

**TESTIMONY OF  
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DEPARTMENT OF HOMELAND SECURITY**

**BEFORE THE HOUSE COMMITTEE  
ON HOMELAND SECURITY**

**February 15, 2007**

Mr. Chairman, Congressman King and Members of the Committee, I am pleased to testify before the Committee on Homeland Security to discuss “lessons learned and grading goals” at the Department of Homeland Security.

DHS is soon approaching its fourth anniversary as a department, and I my second year as Deputy Secretary and the Department’s chief operating officer. DHS has learned much about how to grow and strengthen this new and vital organization, not the least through lessons derived from the Hurricane Katrina response and recovery. Secretary Chertoff has set five core goals to drive the Department during the next two years. They are:

- Protect our nation from dangerous people
- Protect our nation from dangerous goods
- Protect our critical infrastructure
- Build a nimble, effective emergency response system and a culture of preparedness
- Strengthen and unify DHS operations and management.

Together, these five objectives subsume a series of actions that reflect much of DHS’s mission, and our highest priorities. In each area, we strive to set realistic, measurable goals for success. It is a truism, but nonetheless true, that we cannot hope to eliminate all risk – whether from natural disaster or terrorist attack. Rather, we must daily go about our business with a sense of urgency and discipline to reduce risk, and balance precious investments of time, energy and dollars to achieve the highest return in our work to protect the homeland.

In this effort, I am blessed to count as DHS colleagues some 208,000 extraordinarily dedicated men and women. Mr. Chairman and Congressman King, I was touched by your public statements of support and the House Resolution you sponsored earlier this week for these DHS employees. I thank you and the Members of this Committee for that most thoughtful gesture.

It is fair to say that DHS has a broad and complex mission. At the Department, we have responsibility for executing missions for all-hazards incidents, and many are managed through the Department’s seven core operating components. In addition, we have a broader role to define and support an overall preparedness architecture for the federal government in homeland security. Here, we partner and rely upon many partners – from the FBI to the Department of Transportation; from the Department of State to the Department of Defense. Our homeland

security strategy as a nation embraces virtually all of the federal family in one way or another with critical assignments.

Likewise, supporting the homeland security mission of state, local and tribal leaders and that of the private sector is integral to our operations. Added to that is an extensive overseas employee footprint, and, together with the State Department and our embassies overseas, our work with many foreign government and organizations to align, as much as possible, homeland security strategies internationally. In short, DHS's complex mission supports and is supported by a vast array of partners.

I appreciate fully that DHS's partnership very much includes this Committee in particular, as well as our other colleagues in the House and in the Senate. I'd like today to identify at least several ways of getting one's arms around DHS's mission and performance.

One approach is to unpack our organization chart, understanding fully and completely the responsibilities, budget and highest priorities of each organizational unit. I recently enjoyed an informal opportunity to discuss the Department in this way with this Committee's members.

Another approach is to focus on homeland security by focusing on the various strategic plans, Presidential directives, interagency and intergovernmental agreements and legislative mandates that animate and integrate so much of our work at DHS. Call this the bone-and-muscle perspective. In this sense, we could talk about the National Preparedness Goal, its fifteen planning scenarios and the associated target capabilities that we seek to support and grow at the state and local level through DHS grants, training and exercises. We could unpack the National Infrastructure Protection Plan, its sector specific plans or detailed strategies such as the Pandemic Influenza Plan or the President's directives on infrastructure protection (HSPD-7) or common identification standards (HSPD-12).

This approach underscores that much of DHS's work efforts in securing the homeland requires us to integrate and coordinate assets across federal, state, tribal and local governments in order to meet the President's directives. For example, we have realigned our department in the area of biodefense (HSPD-10), as we coordinate the actions of our various parts of DHS with those of the Departments of Health and Human Services and Defense. Our responsibilities in food and agro-defense drive close coordination with our own critical infrastructure partners in the food sector and with the Department of Agriculture, the Food and Drug Administration and the Centers for Disease Control.

Goals set by core homeland security legislation, such as the recently passed SAFE Port Act, tie to the federal maritime domain awareness strategy and specific investments in programs such as Secure Freight. Taken together, these strategic goals, plans and tools drive prioritization of investments for homeland security. They drive our everyday work. They are the bones on which we grow the muscle that defines and makes possible DHS's work.

A third approach is what I call the dashboard navigator. In this way, we focus first on specific threats in order to structure an understanding of our mission. We assess the manner and extent to which DHS must cover the full range of homeland threats (e.g., nuclear, chemical, biological,

natural disasters, etc.) and the locus or “attack vector” of such potential attacks (e.g., large public gatherings and the 17 critical infrastructure asset sets). In this way, one must think of a specific means of attack (e.g., a shoulder-fired rocket or MANPAD) hypothetically aligned with a specific attack vector, such as a commercial airliner.

Once you align these two variables, there are two sets of issues that must be assessed: (a) severity of risk; and (b) our plans (public and private) to reduce the risk as much as practical. The latter question, in turn, yields two distinct plans: (a) a protect and prevent plan; and (b) a response and recovery plan.

Each of these two areas of planning for the range of threats is ripe for discussion and analysis. Each benefits from lessons learned since 9/11 and the results of our protect/prevent and respond/recover plans must be measured carefully, graded dispassionately. In sum, the dashboard navigator discipline, the bones-and-muscle approach or the organizational structure analysis are each viable approaches to unpack what is being done and what must be done at DHS.

At this hearing, Members may wish to touch on parts of DHS’s work by means of these three approaches. For my prepared remarks, however, I have tried to organize an overview of DHS priorities and mission activity around the Secretary’s five core priorities.

## **Protect our Nation from Dangerous People**

The Department’s continuing efforts to protect our nation from dangerous people consist of border enforcement, interior enforcement and immigration and screening programs.

**Border Enforcement.** In support of the President’s initiative to secure the border, 6,000 National Guard personnel were deployed to the Southwest border as part of *Operation Jump Start*. Furthermore, the Department ended the practice of “catch and release” along the Southern and Northern borders as part of the Secure Border Initiative. This accomplishment is one that many considered unlikely in 2005 when only approximately 34 percent of apprehended non-Mexican aliens were detained.

Also, on the northern border, CBP Air and Marine opened its third of five Air Branches planned for that border, adding the Great Falls Air Branch in Montana to ones in Bellingham, Washington, and Plattsburgh, New York. We believe the combined effect of these actions along with continued vigorous CBP enforcement created a strong deterrence effect that led to a marked decrease in land apprehensions in FY 2006.

Over the next two years, the *SBI*net program will begin deploying an integrated infrastructure and technology solutions for effective control of the border that will include fencing in areas where it makes sense, vehicle barriers in other areas, and a virtual fence of radars and cameras in others. This selective application of technology that best meets the conditions along each part of the border will help detect and apprehend illegal aliens who cross into the United States while

doing so in the most efficient way possible. Keeping *SBI* on time and on budget will be a key focus of my attention.

We will also transition from the resources provided by the National Guard to internal capabilities by the hiring of 6,000 additional Border Patrol officers as well as constructing the facilities to house the agents, hiring the support personnel, and deploying the equipment necessary to gain operational control of our borders. This will bring the total number of Border Patrol agents to over 18,000 at the end of 2008, by which time *Operation Jump Start* will have wound down and the Guard will have been phased out from these border activities.

**Interior Enforcement.** In FY 2006, more than 4,300 arrests and apprehensions were made in ICE worksite enforcement cases, more than seven times the arrests and apprehensions in 2002, the last full year of operations for the U.S. Immigration and Naturalization Service. ICE completed 5,956 compliance enforcement investigations resulting in the administrative arrest of 1,710 overstay and status violators, a 75 percent increase over FY 2005. In addition, ICE removed over 186,000 illegal aliens from the country in FY 2006, a 10 percent increase over the number of removals during the prior fiscal year.

We plan to add 22 ICE Criminal Alien Program teams in FY 2007 to remove incarcerated criminal aliens so they are not released back into the general population and potentially threaten the safety of the American public. We will also continue to assist U.S. employers in complying with immigration laws by encouraging them to verify the work eligibility of their new employees by using Basic Pilot, an employment verification program.

**Identity Screening Programs.** The Department has or is standing up a number of identity screening programs that are key to improving the security of the nation, including the Western Hemisphere Travel Initiative (WHTI), the REAL ID program, US-VISIT, the Transportation Worker Identification Credential (TWIC) and Secure Flight. In designing all of these programs we make preservation of individual privacy rights an imperative.

WHTI document requirements have been instituted at all air ports of entry. This year we will focus on the development and installation of technical infrastructure to enable implementation of WHTI at land ports of entry in 2008. With a significant IT investment planned in 2008, we will ensure that Customs and Border Protection officers have the technology to verify rapidly that all people arriving at U.S. ports of entry have a valid and appropriate means of identification and to process visitors in an efficient manner. DHS plans soon to propose REAL ID regulations that create minimum standards for state driver's licenses and identification cards that federal agencies can accept for official purposes after May 11, 2008.

US-VISIT's biometric program is designed to keep terrorists and other criminals out of our country while facilitating visits from legitimate travelers. As part of that effort, biometric watch list hits increased by 185 percent at consular offices last year, rising from 897 hits in FY 2005 to 2,558 in FY 2006. The use of biometrics has allowed DHS to take adverse action against more than 1,800 known criminals and visa violators.

We will begin piloting ten-print capture devices at the ports of entry this year, and continue deployment through the following year, as part of the Unique Identity Initiative. This initiative will provide the capability biometrically to screen foreign visitors requesting entry to the United States and those requesting visas through the collection of ten-print (slap) capture at enrollment. US-VISIT, along with the Departments of State and Justice, will be able to capture ten fingerprints rather than the current two. Additionally, DHS continues to move forward with the development of ten-print interoperability between DHS's Automated Biometric Identification System (IDENT) and FBI's Integrated Automated Fingerprint Identification System (IAFIS). We are also poised to implement beginning this year a US-VISIT exit regime at airports and seaports. Further testing of exit approaches at land borders is needed.

The TWIC Final Rule has been published and a contract has been awarded to enroll workers and issue credentials. This program is designed to issue a tamper resistant, common credential to all port workers and merchant mariners requiring unescorted access to secure areas of the nation's maritime ports and vessels after the successful completion of a security threat assessment. TSA and the Coast Guard will begin implementing the program in the coming months. A deployment schedule complying with the requirements of the SAFE Port Act is being finalized and will soon be made publicly available. All port workers should be enrolled and cards issued within 18 months of initial enrollment.

Finally, we are about to launch the Secure Flight Initiative, which will strengthen watch list screening and vet all domestic air travelers. We expect to issue the NPRM soon, followed by a Request for Proposals (RFP) this summer to begin the roll out of this program. When complete, watch list screening will be consolidated at the Department, reducing the burden on airlines and enabling better access to results from our redress processes for travelers.

**Operational Screening Programs.** In response to the foiled terror plot in England, the Transportation Security Administration (TSA) rapidly addressed the specific liquid explosives threat through decisive action and then nimbly modified the restrictions on liquids as more testing was completed. The initial outright ban on carry-on liquids temporarily increased security wait times, which then rapidly diminished. TSA initiated an aggressive program to train its 43,000 security officers to address the threat and to get information on the ban to air travelers. TSA and other offices in the Department also intensively investigated the science of liquid explosives and its potential application on commercial airliners and conducted extensive explosive testing with our Science and Technology (S&T) directorate and other federal partners. As a result, TSA modified its ban on liquids by allowing limited quantities onboard aircraft safely and once again, wait times returned to normal levels.

This modified ban has been very successful, as wait times during the Thanksgiving holiday in 2006 were slightly lower than in 2005 and airlines' problems from the increase in checked baggage have receded. Over the next two years the document checking staff positions at security lines that are now filled by airline and airport employees will transition to TSA security officers. This will create an important new layer of defense for aviation security by increasing the technical competence and sophistication of the document checking process and allow the security officers to assess passengers at an earlier stage.

**Immigration Programs.** Much work must be done to address the outdated and overly manual, paper-based business processes in place today at the US Citizenship and Immigration Service (USCIS). By law, USCIS is a fee-funded organization. We have just recently taken the first step in enabling this process by publishing a notice of proposed rulemaking to raise the fees that USCIS charges. Unless USCIS can capture the true cost of the services it performs, it will not have the funds to revamp the out-dated information technology systems hampering the efficient and effective delivery of the services its customers expect. Although costs will rise for most applicants, the results will be faster and higher quality service. We are dedicated to that last point. Even before the higher fees are in place, the onus will be squarely on the Department to deliver on our service promises.

**Personnel Security.** The Secret Service operates the Domestic Protectees program 24 hours a day, 365 days a year to protect the President and Vice President and their families, former Presidents and their spouses, scores of foreign dignitaries and other individuals designated by statute or Presidential directive. All protectees arrived and departed safely at more than 6,275 travel stops during FY 2006. The 2008 presidential campaign will present significant challenges because of the number of candidates and early start to the campaigns. Nevertheless, this is an area in which the goal is clear and will be accomplished over the next two years.

## **Protect Our Nation from Dangerous Goods**

Our continuing efforts to protect against dangerous goods involves screening cargo at foreign ports and at domestic ports of entry, and through interdiction at sea.

**Screening Cargo at Foreign Ports.** Almost seven million cargo containers arrive and are offloaded at U.S. seaports each year. The U.S. Customs and Border Protection increased the percent of shipping containers processed through its Container Security Initiative prior to entering U.S. ports from 48 percent in FY 2004 to 82 percent in FY 2006. This significantly decreases the risk of terrorist materials entering our country while providing processes to facilitate the flow of safe and legitimate trade and travel from more foreign ports.

Last year, DHS and the Department of Energy announced the first phase of the Secure Freight Initiative, an unprecedented effort to build upon existing port security measures by enhancing the federal government's ability to scan containers for nuclear and radiological materials overseas and to assess better the risk of inbound containers. The initial phase involves the deployment of a combination of existing non-intrusive radiography technology and proven nuclear detection devices at ports. Over the next two years, we plan to expand the program to more ports and will continue to refine what information we gather along the logistics chain and how we transmit and process the data.

**Screening Cargo at Domestic Ports.** DHS deployed 283 new radiation portal monitors throughout the Nation's ports of entry, bringing the number of radiation portal monitors (RPMs) to 884 at the Nation's land and sea ports of entry. These additional RPMs allow us to scan 90 percent of incoming cargo containers, an increase of approximately 30 percent from this time last year. I was at the LA/Long Beach Port last week, where 100 percent of all outbound containers

are being screened. We will continue to procure and deploy sufficient radiation portal monitors, including next-generation Advanced Spectroscopic Portal (ASP) systems, to achieve our goal of scanning 98 percent of all containers entering the U.S. by the end of 2008.

With respect to air cargo, we recently published air cargo security rules that will help prevent the use of air cargo as a means of attacking aircraft. The rules mark the first substantial changes to air cargo regulations since 1999, and represent a joint government-industry vision of an enhanced security baseline. These new measures will be enforced by an expanded force of air cargo inspectors, who will be stationed at the 102 airports where 95 percent of domestic air cargo originates.

**Interdiction at Sea.** This year, U.S. interdiction efforts contributed to all-time records for seizures and arrests. The 93,209 pounds of drugs that were seized were more than the combined amount seized in the previous two years. Long-term success in defining our border at sea will require a new generation of Coast Guard assets that the Deepwater Program must provide. Recapitalization on the scale of the Deepwater Program is a complex process. There have been several issues of concern, including with the extension of the 110' patrol boats to 123', and several design issues with the National Security Cutter. The Commandant has put in place a rigorous and disciplined program management team to resolve these issues. The 123' patrol boat problem, causing reduced operational reliability and crew safety, resulted in the Commandant cancelling the program. The first National Security Cutter has been launched. The issues with this hull are non-critical, will not affect our ability to use the ships to full capability, and will be corrected effectively. Given the complexity of ship design and construction, it is not unusual for lead ships of a new class to require some design modifications. Some structures in the NSC require strengthening, and these enhancements will be made.

In a recent message to all hands, the Commandant said, "We have an urgent need to recapitalize our aging fleet. Our future readiness depends on it, and I am fully committed to this effort. . . . We are pursuing all efforts with a great sense of urgency. . . . Deepwater is fundamentally about the Coast Guard's ability to save lives, secure our maritime borders, and protect our marine environment."

**Next Generation Technology.** This past year, Domestic Nuclear Detection Office (DNDO) announced the award of Advanced Spectroscopic Portal (ASP) program contracts that could total up to \$1.15 billion to enhance the detection of radiological and nuclear materials at the Nation's ports of entry. ASP models were deployed to the Nevada Test Site, where they will be tested using nuclear threat material. Portals have also been delivered to the New York Container Terminal for data collection. The ASP program is just one part of DNDO's Acceleration of Next-Generation Research and Development program that will increase funding across multiple DNDO research, development, and operations program areas over the next two years.

On the biodefense front, the Department is committed to the development of automated biological detection systems that can be deployed in high-risk locations to provide the earliest possible warning of a biological attack. Our Office of Health Affairs is standing up the National Biosurveillance Integration Center in partnership with five federal government agencies to integrate intelligence and threat information with data on human and animal health and the

nation's food and water supplies. All of these efforts are intended to enhance our awareness and detection capacity so that, in the event of an attack, the resources of the nation can be brought to bear quickly to mitigate its effects.

## **Protect Our Nation's Critical Infrastructure**

Working closely with state and local officials, other federal agencies, and the private sector, DHS helps to ensure that proper steps are taken to protect critical infrastructure and the economy of our nation from acts of terrorism, natural disasters or other incidents. America's critical infrastructure includes food and water systems, agriculture, health systems and emergency services, information and telecommunications, banking and finance, energy (electrical, nuclear, gas and oil, dams), transportation (air, road, rail, ports, waterways), the chemical and defense industries, postal and shipping entities, commercial and government facilities, and national monuments and icons.

**Protection Planning.** We have completed the National Infrastructure Protection Plan (NIPP). The NIPP is a comprehensive risk management framework that clearly defines critical infrastructure protection roles and responsibilities for all levels of government, private industry, nongovernmental agencies and tribal partners. Initial drafts of all 17 sector-specific plans are now under review within the Department.

In 2006, 58 percent of identified critical infrastructure facilities have implemented Buffer Zone Protection (BZP) Plans, up significantly from our FY 2005 level of 18 percent. The Department worked in collaboration with state, local, and tribal entities by providing training workshops, seminars, technical assistance and a common template to standardize the BZP plan development process.

**Protection Standards.** In 2006, DHS was given authority by Congress to implement risk-based security standards for chemical facilities that present high levels of security risk. This allows the Department to recognize the significant investments that responsible facilities have made in security, while providing the Department with authority to ensure that high-risk facilities have adequate safeguards in place. This year we will establish a chemical security office, the Chemical Security Compliance Division, to regulate the security of chemical plants. This office will include a national program office as well as inspectors and other field staff who are subject matter experts in chemical engineering and process safety, as well as an adjudication office.

**Protection Programs and Operations.** The U.S. Coast Guard operates programs aimed at protecting our maritime domain, and combating maritime terrorism. In FY 2006, the USCG examined thousands of vessels for security compliance, completed comprehensive reviews of 23 nuclear and three chemical facilities, and conducted over 8,700 security-related boardings.

USCG also officially assumed responsibility for air intercept operations in the nation's capital from U.S. Customs and Border Protection in FY 2006. The Coast Guard will support with its rotary wing air intercept capability the North American Aerospace Defense Command's mission to protect against potential airborne attacks. Seven Coast Guard HH-65C helicopters and crews



will be responsible for intercepting unauthorized aircraft that fly into an air defense identification zone that surrounds Washington, D.C.

Rail Security Explosives Detection Pilot Programs were conducted in Baltimore, MD and Jersey City, NJ to test and evaluate security equipment and operating procedures as part of DHS's broader efforts to protect citizens and critical infrastructure from possible terrorist attacks. This year and next, TSA intends to expand its National Explosive Detection Canine Team program by approximately 45 teams to support the nation's largest mass transit and ferry passenger transportation systems.

Building on analytical work done in FY 2006 and continuing in FY 2007, DHS will begin the implementation of our Securing the Cities Initiative in the New York region. Activities include the development of regional strategies, analyses of critical road networks and the vulnerabilities of mass transit, maritime and rail systems. The New York Police Department is leading a consortium of regional partners from New York State, New Jersey, Connecticut and other New York City area agencies in working with DHS to development and implement a regional radiation detection deployment strategy.

**Next Generation Technology.** The newly formed Innovation Division within the Science and Technology Directorate is charged with developing game-changing and leap-ahead technologies to address some of the highest priority needs of the Department. The technologies being developed will be used to create a resilient electric grid, detect tunnels along the border, defeat improvised explosive devices, and create high-altitude platforms and/or ground-based systems for the protection of aircraft from portable missiles. To help facilitate the development of technologies, the Innovation Division has established Integrated Process Teams working with each DHS component to help identify, develop and acquire technology to help the Department achieve its mission of protecting the homeland.

## **Build a Nimble, Effective Emergency Response System and a Culture of Preparedness**

We have taken many steps toward building a nimble, effective emergency response system and culture of preparedness. The key this year will be how well we integrate the preparedness function into FEMA and realign FEMA to perform well and efficiently. FEMA's Vision Initiatives will enable the agency to intensify and speed the development of core competencies that are central to achieving its disaster readiness, response and recovery mission. Our efforts are aimed at increasing not only FEMA capabilities, but the federal government's ability to assist state and local governments affected by major disasters and national emergencies.

A combination of staffing increases, new technologies, and targeted investment in equipment and supplies, will increase FEMA's mission capacity in the areas of Incident Management, Operational Planning, Continuity Programs, Public Disaster Communications, Hazard Mitigation, Disaster Logistics, and Service to Disaster Victims.

**Preparedness.** The number of federal, state, local and tribal governments that are compliant with the National Incident Management System (NIMS) has reached a record level in 2006. NIMS incorporates standardized processes, protocols and procedures that all responders -- federal, state, tribal and local -- can use to coordinate and conduct response actions. With responders using the same standardized procedures, they will all share a common focus in national preparedness and readiness in responding to and recovering from an incident, should one occur.

By reviewing state and local disaster plans, co-locating decision-makers, and pre-designating federal leadership, DHS is improving readiness and coordination across all levels of government. Through the Nationwide Plan Review, DHS completed visits to 131 sites (50 states, 6 territories, and 75 major urban areas) and reviewed the disaster and evacuation plans for each. These reviews will allow DHS, states and urban areas to identify deficiencies and improve catastrophic planning.

In 2006, DHS awarded \$2.6 billion for preparedness. Included in this total is approximately \$1.9 billion in Homeland Security Grant funds that have been awarded to state and local governments for equipment, training, exercises and various other measures designed to increase the level of security in communities across the Nation. An additional \$400 million in grants was awarded to strengthen the nation's ability to prevent, protect against, respond to, and recover from terrorist attacks, major disasters and other emergencies that could impact this country's critical infrastructure. Almost \$300 million was distributed in grants to fire departments and EMS organizations to enhance their response capabilities and to more effectively protect the health and safety of the public and emergency response personnel with respect to fire and all other hazards. Of the funds awarded to State and local governments, almost \$400 million was used by states to support state and local fusion centers -- valuable partnerships in place across the nation in which interagency efforts are focused on sharing intelligence with state and local governments.

Starting this year and extending through FY 2010, the Department will be co-administering a \$1.0 billion Public Safety Interoperable Communications grant program, in partnership with the Department of Commerce.

**Response.** FEMA's federal response teams were strengthened in 2006 to improve our ability to arrive rapidly on the scene at a disaster site. The recent severe tornado incident in Florida demonstrated this improved responsiveness. Improving the timeliness of specialized federal response teams has saved lives, reduced property loss, enabled greater continuity of services and enhanced logistical capability in the wake of disasters.

FEMA also increased registration capability last year to 200,000 victims a day through its toll-free registration number, online registration process, and mobile unit capacity for registering individuals in shelters. Also put in place were increased home inspection capacity (20,000 per day), improved identity verification through new contract resources and tightened processes to speed up delivery of aid while simultaneously reducing waste, fraud and abuse.

Vital to a robust response capability are situational awareness and tactical communications. To improve upon existing systems, DHS has initiated technological changes and improvements through the use of satellite imagery, upgraded radios and frequency management. The new National Response Coordination Center at FEMA and Mobile Registration Intake Centers are now operational as well. In FY 2006, FEMA implemented the Total Asset Visibility program to provide enhanced visibility, awareness, and accountability over disaster relief supplies and resources. It assists in both resource flow and supply chain management.

Over the next two years we will be further professionalizing FEMA's disaster workforce by converting its Cadre of On-Call Response Employee positions that are four-year term limited into permanent full-time positions. This transition will stabilize the disaster workforce, allowing for the development and retention of employees with needed program expertise and will provide increased staffing flexibility to ensure critical functions are maintained during disaster response surge operations.

The Coast Guard has improved its response capability by establishing a Deployable Operations Group and strengthening the Coast Guard's overall response capability. The alignment of Coast Guard's deployable, specialized forces under a single command will improve and strengthen Coast Guard's ability to perform day-to-day operations and respond to maritime disasters and threats to the nation.

## **Strengthen and Unify DHS Operations and Management**

As the chief operating officer of the Department, a sustained focus of mine for 2007 and 2008 will be strengthening the management culture of the organization. In some areas, this will mean strengthening the authority of the Departmental Chiefs, while in others it will mean honing the skills and supplementing the resources within the components.

**Financial Management.** We are committed to improving the Department's financial management. We are working aggressively to reduce the number of material weaknesses reported in our annual financial audit. This is especially true at the Coast Guard, which has the largest number of material weaknesses. The Commandant has established a high-level management team to work those issues, and he and I both are working closely with the Inspector General and our auditors on these matters. We cannot eliminate all of these problems in a single year. The problems are too entrenched and will require a concerted, multi-year effort.

**Procurement.** The Department is just beginning or is in the midst of many crucial procurements, the success of which is vital to the success of DHS. These range from border security on both land (*SBI<sub>net</sub>*) and sea (*Deepwater*) to the screening of people (*WHTI*, *TWIC*, *US-VISIT*, *REAL ID*, *Secure Flight*) and cargo (*Secure Freight*, *ASPs*, *EDSs*). We are committed at the DHS corporate level to putting in place the oversight and processes that will ensure good business practices are the norm and not the exception.

We have a strong, experienced Chief Procurement Officer whose work this year on improving the Department's performance will be a primary focus for her and for me. The Department is

committed to providing the components with the staff necessary to award properly and administer Department-wide acquisition programs and to ensure effective delivery of services and proper procurement and contracting procedures in compliance with all federal laws and regulations.

**Human Resources.** This year we will continue to roll out our performance management system to all elements of the Department. This follows on the deployment last year to 10,000 employees in multiple components and the training of 350 senior executives and more than 11,000 managers and supervisors in performance leadership. We will more than double the number of employees under the performance management system and will include the new system in collective bargaining negotiations. We will also develop a common job classification system across the Department.

The Office of Personnel Management surveyed federal employees last summer about various measures of job satisfaction and agency performance. The recently-released results for the Department were disappointing. Of 36 agencies, we ranked in the bottom three in such categories as job satisfaction, talent management, leadership and knowledge management, and in building a results-oriented performance culture. The Secretary and I are deeply concerned about the survey results and have made a commitment to our employees to improve job satisfaction of the DHS team.

The Undersecretary for Management has joined the Secretary and me in carefully addressing issues reflected in the OPM survey. We will analyze the data, with specific attention to those government organizations that are recognized for their high performance, and determine specific steps for improvement. We will do so with a sense of urgency and seriousness.

Strengthening core management is one of the Secretary's highest priorities and a key element is effective communications and proper recognition of our workforce. We will build on some good work that has already been done to chart a path forward on these issues.

**Information Technology.** In FY 2006, the phase one construction of 24,000 square feet at the Stennis Space Center Data Center was completed on time and the first application was transferred to this data center. We will unify IT infrastructures by reducing 17 data centers to two, seven networks to one, and establishing a common email operation. We will meet HSPD-12 goals by providing all newly-hired DHS employees with a single, secure, tamper-proof smartcard that allows interoperable access to DHS facilities and systems.

**Administration.** A challenge the Secretary and I have for managing the Department efficiently is the current dispersion of employees across the National Capital region. The Department intends to strengthen and unify DHS operations and management by joining DHS headquarters' facilities at a single campus. Our operations are spread across every state and throughout the world, and this dispersion is unavoidable because that is where we conduct the Department's business. But the management cadres for the many components of the Department are spread across more than 40 locations in the National Capital Region. This dispersion is avoidable and, in fact, must be remedied for the efficient operation of the Department.

The DHS consolidated headquarters project on St. Elizabeths West Campus is vital to the long-run success of the Department. Identifying and committing the funds for the rapid build-out of the campus will be a high priority.

**Intelligence.** Over the next two years we will continue to strengthen the Department's intelligence and information sharing capability, and continue to integrate the intelligence offices and programs of the Department. We are strengthening our analytic capabilities, improving information sharing, and forging stronger relationships at the state and local levels to support our common work.

In FY 2006, we initiated the Intelligence Campaign Plan for Border Security (ICP), managed by the Office of Intelligence and Analysis, as a departmental planning effort to provide comprehensive and coordinated intelligence support for the full spectrum of the Department's border security operations. The ICP is linking DHS intelligence resources, and those of state and local partners, with the Intelligence Community to deliver actionable intelligence to front-line operators and to fuse national intelligence with law enforcement information.

As part of the ICP, we are developing strategies with the Director of National Intelligence to strengthen border security intelligence to support our operational missions. In addition, DHS intelligence analysts draw on their extensive experience in the Intelligence Community to help ensure that the Department gets full benefit from national collection assets.

In close, there is a certainly a large and important agenda of work ahead for DHS. My colleagues and I very much look forward to working with the Congress on the work ahead for the Department.