
Statement for the Record

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**Secretary
United States Department of Homeland Security**

Before the

**United States House of Representatives
Committee on Homeland Security**

February 9, 2007

Mr. Chairman, Congressman King, and Members of the Committee:

As this is my first opportunity to appear before you in the 110th Congress, let me start by saying that I look forward to working with this Committee in making sure that the Department is operating and using its resources in the most effective and efficient manner to protect the homeland and the American people. While we have had many successes, there are numerous challenges that still remain. I am here today to ask for your partnership and support as we face these challenges. We may not see eye to eye on all issues, but we certainly agree that our interests are best served when we work together to achieve our common goal of securing this great Nation.

I am pleased to appear before the Committee today to highlight some of our key accomplishments of the last year and present President Bush's FY 2008 budget for the Department of Homeland Security (DHS). Five years after September 11, 2001, DHS is more dedicated than ever to our vision and accomplishing our mission. September 11, 2001, will forever be etched in our souls as we remember the lives lost, the terror felt, the sacrifices made, and the courage shown. As a result of the deliberate and malicious acts of our enemies that occurred on that day, the Department was formed and charged with the significant responsibility of securing America. As we approach our fourth anniversary on March 1, 2007, we recognize that the Department has endured challenges, yet bravely stood in the face of our Nation's enemies, diligently building systems to secure our homeland with urgency, flexibility and resolve.

We must focus on the greatest risks and be flexible to changing threats, disciplined in our use of resources, and fully committed to building a Department that will meet future challenges, preserve freedom and privacy, and protect the American people. To achieve this, we will place considerable attention over the next two-year period on the following five goals:

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| <p>Goal 1. Protect our Nation from Dangerous People</p> <p>Goal 2. Protect our Nation from Dangerous Goods</p> <p>Goal 3. Protect Critical Infrastructure</p> <p>Goal 4. Build a Nimble, Effective Emergency Response System
and a Culture of Preparedness</p> <p>Goal 5. Strengthen and Unify DHS Operations and Management</p> |
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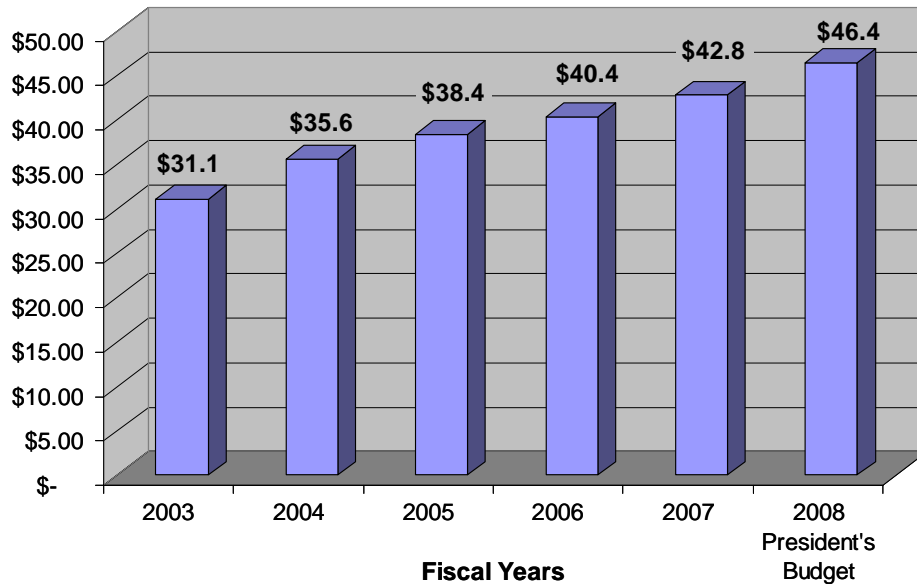
We have already made great progress in each of these areas, and with the FY 2008 Budget, we will continue that momentum. Let me highlight some of our key accomplishments along with initiatives and ongoing programs in our FY 2008 budget request.

Overall, the FY 2008 budget request for the Department of Homeland Security represents an eight percent increase over FY 2007, with a total request of \$46.4 billion in funding. The Department's FY 2008 gross discretionary budget is \$37.7 billion, an increase of eight percent. Gross discretionary funding does not include funding such as Coast Guard's retirement pay accounts and fees paid for immigration benefits. The Department's FY 2008 net discretionary budget is \$34.3 billion, which does not include fee collections such as funding for the Federal Protective Service (ICE), aviation security passenger and carrier fees (TSA), credentialing fees (such as TWIC - TSA),

and premium collections (National Flood Insurance Fund, FEMA). It should also be noted that the FY 2008 President's Budget request reflects the Notice of Implementation of the Post-Katrina Emergency Reform Act of 2006 (P.L. 109-295) and of Additional Changes Pursuant to Section 872 of the Homeland Security Act of 2002, provided to Congress on January 18, 2007.

Department of Homeland Security Total Budget Authority

49% Growth in Total
Budget Authority
from FY 2003 to
FY 2008

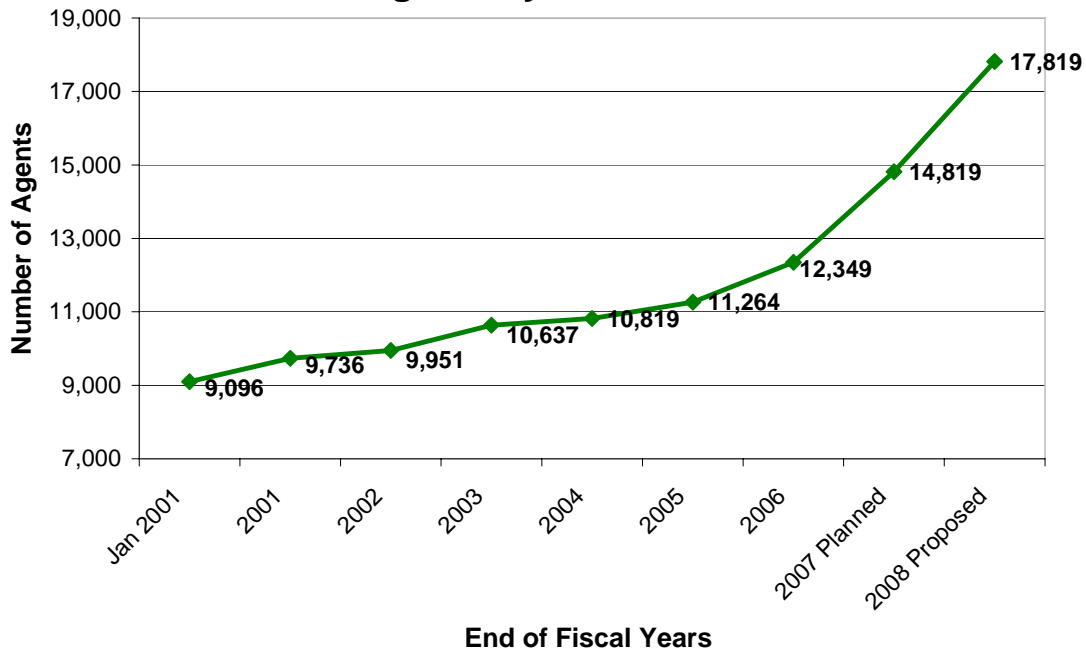


GOAL 1: PROTECT OUR NATION FROM DANGEROUS PEOPLE

We have accomplished a lot in terms of continuing to protect our nation from dangerous people. Key accomplishments supporting this goal are as follows:

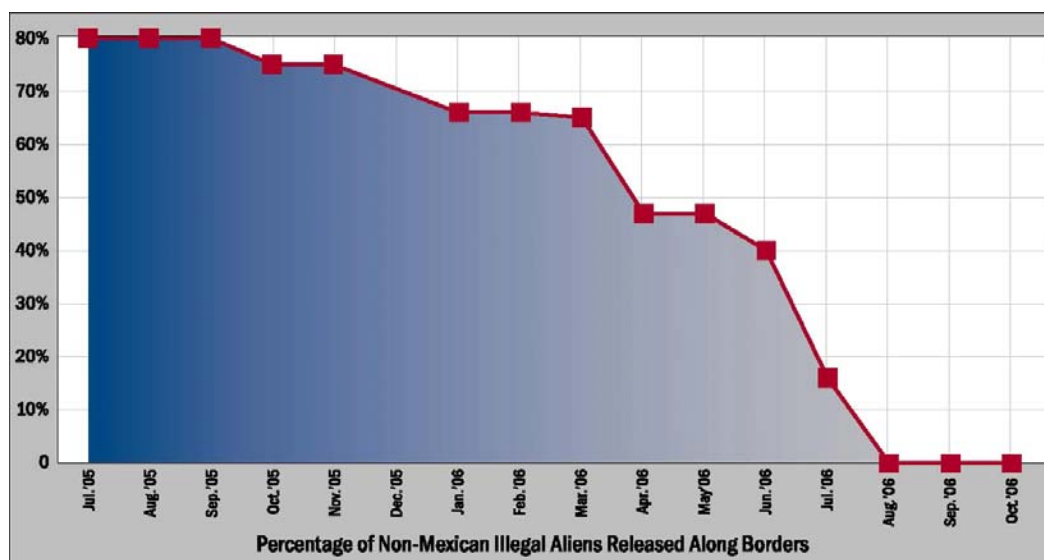
6,000 National Guard Deployed to Border: In support of the President's initiative to secure the border, 6,000 National Guard personnel were deployed to the Southwest border as part of *Operation Jumpstart*. In addition to the National Guard deployment, Border Patrol agent staffing increased by 8 percent, from over 11,200 to 12,349, as shown in the chart below.

Border Security: Doubling the Number of Border Patrol Agents by the End of CY 2008



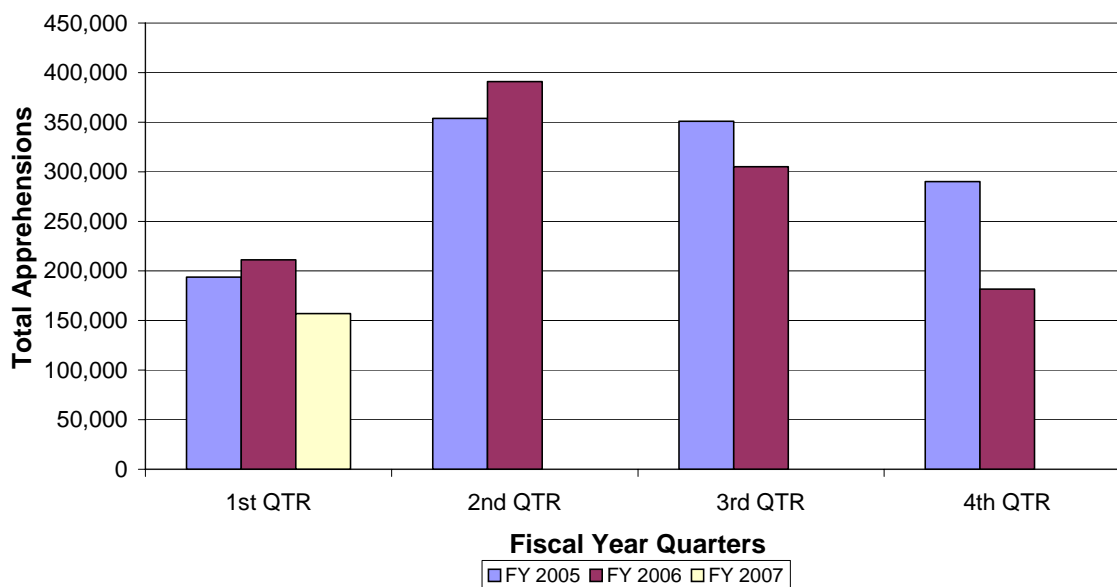
“Catch and Return” Replaced “Catch and Release” Along the Borders: As part of the Secure Border Initiative, the Department ended the practice of "catch and release" along the Southern and Northern borders. In the past, we apprehended illegal aliens from countries other than Mexico and then released them on their own recognizance. Often these illegal aliens failed to return for their immigration hearings. In July of 2005, we were releasing up to 80 percent of non-Mexican illegal aliens because we did not have the bed space to hold them. As of August 2006, we are holding 100 percent. When people know they will be held in detention and then returned to their home country, it creates a strong disincentive to cross illegally in the first place. Ending this practice and replacing it with “catch and return” is a breakthrough in deterring illegal immigration on the Southern border. This accomplishment is one that many considered impossible in 2005 when only approximately 34 percent of apprehended non-Mexican aliens were detained.

SBI Ends Catch and Release



Apprehension Rates Declined: FY 2006 showed a marked decrease in the apprehension rate due, in principle, to the end of “catch and release,” the implementation of *Operation Jumpstart*, and the expanded use of expedited removal procedures. The graph below provides historical data by fiscal year for total apprehensions of both Mexican and non-Mexican aliens between U.S. ports of entry. CBP’s Office of Border Patrol (OBP) made nearly 100,000 fewer apprehensions in FY 2006 than in FY 2005 due to these factors. This decline is represented below by quarter.

Border Security Deterrence



Border Security At and Between the Nation's Ports of Entry Increased: By deterring illegal immigration, security has been strengthened. DHS can more effectively target resources to control

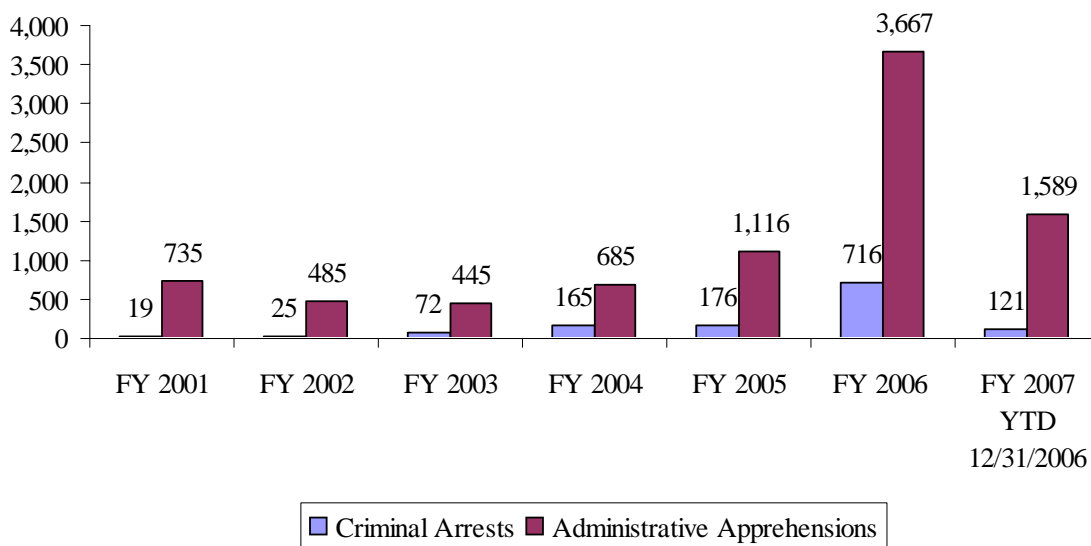
our borders with fewer alien crossings. As shown in the chart above, CBP Border Patrol agents reduced the number of apprehensions at the borders by more than 8 percent in fiscal year 2006. As a result of targeted coordinated enforcement efforts, CBP Border Patrol reduced non-Mexican illegal alien apprehensions by 35 percent.

CBP Increased Capability to Secure the Northern Border: CBP Air and Marine opened its third of five Air Branches planned for the Northern border of the United States. The Great Falls Air Branch in Montana joins the Bellingham, Washington, and Plattsburgh, New York, Air Branches in supporting Homeland Security efforts along the Northern tier.

Ports of Entry Inspections Formed First Line of Defense at Land Borders: CBP officers inspected 422 million travelers and more than 132 million cars, trucks, buses, trains, vessels, and aircraft. CBP officers inspected 1.19 million private vehicles, 11.48 million trucks, and more than 1 million aircraft.

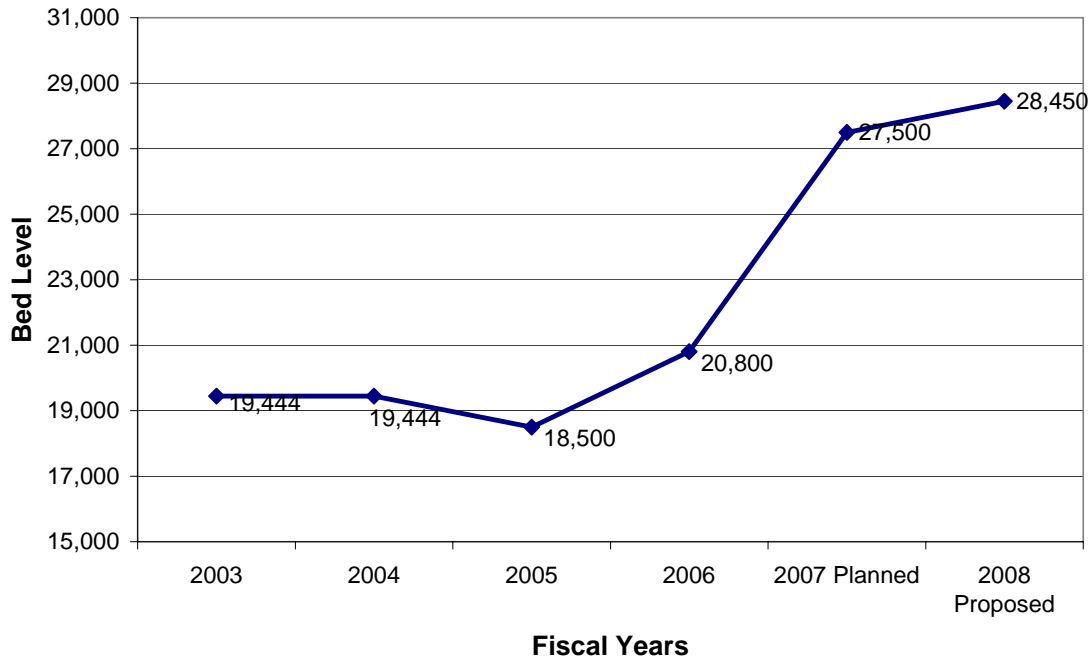
ICE Set New Records for Worksite Enforcement and Compliance Enforcement: As depicted in the graph below, in FY 2006 more than 4,300 arrests and apprehensions were made in ICE worksite enforcement cases, more than seven times the arrests and apprehensions in FY 2002, the last full year of operations for the U.S. Immigration and Naturalization Service (INS). ICE completed 5,956 compliance enforcement investigations resulting in the administrative arrest of 1,710 overstay and status violators, a 75 percent increase over the number of administrative arrests in FY 2005.

ICE: Worksite Enforcement Sets Record in FY 2006



ICE Set New Record for Alien Removals: ICE removed 189,670 illegal aliens from the country in fiscal year 2006, a 12 percent increase over the number of removals during the prior fiscal year. As shown in the following chart, ICE also increased its detention bed space by 6,700 and is now funded for a total of 27,500 beds for FY 2007.

ICE: Detention Beds Increased by 46 Percent



US-VISIT's Biometric Program Kept Terrorists and Other Criminals Out of Our Country: US-VISIT's biometric program increased watch list hits by 185 percent at consular offices. Keeping terrorists and other criminals out of our country protects the American people, while facilitating visits from legitimate travelers. In FY 2006 there were 2,558 watch list hits at consular offices, up from 897 hits in FY 2005. The use of biometrics has allowed DHS to deny entry to more than 1,100 known criminals and visa violators.

TSA Responded to Liquid Explosive Threat: Although over 600 million people fly each year, the Transportation Security Administration was able to perform necessary passenger screening operations preventing and protecting against adverse actions while attaining a new high in customer satisfaction. Customer satisfaction reached 81 percent, a new high for screening operations at the Nation's security checkpoints. In addition, in response to the foiled terror plot in England, TSA trained its 43,000 security officers to address the threat of liquid explosives. After two days, security wait times returned to normal levels. Six weeks later, after conducting extensive explosive testing with our Federal partners, TSA again proved its flexibility by modifying its ban on liquids by allowing limited quantities onboard aircraft. Again, efficiency was not seriously affected and in fact wait times during the Thanksgiving holiday in 2006 were slightly lower than in 2005.

U.S. Coast Guard Migrant Interdiction Efforts Contributed to Border Security: The Coast Guard evaluates its migrant interdiction effectiveness by counting the number of undocumented migrants from four primary source countries (Cuba, Haiti, the Dominican Republic, and the Peoples Republic of China) against the combined estimated yearly migration threat from these countries. There were 5,552 successful migrant arrivals out of an estimated threat of 51,134 migrants in FY 2006, yielding a deterrence and interdiction rate of 89 percent.

Intelligence Campaign Plan for Border Security (ICP): The ICP, managed by the Office of Intelligence and Analysis, is 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 in order to deliver actionable intelligence to front-line operators and to fuse national intelligence with law enforcement information. As part of the ICP, we began developing and implementing, in partnership with the Director of National Intelligence, a robust strategy for collection and analysis of 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.

The FY 2008 budget request includes funding to continue the progress made in protecting our Nation from dangerous people. Examples are as follows:

- Total funding of \$1 billion is requested for the **SBI**net program to support the deployment of an integrated infrastructure and technology solutions for effective control of the border to include fencing and virtual barriers to prevent illegal entry into the United States.
- Total funding of \$778 million will provide for **3,000 additional Border Patrol agents** as well as the facilities to house the agents, the support personnel, and equipment necessary to gain operational control of our borders. This will bring the total number of Border Patrol agents to 17,819 at the end of FY 2008. This will keep us on track to achieve the President's goal of doubling the Border Patrol by the time he leaves office.
- Increased funding of \$252 million is requested for implementation of the **Western Hemisphere Travel Initiative (WHTI)** at land ports of entry. The requested resources will advance the WHTI goal of ensuring that all people arriving at U.S. ports of entry have a valid and appropriate means of identification and can be processed in an efficient manner.
- An increase of \$146.2 million for the transition to **10-Print and IDENT/IAFIS Interoperability**. The funding will provide the capability to biometrically screen foreign visitors requesting entry to the United States through the collection of 10-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, as well as increased interoperability between DHS' Automated Biometric Identification System (IDENT) and Justice's Integrated Automated Fingerprint Identification System (IAFIS).
- An increase of \$224.2 million in funding will support the Transportation Security Administration's screening operations. This includes funding for the **Transportation Security Officers (TSO), Document Checkers, Career Progression Program**, and procurement and installation of checkpoint support and explosives detection systems. TSA has evolved its TSO workforce to be highly responsive and effective in addressing the variety of potential threats, such as those presented in August 2006 by liquids, aerosols and gels. In FY 2008, TSA will add an important layer of defense for aviation security by assuming responsibility of document checking.

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- An increase of \$38 million in funding will support development of the **Secure Flight** system. This includes funding for hardware procurement, operations ramp-up and training, and network interface engineering between the Secure Flight and the U.S. Customs and Border Protection (CBP) Advance Passenger Information System (APIS) network. Secure Flight will strengthen watch list screening and vet all domestic air travelers.
 - An increase of \$28.7 million for the ICE **Criminal Alien Program** (CAP) will ensure the safety of the American public through the addition of 22 CAP teams. These teams will identify and remove incarcerated criminal aliens so they are not released back into the general population.
 - An increase of estimated fee revenue of \$16.5 million in funding will support the **Transportation Worker Identification Credential** (TWIC) which will establish an integrated, credential-based, identity verification program through the use of biometric technology. In order to gain unescorted access to the secure areas within the Nation's transportation system, transportation workers who need access to these areas will go through identity verification, a satisfactory background check and be issued a biometrically verifiable identity card to be used with local access systems. The TWIC final rule has very recently been issued, and initial enrollment for this program is scheduled to begin in March 2007.
 - A total of \$788.1 million is requested for the Coast Guard's **Integrated Deepwater System**. This funding will: complete the acquisition of four National Security Cutters; fund engineering and design costs for the Replacement Patrol Boat; and purchase four additional Maritime Patrol Aircraft. These long-awaited upgrades to its fleet will strengthen the Coast Guard's ability to safeguard our seaports from terrorists seeking to enter the country or transport dangerous weapons or materials.
 - A funding request of \$30 million for U.S. Citizenship and Immigration Services' **Employment Eligibility Verification** (EEV) Program. Through this voluntary web-based program U.S. employers are able to quickly verify the employment eligibility of their employees, helping them avoid the hiring of unauthorized workers.
 - Total funding of \$263 million requested for the **Federal Law Enforcement Training Center** (FLETC) will provide the most current basic and advanced training for our Nation's law enforcement officers. FLETC will provide training for over 53,000 students in FY 2008 including an estimated 4,350 Border Patrol Agents, 60 ICE Investigators and 530 ICE Detention Personnel in support of the Secure Border Initiative.

GOAL 2: PROTECT OUR NATION FROM DANGEROUS GOODS
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We have also made a lot of progress in protecting our nation from dangerous goods. Key accomplishments include:

Increased the Number of Containers Inspected Prior to Entering the United States: Almost seven million cargo containers arrive and are offloaded at U.S. seaports each year. CBP 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.

DHS Deployed Over 880 Radiation Portal Monitors at Land and Sea Ports: DHS deployed 283 new radiation portal monitors throughout the Nation's ports of entry, bringing the number of radiation portal monitors to 884 at the Nation's land and sea ports of entry. These additional RPMs allow us to inspect 90 percent of incoming cargo containers, an increase of approximately 30 percent from this time last year.

DNDO Awarded over \$1 Billion for Next Generation Nuclear Detection Devices: DNDO announced the award of Advanced Spectroscopic Portal (ASP) program contracts totaling \$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.

Secure Freight Initiative Launched to Begin Screening at Foreign Ports: 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 better assess the risk of inbound containers. The initial phase involves the deployment of a combination of existing technology and proven nuclear detection devices.

Protected Air Cargo: Recently published air cargo security rules 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.

U.S. Coast Guard Set Records for Drug Seizures and Arrests: This year, counter-drug boardings from U.S. and Royal Navy vessels resulted in all-time records for seizures and arrests. The 93,209 pounds of drugs that were seized was more than the combined amount seized in the last two years.

The FY 2008 budget request includes funding to build on the accomplishments made in protecting our Nation from dangerous goods. Some examples include:

- Total funding of \$178 million is requested for the **procurement and deployment of radiation portal monitors**, including next-generation Advanced Spectroscopic Portal (ASP) systems. Our goal is to screen almost 100 percent of arriving cargo at seaports by the end of this year, and nearly 100 percent at all of our ports of entry by the end of FY 2008.
- An increase of \$15 million is requested for the **Secure Freight Initiative** that is designed to maximize radiological and nuclear screening of U.S. bound containers from foreign ports. Secure Freight includes a next generation risk assessment screening program and an overseas detection network, while merging existing and new information regarding containers transiting through the supply chain to assist customs and screening officials in making security and trade decisions.

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- An increase of \$47.4 million is requested for **DNDO’s “The Acceleration of Next-Generation Research and Development”** program which will increase funding across multiple DNDO Research, Development, and Operations program areas. The largest increases will be for the Systems Development (including multiple variants of Advanced Spectroscopic Portal systems) and Transformational Research and Development program areas.

GOAL 3: PROTECT CRITICAL INFRASTRUCTURE
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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, property and the economy of our nation from acts of terrorism, natural disasters or other emergencies. 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, and national monuments and icons.

Summarized below are some of the key accomplishments associated with the goal of protecting critical infrastructure:

Buffer Zone Protection Plans Helped Protect Communities from Potential Terrorist Attacks Against Chemical Facilities:

In 2006, 58 percent of identified critical infrastructure has implemented Buffer Zone Protection (BZP) Plans, up significantly from our FY 2005 percentage 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.

DHS 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.

TSA Conducted Rail Security Explosives Detection Pilot Programs: 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’ broader efforts to protect citizens and critical infrastructure from possible terrorist attacks.

U.S. Coast Guard Implemented the National Capital Region Air Defense Mission: The U.S. Coast Guard officially assumed responsibility for air intercept operations in the Nation's capital from CBP. The Coast Guard will support the North American Aerospace Defense Command's mission with its rotary wing air intercept capability. Coast Guard HH-65C helicopters and crews will be responsible for intercepting unauthorized aircraft which fly into an air defense identification zone that surrounds Washington, D.C. Since assuming the mission on September 25, 2006, the Coast Guard has successfully responded to 23 of the 23 incursions into the National Capital Region Air Space.

The Secret Service Continued its 100 Percent Protection Rate of Our Nation's Leaders: To safeguard our Nation's leaders, the Department 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, and other individuals designated by statute or Presidential directive. All protectees arrived and departed safely 100 percent of the time at more than 6,275 travel stops during FY 2006.

We will protect critical infrastructure by continuing to foster mutually beneficial partnerships with industry owners and operators. Our FY 2008 budget request builds on the 17 sector-specific plans as identified in the National Infrastructure Protection Plan (NIPP), which will be complete this year. We will continue to enhance protection through our chemical plant security program and regulations to protect high risk rail shipments in urban areas. The FY 2008 budget request will support this goal by providing:

- An increase of \$30 million is requested for DNDO's "**Securing the Cities**" initiative. Building off analytical work done in FY 2006 and FY 2007 in support of the New York region, DHS will begin the implementation of strategies developed through the course of this analysis. Activities included in the development of regional strategies include analyses of critical road networks, mass transit, maritime, and rail vulnerabilities. DNDO will engage State and local partners in additional urban areas beginning in FY 2008 to tailor strategies and lessons learned from the New York region to meet requirements specific to these regions.
- An increase of \$21.9 million is proposed for the newly formed **Science and Technology Office of Innovation** to provide increases to programs 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 to protect critical infrastructure sites, detect tunnels along the border, defeat improvised explosive devices, and utilize high-altitude platforms and/or ground-based systems for detection and engagement of MANPADS in order to offer alternative solutions to installing systems on aircraft.
- An increase of \$15 million is requested to improve **Chemical Site Security** and regulate security of chemical plants. The funding will be used to establish the Chemical Security Compliance Division which will include a national program office to manage training of inspector staff, help desk personnel and other administrative staff. The division will also include an Inspector/field staff of subject matter experts in chemical engineering, process safety, as well as an adjudication office. Funds will also be spent on assisting chemical facilities with vulnerability assessments.
- TSA requests an increase of \$3.5 million to expand its **National Explosive Detection Canine Team** program by approximately 45 teams to support the Nation's largest passenger transportation systems in both mass transit and ferry systems.
- An increase of \$11.5 million is requested for the **Coast Guard's National Capital Region Air Defense** program. This funding is needed to make seven HH-65 helicopters fully mission ready, enabling the Coast Guard to continue protecting the National Capital Region against potential airborne attacks.

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- An increase of \$35.6 million for the **Presidential Campaign** will enable the Secret Service to provide the appropriate level of resources to adequately protect the candidates and nominees during the 2008 Presidential Campaign while sustaining other protective programs.

<p style="text-align: center;">GOAL 4: BUILD A NIMBLE, EFFECTIVE EMERGENCY RESPONSE SYSTEM AND A CULTURE OF PREPAREDNESS</p>

We have taken many steps toward building a nimble, effective emergency response system and culture of preparedness. Examples of major accomplishments supporting this goal are summarized below:

Federal, State, Local and Tribal Governments are Better Able to Protect Against Acts of Terrorism, Natural Disasters, or Other Emergencies: The percent of Federal, State, local and tribal governments that self-reported their compliance with the National Incident Management System (NIMS), for FY 2006 was 100 percent, up from 82 percent. NIMS establishes standardized processes, protocols, and procedures that all responders - Federal, State, tribal, and local - will 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.

FEMA's Average Response Time to Arrive at a Disaster Scene Has Improved: With a goal of 48 hours for Federal response teams to arrive on scene at a disaster site, during FY 2006 our average response time was 25 hours. 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.

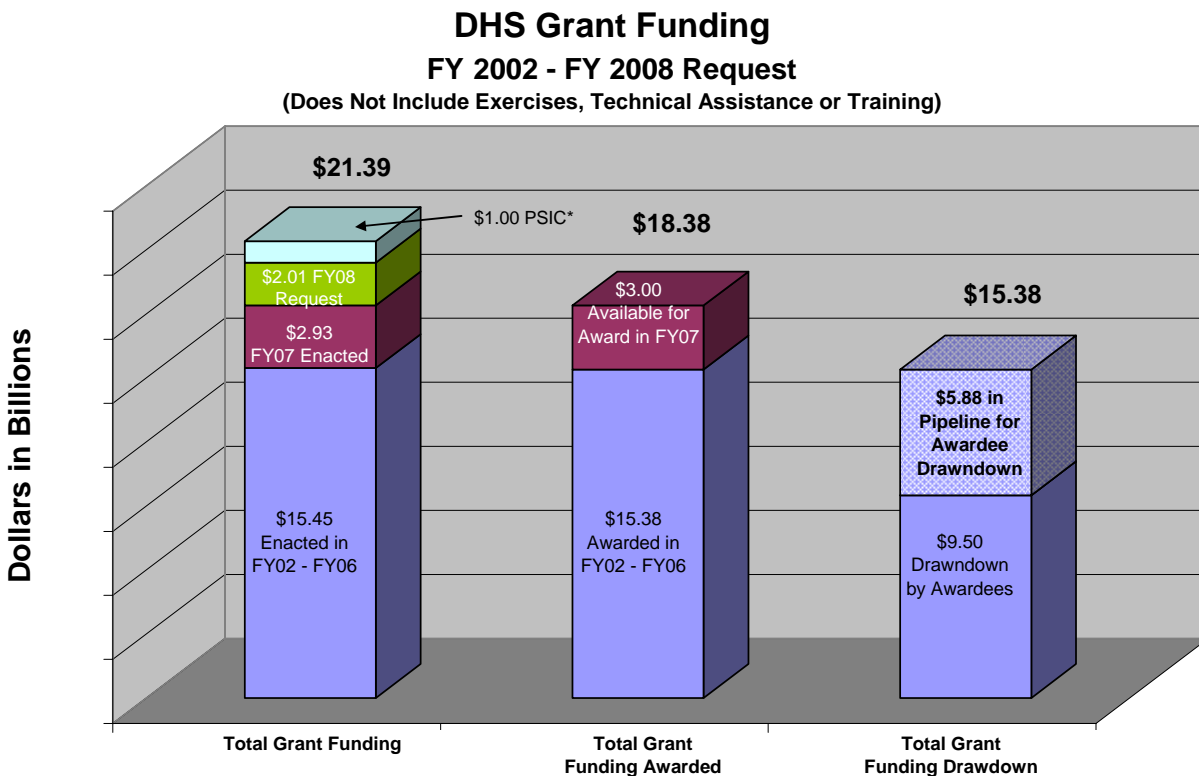
Customer Satisfaction with FEMA's Recovery Assistance Has Improved: To ensure that individuals and families that have been affected by disasters have access to the full range of response and recovery programs in a timely manner, the Department seeks to increase the annual customer satisfaction level among recipients, while reducing the program delivery cost and increasing the timeliness of service delivery. With a goal of 90 percent satisfaction with Individual Recovery Assistance programs, during FY 2006 we achieved a customer satisfaction rating of 91 percent in response to the question "Overall, how would you rate the information and support you received from FEMA since the disaster occurred?"

FEMA Expands Capability to Assist Disaster Victims: FEMA increased registration capability to 200,000 victims a day through its toll-free registration number, online registration process, registering individuals in shelters and using mobile units; increased home inspection capacity to 20,000 a day; activated a contract to assist in identity verification in future disasters; and tightened processes to speed up delivery of needed aid while simultaneously reducing waste, fraud and abuse.

FEMA Strengthened Logistics Management Capabilities: FEMA implemented the Total Asset Visibility (TAV) program in two Regions to provide enhanced visibility, awareness, and accountability over disaster relief supplies and resources. It assists in both resource flow and supply chain management.

FEMA Improved Communications and Situational Awareness: To improve upon existing communications systems, DHS has initiated technological advances and elevated the standard by using satellite imagery, upgrading radios, and employing frequency management. The new National Response Coordination Center at FEMA and Mobile Registration Intake Centers are now operational.

DHS Awarded \$2.6 Billion for Preparedness: Included in this total, approximately \$1.9 billion in Homeland Security Grant funds has 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. \$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 also distributed in fire 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 to support State and Local Fusion Centers - valuable partnerships in place across the nation in which interagency efforts are focused to better share intelligence with state and local governments. The graph below shows the funding available to States and localities since FY 2002.



* In coordination with the DHS State Preparedness Grant Program, DHS will be co-administering the \$1.0 billion Public Safety Interoperable Communications (PSIC) grant program, in partnership with the Department of Commerce.

DHS Reviewed 131 State and Local Emergency Plans: By reviewing State and local disaster plans, collocating decision-makers, and pre-designating Federal leadership, DHS is improving 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.

DHS issued **Tactical Interoperable Communication Scorecards for 75 Urban/Metropolitan Areas**. These scorecards measured the ability of Urban/Metropolitan Areas to provide tactical (within one hour) communications capabilities to first responders. This process included the creation of Tactical Interoperable Communications Plan (TICP), peer evaluation, full-scale exercise, and after action reports.

U.S. Coast Guard Search and Rescue Efforts: No one can predict when the next disaster will occur or whether it will be natural or man-made. Nevertheless, it will come, and the public expects the Coast Guard to be mission ready to answer the call and respond. The Coast Guard rescued 85 percent of mariners in imminent danger during 2006.

The FY 2008 budget request includes funding to build on these accomplishments. Examples include such things as:

- An increase of \$100 million is requested for FEMA's **Vision Initiatives** that 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. 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.
- A total of \$3.2 billion will be available for **State and local preparedness expenditures as well as assistance to firefighters** in FY 2008, as shown in the following table. In addition to the \$2.2 billion requested by DHS to fund its grant, training and exercise programs, DHS will also be co-administering the \$1.0 billion Public Safety Interoperable Communications (PSIC) grant program, in partnership with the Department of Commerce.

Grants and Training
\$ in Thousands

Budget Activity	FY 2006 Enacted	FY 2007 Request	FY 2007 Enacted	FY 2008 Request
State Preparedness Grants Program	1,185,000	838,000	1,148,000	465,000
State Homeland Security Grants	550,000	633,000	525,000	250,000
Interoperability (PSIC) Grants ¹				[1,000,000]
LETPP ²	400,000	-	375,000	-
Emergency Management Performance Grants	185,000	170,000	200,000	200,000
Citizen Corps Grants	20,000	35,000	15,000	15,000
Metro Medical Response System	30,000	-	33,000	-
Targeted Infrastructure Capability Grants Program	1,155,000	1,438,000	1,229,000	1,256,000
Urban Area Security Initiative (UASI) Grants	765,000	838,000	770,000	800,000
Infrastructure Protection Grants	-	600,000	-	-
Port Security Grants	175,000		210,000	210,000
Rail/Transit Grants	150,000		175,000	175,000
Intercity Bus Security Grants	10,000		12,000	12,000
Buffer Zone Protection Grants	50,000		50,000	50,000
Trucking Industry Security Grants	5,000		12,000	9,000
Subtotal - Homeland Grant Programs	2,340,000	2,276,000	2,377,000	1,721,000
National Exercise Program	52,000	48,708	49,000	50,000
State and Local Training Program	210,000	92,351	218,000	95,000
Continuing and Emerging Training Grants	25,000	3,000	31,000	3,000
Demonstration Grants	30,000	-	30,000	-
Center for Domestic Preparedness	57,000	50,000	57,000	54,000
National Domestic Preparedness Consortium	88,000	39,351	88,000	38,000
Rural Domestic Preparedness Consortium	10,000	-	12,000	-
Technical Assistance Program ³	20,000	11,500	18,000	6,000
Eval and National Assessment Program	14,300	23,000	19,000	19,000
Commercial Equip Direct Assist. Program	50,000	-	50,000	-
Fire Act Program	655,000	293,450	662,000	300,000
Fire Program Activities	545,000	293,450	547,000	300,000
SAFER Act Hiring Program	110,000	-	115,000	-
REAL ID Act Grants	40,000	-	-	-
Management and Administration	5,000	5,000	-	5,000
Total, DHS G&T	3,386,300	2,750,009	3,393,000	2,196,000
Interoperability (PSIC) Grants ¹				1,000,000
Grand Total	3,386,300	2,750,009	3,393,000	3,196,000

1 In coordination with DHS' State Preparedness Grant Programs, FEMA will be co-administering the \$1 billion Public Safety Interoperable Communications (PSIC) grant program in partnership with the Department of Commerce, pursuant to P.L. 109-171 and P.L. 109-459. The funding for this program was appropriated per The Deficit Reduction Act of 2005 from anticipate spectrum auction receipts, and therefore is not included as requested DHS budget authority. However, PSIC will support interoperable communications grants to States and local public safety agencies, and adjusted totals are provided to illustrate the level of grant funding that will become available for State and local preparedness projects.

2 Funding for LETPP in FY 2008 is estimated to be \$262.5 million and reflects a 25% carve out of State Homeland Security Grants and UASI Grants.

3 Reflects a \$12 million transfer from Technical Assistance to the Office of Emergency Communications for the Interoperable Communications Technical Assistance Program (ICTAP).

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- A realignment of \$132.7 million in base resources is requested to establish a **Deployable Operations Group** and strengthen 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.
 - A total of \$48 million is requested to further professionalize **FEMA's disaster workforce** by converting Cadre of On-Call Response Employee (CORE) positions with 4-year terms into permanent full-time employees. This transition will stabilize the disaster workforce, allowing for the development and retention of employees with needed program expertise and increased staffing flexibility to ensure critical functions are maintained during disaster response surge operations.
 - An increase of \$12 million for the **Nationwide Automatic Identification System** will continue funding for this vital project that significantly enhances the Coast Guard's ability to identify, track and exchange information with vessels in the maritime domain, especially those vessels that may threaten our Nation.

GOAL 5: STRENGTHEN AND UNIFY DHS OPERATIONS AND MANAGEMENT

It has been a challenge to take 22 separate agencies, each with their own set culture and way of operating and merge them together into a unified Department with a common mission of securing the homeland from terrorist and other threats. We have made many strides in strengthening the Department's operations and management. Major accomplishments include the following:

Chief Human Capital Office Moved Forward with Performance Management Goals: DHS deployed its performance management program and its automated system to approximately 10,000 employees in multiple components and trained 350 senior executives and more than 11,000 managers and supervisors in performance leadership.

The Office of Security Completed HSPD-12 Goals: The Office of Security met all Homeland Security Presidential Directive (HSPD) 12 requirements by deploying an HSPD-12 compliant credentialing system and associated policy and procedures. This new credential meets all Federal requirements for interoperability and security.

The Chief Procurement Office Exceeded Small Business Goals: DHS awarded approximately 34 percent of DHS prime contracts to small businesses, exceeding the goal by 4 percent.

Chief Information Office Stood up New Data Center: Data Center Services completed the Stennis Space Center Data Center Construction Phase I, 24,000 square feet, on time and the first application has been transferred to this data center.

The FY 2008 budget request includes funding to build on the accomplishments made in this area. We will strengthen and unify DHS operations and management by joining DHS headquarters' facilities at a single campus, beginning in 2010. We will unify IT infrastructures by reducing 17 data centers to two, seven networks to one, and through 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. We will integrate our hiring, retention, training and development, and performance programs by the end of 2008. Other specific examples of items included in the FY 2008 budget include:

- An increase of \$139 million in premium processing fees will transform and improve **USCIS Business processes** and out-dated information technology systems. This investment will improve customer service and processing times of immigration applications, increase security and fraud detection, and support automation of USCIS operations by eliminating the current paper-based processes and antiquated technology.
- An increase of \$120 million is requested for the **DHS Consolidated Headquarters Project** for the relocation of the USCG Headquarters and the consolidation of other DHS components on the St. Elizabeths West Campus and throughout the National Capital Region.
- A total of \$99.1 million will continue to support the **Inspector General** activities to serve as an independent and objective inspection, audit, and investigative body to promote economy, efficiency, and effectiveness in DHS programs and operations.
- A total of \$17 million in new funding within ICE and CBP will help improve the **internal oversight** of personnel. This is especially critical as the workforces of these organizations are continuing to expand. Timely attention to allegations of misconduct is critical to DHS success.
- An increase of \$9.6 million for the **Office of the Chief Procurement Officer** is requested to improve acquisition operations. The Department is committed to establishing the staffing necessary to properly award and administer Department-wide acquisition programs to ensure effective delivery of services and proper procurement and contracting procedures in compliance with all Federal Laws and Regulations Governing Procurements.
- An increase of \$5 million is requested for the **Policy Office** to strengthen the Department's Committee on Foreign Owned Investments in the United States, work with states on the Real ID Act, and expand the duties of the International Affairs Office.
- An increase of funding is requested for the **Office of Intelligence and Analysis** to strengthen the Department's intelligence and information sharing capability and to continue integrating the intelligence offices and programs of the Department.

Conclusion

I am sure you will recognize that with the support of Congress, the Department has had many successes. I have outlined many of them in my testimony today and how they relate to the Department's five goals. We have also learned from our experiences certain things that we could have approached differently to get better results. As we move forward to face the many challenges ahead, those lessons learned will be at the core of our planning and implementation efforts. I am looking forward to working in partnership with the 110th Congress to build on our many accomplishments and focus on getting the desired results.

Thank you for inviting me to appear before you today. I look forward to answering your questions and to working with you on the FY 2008 budget and other issues.