then community who are going to see things that we don't pick up on satellites and with spies.

So we really have a vision for how we want to go forward with this for the next decade.

THOMPSON: Thank you, Mr. Ranking Member.

We'll now recognize the gentlelady from Texas, Ms. Jackson-Lee.

JACKSON-LEE: Mr. Secretary, I mentioned before that I had some aviation questions and I didn't ask them.

One in particular comes to mind and I welcome your thoughts on this question. That is that we have discovered individuals who have been testing our security in what we call general aviation airports and, frankly, it's shocking.

Individuals without identification, without purpose and without reason being able to simply drive onto the tarmac. Interestingly enough, the subcommittee that I chair has responsibility for critical infrastructure and those are chemical plants, refineries, and you can imagine a general aviation plane in the vicinity of such refineries leaving a general aviation airport, not under legal piloting, and simply hitting those facilities.

What can we do, and I know that we have, again, a jurisdictional and it goes back to my association with Mr. King's remarks, that we really need to cohesively have DHS have control over a number of these security issues.

I believe that we need to explore how we can be more stringent on the security measures of these airports and I'd welcome your thoughts on this.

And my second question is I mentioned the Hutto facility and I'm hearing -- I look forward to visiting it. I'm hearing some distressing thoughts, which says that some of the children with families have been separated to be defined as unaccompanied minors, so that they can be put in another facility because there's not enough room.

And, frankly, I think we owe an obligation to those centers for people under civil issues to not be treated as criminals.

But I'd be interested on the general aviation. I have great concerns about that and will be looking forward to the opportunity for some hearing before this committee.

CHERTOFF: I saw that report and I think it was the media that actually went in and did that. GSA does have authority and does lay rules in place for general aviation.

As we've progressed on the front of commercial aviation, one of the things I've asked GSA to do this year is go back and look at the general aviation sector and see where do we need to tighten up.

We've been post-9/11 for over five years and now I think we have an opportunity to stand back and look at areas where perhaps progress is not what it should be or maybe where the private sector has gotten a little lax and we need to start to figure out how do we turn the temperature up a little bit.

And to be honest, after I while, I start to lose patience and I'm prepared to do with a little kicking. So I'm going to have Administrator Hawley look at that and see.

Now, if we have a lack of authority, we may come back and say we need more authority. But if we just need to be a little tougher, we're going to be a little tougher.

JACKSON-LEE: And the detention facilities separating children.

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CHERTOFF: I've not heard about separating children. I don't know if there's been some particular circumstance where that's occurred.

I do know that a lot of effort was placed into making it a -- to any extent any facility can be family friendly, so we wouldn't have to separate children.

I know you're going down I think in the next week or two and, obviously, if we need to make an adjustment to procedures there, we will do that.

JACKSON-LEE: Quickly, I have mentioned to you the Border Patrol agents. We understand that they still do not have bargaining rights. I'd like you to comment on that, but also comment on what I think is a severe need for professional training and career path.

These are law enforcement officers and how can we begin to turn the corner on those issues?

CHERTOFF: I don't know exactly what their union rights are at this point. I mean, they are a police agency, so there may be some limits.

With respect to career development, I think in general...

JACKSON-LEE: Training.

CHERTOFF: Training. I think, I general, in the department, particularly as people progress, we do need to come up not only with a better career development path, but one that emphasizes the unity of the department.

One of the things we've seen are some Border Patrol and border inspectors now applying to become ICE agents, because they want to do investigative work. That's not a bad thing and I don't want to discourage that.

We need to find ways to allow them also to grow within their own agency, as well as going out.

So this is part of our whole human capital effort to try to build this 21st century organization.

JACKSON-LEE: I thank the chairman.

THOMPSON: Thank you very much.

I now recognize the gentleman from California, Mr. Lungren.

LUNGREN: Thank you very much, Mr. Chairman.

Mr. Secretary, first of all, let me just say that several months, a particular cyber security concern came to my attention and we alerted Mr. Foresman of your department and his reaction was immediate. The interagency task force was established.

He understood the severity of the concern and I understand we will be briefed at some point in time in the near future. And I think that is reflective of the kind of relationship that develops between this committee as the main committee of jurisdiction on homeland security and your department and I appreciate that and I look forward to that kind of work in the future.

We hear a lot of things from a lot of people. Some appear to be serious, some not. This did appear to be serious and while I don't discuss it publicly, I just wanted to publicly thank you for that and the professionalism.

The other thing that was of interest was the credibility that your department has that when you went to establish an interagency task force on this matter involving a number of different agencies, including some that have been around a

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long time, the response to that was immediate and that is a good sign, as far as I'm concerned, for whether this system is being broken.

You don't get the headlines on that. You get headlines about what you aren't doing. And perhaps the reason why the tenor of this hearing is, I think, a little bit better than what I saw in the newspapers is this committee has a better understanding on an ongoing basis of what you are doing and what you are doing to improve.

Secondly, I would like to ask you this. There were some questions about the housing and tents that we're putting the non- Mexican illegal aliens in.

I have a friend who's in Tikrit right now and he's an Army officer and he's living in the remains of what was a shower. How does the tent city that you've got compare to what our troops are living in in places around the world right now?

CHERTOFF: First, again, thank you for your comments. I think it is important for the morale of the agency to have the quiet things recognized sometimes and I appreciate that.

I visited the particular tent city that was depicted in the "Post" before it opened. They're not like tents, like Army tents. They're large structures with almost rigid, but not rigid sides. They're air-conditioned.

They have rows of bunks, like dormitories, like in an Army barracks. My recollection, although it's not that clear, is that there are partitions, contrary to what the report said, in between the various stalls and the showers.

There's an eating area and a recreational area. I think there's a television.

So in terms of the physical structure, I'd have to say it is one which I think our troops would be delighted to occupy in places all over the world.

Now, it's never fun to be locked up, but these are designed hopefully to have relatively quick turnover and so they're not meant to be places of permanent habitation.

LUNGREN: And there is a difference, in my mind, between what is inhumane and what is uncomfortable. I would suppose these are uncomfortable and people would like to get out of them, as I would.

Let me ask you about something that Mr. Pearce has brought up on a number of occasions and that is the effectiveness of K-9 units. I notice that in the surface transportation budget, you increased explosives detection K-9 program by \$3.5 million.

Do you know how many K-9s are currently deployed and to which systems? How many more K-9 units will be allocated as a result of this \$3.5 million?

And there has been some suggestion that sometimes even better than these technological fixes that we're always chasing, K-9 units have tremendous capacity for examining cargo, whether it's fixed rail, whether it's passenger, whether it's air and so forth.

CHERTOFF: The money reflects 45 additional K-9 teams and I agree that the dogs, in almost every case, there are a couple of exceptions, are superior to technology.

We can't make them fast enough. We can't get the dogs produced fast enough. And not all dogs are -- some of them flunk out of the K-9 school.

But they're actually a great detection too.

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LUNGREN: There was some question about whether we have the capacity to have the training that is necessary, that is, do we have the facilities such that if we indicated that we needed to double or triple this, is the training capacity out there?

Are we limited by the training facilities that are currently available?

CHERTOFF: I'm not sure I can answer that. I know we are currently training a lot of dogs. I was down at the facility in Front Royal. I don't know what the limiting factor is.

Suitable dogs being born and put into the program, suitable trainers or suitable facilities.

But certainly we can handle the 45 additional K-9 teams. And then the dogs are somewhat expensive, too, and their useful period of work is not the entire life. At some point, they kind of wear out.

But if we need to put more into the training, we will put more into the training.

LOFGREN: Thank you. Thank you, Mr. Chairman.

THOMPSON: Thank you very much.

Mr. Secretary, earlier you mentioned your support for the information-sharing fellows program and I'm glad to see the bipartisanship on that, because you know that was a Democratic idea that we kind of put forth last year. So I'm glad to see you're picking it up and moving it forward.

We'll now hear from the gentleman from Texas, Mr. Green.

GREEN: Thank you again, Mr. Chairman.

Mr. Secretary, if you would, share with us, as briefly as you can, your vision for security within the country as opposed to ingress and egress, but within, as it relates to a facility comparable to Union Station as we look to the future.

CHERTOFF: Most of the infrastructure in the country is either owned and operated by local authorities or by the private sector.

So I don't envision us -- the question I always have to ask is what is the federal contribution, where does it make the most sense. One area is technology.

So, for example, with our BioWatch program and moving to the next generation of BioWatch, that's something you can't reasonably expect localities or private parties to do. We've got to do that kind of research work. We've got to deploy that.

Funding for things like cameras and systems of that sort I think are, again, where we can be a value-add with respect to a place like Union Station.

When it comes to the private sector, I think we need to help them survey and understand what security measures they need and how to best go about providing security, but I honestly don't know if the federal government ought to pay for, let's say, Exxon Mobil to secure its own assets.

We ought to tell them what they need to do and lay down performance standards, like the chemical facilities, and give them assistance. But at the end of the day, they have responsibility, as well, to protect not only their own assets, but the communities in which their assets are situated from being turned into a weapon.

This is really a partnership and that means it's got to be a network relationship as opposed to a government owns

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everything and operates everything relationship.

GREEN: I thank you and I do look forward to working with you. Again, I commend you.

Thank you, Mr. Chairman. I yield back.

THOMPSON: Thank you. And that, Mr. Green, we will take that question forward during the next month as we look at rail security as a broader issue for this country.

So we will be working with the department and the industry itself on coming up with a model that makes the traveling public more secure.

We'll now get back to our patient member, Mr. Perlmutter from Colorado.

PERLMUTTER: Thank you, Mr. Chairman.

And, Mr. Secretary, again, thank you for sort of your generous time today. I have a few more questions.

I want to start with interdicting contraband, drugs. Again, I'm going to be asking you about cuts as opposed to increases, but I notice in a couple of your line items we've got cuts to drug interdiction, \$56 million.

Can you explain that?

CHERTOFF: I need to get the particular line item so I can look at what we're talking about. Do you have the line item?

PERLMUTTER: It goes from...

CHERTOFF: Well, I guess what I would say is, on that particular item, we're going from -- it's off of a base of \$1.3 billion. So I think some of this reflects adjustments in the budget with respect to Coast Guard, which are reflected as part of the Deepwater program, and then it has to be allocated against the various categories of the program which are covered under Deepwater and associated programs.

When we get into very small cuts and adjustments, I mean, this is part of what is a tough budget process where we're trying to fund new initiatives, we're trying to see can we tighten the belt a little bit without sacrificing the mission in a significant way.

And it's a fairly small cut relative to the \$1.3 billion and it just reflects, I think, a judgment that we could afford to cut a little bit there to put something somewhere else.

PERLMUTTER: Thank you.

In terms of the conversation you were having with a couple of the representatives on working with local police and law enforcement and first responders, as I understand the way the department has worked, it's been primarily on a grants type of basis to develop some expertise in the local law enforcement in terms of sharing intelligence and things like that.

I guess my question is, and, again, while local control and develop expertise is a good thing, grants, however, run out.

And I can tell you, in Colorado, there's particular concern that the grants have run out. There was a sort of '03 to '06 or '04 to '07 and it's gone. And a real concern about how you maintain how it's sustained, because you don't want it just to run out.

Can you respond?

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CHERTOFF: First, let me preface by saying we do work with locals directly in the sense that we have joint terrorism task forces, we have fusion centers. In the ports, have Coast Guard integrated with local police.

So there are many ways we work with the locals on an ongoing basis operationally.

What you say about grants is true and that's because grants, I think, in the main, are meant to be capacity-building. What we're trying to do is build capital investment and build training that will then allow localities to do the work themselves.

Frankly, a lot of the times when we get into tussles over grant funding is because localities understandably are interested in having a portion of their sustainment budget covered by the federal government.

They used to have a COPS program and block grants. Those are revenue-sharing programs. I have to say the general philosophy we've had, with some exceptions, like with Stonegarden at the border or what we've done with the police in the major cities has been not to have this be revenue-sharing, but to have it be capacity-building and investment that will ultimately yield to sustainment by the localities.

PERLMUTTER: And I guess my response is that you've built the capacity, but you're then shifting -- well, states or the local governments then have to pick up the cost to maintain the program.

And in Colorado and I think other states, one of the complaints you're seeing is that they're not in a place where they can pick up a program and then what you've built for three years is just going to sort of die on the vine, and that's just my caution to you.

CHERTOFF: And that's one of the reasons, when we evaluate grant proposals, part of what we're looking to see is has the applicant thought of a proposal that they are capable of sustaining themselves and should they look at their own budget and are they able to say, "If you give us this, we then have the ability to carry it forward."

That's really to address that issue.

PERLMUTTER: Last question, Mr. Chair, if it's OK.

In terms of the -- I think your testimony was that we had 18,500 beds. It's gone to 27,500. You want to add another 1,000 beds.

Do you have any sense of -- I mean, how do you work with, say, for instance, prisons and training the guards at these things and how much does it cost you per bed on an annual basis?

CHERTOFF: Let me say that we don't own all the beds. When we say beds, a lot of these beds we lease. We do that exactly because of the surge and back and forth.

There is a figure per bed. I don't have it in my head. But one of the things we do use, it's almost like the hotel reservation system. We do run a system where we scale-up and scale-down in different parts of the country depending on what the flow and the capacity needs are.

I'm sure I can get you the dollars per bed, but most, not all of them, but most of them are on a contract basis, where we use local law enforcement jails and stuff like that.

THOMPSON: Thank you very much.

Mr. Secretary, if you would, on that subject, if you can get us the cost per department bed, as well as the cost per contracted bed, I think we could then kind of look at the numbers and kind of see where we are.

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CHERTOFF: One thing I should say is this is actually an area where contracting makes sense, because if we built a large facility in, let's say, Arizona and then over time the need for bed space there contracted or we got more in Florida, we'd be stuck.

So it's this kind of fluctuation where we actually do like to contract.

THOMPSON: In fact, we have staff going to visit over the next three weeks several of these sites to kind of give the committee more information on it, also.

I'd like to thank the secretary for his valuable testimony.

JACKSON-LEE: Mr. Chairman, would you yield for just a moment?

THOMPSON: Yes.

JACKSON-LEE: Mr. Secretary, would you put this under your contemplation? The chairman indicated that this committee and several other committees will be looking at comprehensive immigration reform.

We don't want to suggest that law enforcement agencies should not be enforcing the rules, but you have some humanitarian issues with mothers, children, fathers in the pipeline of deportation that are under your jurisdiction.

I just will explore with you the consideration of moratorium, some humanitarian moratorium as this comprehensive immigration process is about to move forward.

We had to deal with the situation of a mother of two young children, and I know there may be many like this, but I do think it is worthy of consideration in the light of the president's charge and our charge to get a bill out in the next six months, and I think it's an important question to consider and that is humanitarian response to some who are in the pipeline of deportation.

I yield back.

THOMPSON: Thank you.

Again, Mr. Secretary, we want to thank you for your testimony. Members of the committee may have additional questions for you and we would ask you to respond expeditiously in writing to these questions.

Hearing no further business, the committee stands adjourned.

END

**NOTES:**

[????] - Indicates Speaker Unknown

[--] - Indicates could not make out what was being said.[off mike] - Indicates could not make out what was being said.

**LOAD-DATE:** February 9, 2007