

February 28, 2005

The Honorable Judd Gregg
Chairman
Committee on the Budget
United States Senate
Washington, D.C.

The Honorable Kent Conrad
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C.

Dear Chairman Gregg and Senator Conrad:

Thank you for affording me the opportunity to provide my views and estimates regarding matters within the purview of the Homeland Security and Governmental Affairs Committee for your consideration as you prepare the budget resolution for the 2006 Fiscal Year. Based in part on the Budget that the President recommended to Congress a few weeks ago, I have the following comments and concerns. I hope these comments will assist you in preparing a budget plan for the federal government.

Homeland Security

When Congress created the Department of Homeland Security (DHS), it recognized that this country faces a new and critical threat of terrorism here at home and must reach for bold, new approaches to confront this threat. Unfortunately, the Administration has not been prepared to present a bold budget that recognizes the severity of this threat and funds the war on terrorism at home as robustly as we are funding it overseas. For the last two years, I have criticized the Administration's proposed homeland security budget for coming up short and unfortunately this year is no different. I recognize that there are some proposed increases for targeted homeland security initiatives at a time when many other government programs are being cut. However, the proposed budget continues to leave too many glaring holes that could be exploited by terrorists. In a number of areas the proposed budget also ignores important authorizations that were just enacted as part of the Intelligence Reform and Terrorism Prevention Act (P.L.108-458). Given the expanded jurisdiction of the now-Homeland Security and Governmental Affairs Committee, I feel a special responsibility this year to call attention to these shortfalls and urge that we remedy them in the FY2006 Budget.

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Government-wide, the President proposes to spend \$49.9 billion for programs related to homeland security, an increase of about \$3.9 billion. Most of the new spending is concentrated in the Department of Defense, which would see about a \$1 billion increase, and the Department of Homeland Security, which is slated to receive an additional \$2.5 billion. These are not dramatic increases, given that experts have documented billions of dollars in urgent homeland security needs, ranging from communications equipment for first responders, to bioterror preparedness, to transportation security. Moreover, even the proposed increases are somewhat in doubt. For instance, virtually the entire increase in DHS's discretionary spending would come from proposed fee increases. The largest of these – a proposed increase in the airline ticket fee paid by passengers – is controversial and may not be approved by Congress. If so, funding for DHS programs would be essentially flat.

I am calling for \$8.4 billion above the President's proposed Budget to fund some of the most urgent homeland security needs. The increases would restore dangerous cuts in preparedness programs for first responders and public health officials, and make significant new investments in these programs as well as in transportation security, critical infrastructure protection, Coast Guard readiness, port and container security, and border controls. These are not gold-plated expenditures; on the contrary, they represent only a down payment on the investments we must make to address the dire new threat of terror attacks on U.S. soil.

It may be tempting to think we do not need to make these investments because we have already increased spending on homeland security since 9/11, and because we face difficult budget constraints. But when we focus on the new threat confronting us, it becomes clear that these investments are an urgent necessity. CIA Director Porter Goss recently told the Senate Intelligence Committee that "it may only be a matter of time" before terrorists try to attack the United States with weapons of mass destruction. At the same hearing, FBI Director Robert Mueller also warned of possible terrorist operations within the United States, and called finding such terrorists "one of the most difficult challenges" his organization faces.

At a January 26, 2005 hearing before the Homeland Security and Governmental Affairs Committee, homeland security expert Stephen Flynn stated: "Any honest appraisal of the department as it approaches its 2nd anniversary would acknowledge that while there have been significant accomplishments in some areas, we are a very long ways from where we need to be." Flynn describes our predicament well in his recent book, *America the Vulnerable*:

"Homeland security has entered our post-9/11 lexicon, but homeland insecurity remains the abiding reality. With the exception of airports, much of what is critical to our way of life remains unprotected . . . From water and food supplies, refineries, energy grids and pipelines; bridges, tunnels, trains, trucks and cargo containers; to the cyber backbone that underpins the information age in which we live, the measures we have been cobbling

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together are hardly fit to deter amateur thieves, vandals and hackers, never mind determined terrorists. Worse still, small improvements are often oversold as giant steps forward, lowering the guard of average citizens as they carry on their daily routine with an unwarranted sense of confidence.”

Flynn also rightly points out that homeland security spending is still minuscule in comparison to the overall Pentagon budget, revealing the extent to which our government continues to perceive that the country’s primary threats will be found only outside our borders. We must remember how exposed we rightly felt on September 11, 2001, and listen to the security experts who tell us that this threat is one we must live with – and prepare for – for the indefinite future.

First Responders

I advocate adding \$4.2 billion in FY2006 above the Administration’s request to help ensure that first responders have the equipment, training, and other resources they need to prevent, prepare for, and if necessary, respond to acts of terrorism. This sum would restore the substantial amounts the Administration proposes to cut from established grant programs for first responders at both DHS and the Justice Department, while at the same time increasing overall funding for a number of programs that support first responders.

In June 2003, a non-partisan, independent Task Force sponsored by the Council on Foreign Relations and chaired by our former colleague Senator Warren Rudman, issued a report entitled “Emergency Responders: Drastically Underfunded, Dangerously Unprepared.” The report listed a number of urgent needs left unmet due to a lack of funding – including obtaining interoperable communications equipment, enhancing urban search and rescue capabilities, and providing protective gear and weapons of mass destruction remediation. From its analysis, the Task Force concluded that, at then-current funding levels, our nation, over the course of five years, would fall nearly *\$100 billion* short of meeting the needs of our first responders.

Incredibly enough, the Administration’s response to this sobering analysis has been to cut funding for first responders – two years running. Even taking into account proposed increases in two grant programs, the Administration’s proposed Budget would slash overall DHS grants to first responders by \$565 million. The State Homeland Security Grant Program and Law Enforcement Terrorism Prevention Program state grants would be particularly hard hit: these programs, which serve as the core funding mechanism for nationwide prevention and preparedness, would be cut by a combined 32% in FY2006. These drastic cuts would come, moreover, on top of a similar 32% reduction in FY2005.

The Administration also proposes to cut Fire Assistance Grants, which provide direct support for fire departments across the country. The need is great – in FY2004, more than

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20,000 fire departments requested over \$2.3 billion under the program. In another proposed cut, the Administration would eliminate Metropolitan Medical Response System (MMRS) grants entirely. This comparatively modest grant program, which awarded funds to 124 communities nationwide in FY2005, provides basic support to efforts to develop a regional response to potential mass casualty events. Coupled with the cuts in preparedness programs for hospitals and public health workers detailed elsewhere in this letter, elimination of MMRS grants would further erode support for the medical planning and response that is essential in the event of a terrorist attack or other large-scale catastrophe.

Emergency Management Preparedness Grants (EMPG) would be cut \$10 million under the President's Budget. Since the September 11, 2001 terrorist attacks, the EMPG program has been used to increase state and local preparedness around the country. The program, which requires a 50% state match, gives states the flexibility to allocate funds and addresses urgent state and local needs. I am pleased that the Administration's FY2006 budget request has omitted last year's proposal to limit the use of EMPG program funds for personnel costs, but federal support for this program needs to increase rather than decline.

None of these proposed cuts make sense given our pressing homeland security needs, and I urge that \$565 million be provided to restore these programs to their current strength.

Beyond restoring cuts in these and other critical programs, I advocate an additional \$1.5 billion be spent to increase the preparedness of our first responders. One key focus of this funding should be communications interoperability for first responders – that is, the ability of first responders to communicate with their counterparts from neighboring jurisdictions, or from other departments within the same jurisdiction – when responding to terrorist attacks or other events. Such funding would be spent not only on equipment, but also on the planning, evaluation, deployment, and training necessary to use the equipment and effectively communicate in the event of an emergency. A recent survey by the National Governors Association found that communications interoperability topped the list of states' homeland security priorities, yet only a small minority of states reported achieving such interoperability. This is in large measure because interoperability is as expensive as it is essential: the Director of SAFECOM, the principal entity coordinating the federal government's interoperability initiatives, has estimated that, nationally, the cost of replacing existing land, mobile, and radio systems could be as high as \$40 billion or more. The SAFECOM Director also estimates that, at the current rate, it will take twenty years to achieve true communications interoperability in our country. We need a focused federal effort, including adequate financial support, to move toward interoperable communications. Some of this additional money could also be used to increase the EMPG grants, discussed above, beyond current funding levels. The Senate last year voted to spend \$56 million more on these vital grants, and I support the effort to expand this support to state and local emergency planners.

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In addition, the FY2006 Budget should include \$1 billion to fully fund the Staffing for Adequate Fire and Emergency Response Act (SAFER) that is necessary to hire 10,000 additional fire fighters. The SAFER Act authorizes the U.S. Fire Administration to award \$7.6 billion in grants over seven years to career, volunteer, and combination fire departments for the purpose of hiring new fire fighters to help communities attain 24-hour staffing to provide adequate protection from fire and fire-related hazards. In FY2005, only \$65 million was appropriated for this program, and the Administration has proposed eliminating even this meager funding for the program in FY2006. At a time when budget cuts have forced some local jurisdictions to actually reduce the number of first responders, this funding is needed to bring fire departments across the nation closer to the minimum level of staffing necessary to meet OSHA safety standards.

Finally, I advocate an additional \$1.1 billion to restore funds the Administration proposes to cut in several law enforcement assistance programs administered by the Department of Justice – the Edward Byrne Memorial Grant Program and Local Law Enforcement Block Grants (which have been merged into the Justice Assistance Grants), and the Community Oriented Policing Services Program (COPS). Funding levels for these programs have declined substantially over the last several years, representing an ill-advised reduction given the new and traditional threats these communities face. My proposal would address the legitimate concerns of local officials and our nation’s law enforcement community that these cuts from FY2005 levels could significantly weaken the ability of state and local law enforcement agencies to protect our communities from both traditional acts of crime and the new specter of terrorism.

Information Sharing

The effective use of information, from all available sources, is essential to the fight against terrorism. The 9/11 Commission, in fact, concluded that the biggest impediment to all-source analysis, and to a greater likelihood of “connecting the dots,” is the resistance to information sharing. As a result, the 9/11 Commission urged that a new, government-wide approach to information sharing be developed. The Intelligence Reform and Terrorism Prevention Act of 2004 implemented that recommendation, requiring that the President establish a new, government-wide Information Sharing Environment (ISE) to share terrorism information among appropriate federal, state, local, tribal, and private-sector entities. Unfortunately, despite the centrality of information sharing to the nation’s anti-terrorism efforts, the Administration apparently has not proposed any funding to establish the ISE in the FY2006 Budget. We must accord greater priority to this task; the GAO has already designated information sharing as a “high risk” item for FY2006 because of the urgency and complexity of the work to be done.

Some agencies, such as DHS, may have a line in their budgets for agency-specific information sharing efforts, but such provisions are more limited in scope and do not address the

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Act's requirement of a government-wide ISE. The ISE contemplated by the Act cannot be cobbled together merely as an adjunct to existing programs.

Instead, the Intelligence Reform and Terrorism Prevention Act requires that the President designate a program manager who has and exercises government-wide authority to be responsible for the development of the ISE. Planning the ISE is likely to be a vast undertaking and so requires dedicated resources. To start, the Act requires, among many other things, a survey of existing systems, the submission of a detailed implementation plan and subsequent status reports to Congress, and, most significantly, the development of an architecture that encompasses many different agencies. The Intelligence Reform and Terrorism Prevention Act authorized \$20 million in each of the first two years to support the ISE's development. Even this amount is likely to be insufficient in light of the scope of the task, but I believe it is the minimum amount that should be included in the Budget for this purpose.

U.S. Coast Guard

The U.S. Coast Guard has become a vital linchpin of our homeland security effort, playing a critical role in our port security, intelligence gathering, and shoreline defense. Since 9/11, the Coast Guard has been asked to dramatically increase these security functions even as it continues to perform critical non-security roles in areas such as search and rescue and fisheries enforcement. While the President's proposed FY2006 Budget does recognize the importance of the Coast Guard with certain funding increases, it still stops far short of what is needed. Specifically, I am advocating an additional \$900 million to dramatically speed up the Coast Guard's fleet modernization and to sustain its current research and development efforts.

Deepwater: The President requests \$966 million for the Coast Guard's fleet modernization program, the Deepwater Integrated System. Although this represents a \$242 million increase over the appropriated sums for FY2005, it will do little to help the Coast Guard meet its increased requirements and expanded mission since 9/11 because it will not speed up the modernization program. As you know, the Deepwater program was conceived, long before 9/11, as an innovative way to modernize one of the world's oldest naval fleets. Some of the Coast Guard's aircraft are 30 years old and some of their cutters were commissioned during World War II. Although the Coast Guard originally planned to phase in Deepwater over 20 years, the increased responsibilities placed on the Service since 9/11 have severely overtaxed the entire fleet. Every day the Coast Guard struggles to maintain its aging assets, it must divert more money from actually modernizing the fleet. Indeed, the Coast Guard has estimated that \$240 million – virtually the entire proposed increase for the program – will be needed in FY2006 just to maintain their legacy assets. Thus, the increase in the President's Budget request will keep the *status quo*, and essentially pay for the increased maintenance costs associated with existing assets.

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Accelerating the Deepwater project is not only good for our security, it makes good financial sense. Last year, a RAND report concluded that accelerating the Deepwater program to 10 years would provide the Coast Guard with almost one million additional mission hours which could be used for homeland security and which would save the federal government approximately \$4 billion in the long term. The Coast Guard subsequently reported that it *could* complete the project on an accelerated schedule over ten years, given the resources to do so.

Therefore, I support a funding increase for this program to \$1.862 billion in FY2006 (an increase of \$896 million over the President's request), which is the same amount I recommended last year. By almost doubling the amount called for in the President's Budget, the Coast Guard will be able to accelerate the Deepwater project to 10 years. The FY2005 DHS Appropriations bill directed the Coast Guard to report on post-9/11 Deepwater mission needs and provide a re-base-lining for the program; it has not yet been provided to Congress. I look forward to seeing this report.

Research and Development: I am concerned that the President's Budget has transferred \$17 million from the Coast Guard's base funding for research and development (R&D) to the Science & Technology Directorate (S&T). The Homeland Security Act established a number of protections for the Coast Guard's non-homeland security functions. As you may be aware, during consideration of the FY2005 DHS Appropriations bill, it initially appeared that the Coast Guard's R&D program might be absorbed into DHS's S&T Directorate and that its funding was being reduced from traditional levels, which threatened its historic, experienced, non-homeland security R&D efforts in marine environmental protection, search and rescue, and other traditional missions. Congress concluded it was important that the Coast Guard maintain control over its R&D, particularly with respect to its traditional missions, and the FY2005 DHS Appropriations bill kept the R&D funding in the Coast Guard's budget. However, in the Administration's FY2006 budget funding for the Coast Guard, the R&D budget has been moved to the S&T Directorate, and funding has been reduced from the FY2005 enacted amount of \$18.5 million to \$17 million. Given the Coast Guard R&D Center's historic and unique ability to focus on R&D related to the traditional missions of the Service as well as the S&T Directorate's primary focus on chemical, biological, and radiological R&D, I believe the research center should continue to be funded and operated directly by the Coast Guard – although in close coordination with the S&T Directorate. I request that the funding for the Coast Guard's facility and R&D programs be maintained in the Coast Guard's budget, and funded at the FY2005 level of \$18.5 million.

U.S. Coast Guard Academy: I strongly support the President's budget request for \$15 million to begin renovation of Chase Hall, the dorm for U.S. Coast Guard Academy cadets. I believe it is important that we provide these students with a healthy and friendly environment conducive to learning. At a meeting with Senator Dodd and me last year, Commandant Collins

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expressed his belief that this was a top priority for him and for the Academy, and I urge you to ensure that the budget resolution allows this project to begin in FY2006.

Transportation Security and Critical Infrastructure Protection

_____ For FY2006, the Administration proposes creating a new Targeted Infrastructure Protection (TIP) grant program to help secure critical infrastructure, including transportation, energy, and commerce facilities. This fund would absorb preexisting grant programs for specific infrastructure systems such as ports, rail, bus, and trucking, as well as the Buffer Zone program to help local officials secure critical infrastructure sites. The proposed \$600 million budget for the TIP grants represents an overall increase of about \$235 million for these programs combined. This funding increase is a step in the right direction and I am pleased that the Administration appears more willing to provide grants to help secure chemical and nuclear facilities and other critical infrastructure. Nevertheless, \$600 million is still wholly inadequate to the task of securing this array of vital networks. For instance, the 9/11 Commission criticized the relative inattention to transportation security beyond passenger aviation. Additionally, it is important that there be dedicated funding for our most vulnerable infrastructures to ensure that each receive an adequate investment to make the most urgent security improvements. Accordingly, I am calling for an additional \$1.1 billion for these programs as follows, for a total of \$1.7 billion:

Port Security: I advocate at least \$400 million for port security grants in FY2006. The U.S. Coast Guard has estimated that almost \$7.5 billion would be needed over 10 years, and \$1.5 billion initially, just to provide basic physical security at all U.S. ports and to implement the Maritime Transportation Security Act of 2002 (MTSA) (P.L. 107-295). Congress has specifically appropriated more than \$600 million over the past four years for this purpose. Ports are a vital and unique sector of the economy and our transportation infrastructure network. Ninety-five percent of all our trade flows through our ports, and a terrorist event in a port could cause economic havoc; a Booz Allen Hamilton study estimated almost \$60 billion in short term economic damages from a terrorist event at a single port. The American Association of Port Authorities has called for \$400 million for FY2006 to help U.S. ports continue to meet the MTSA and U.S. Coast Guard requirements. While the recent Inspector General report underscores the need for carefully monitoring the process used to award such grants, I have no doubt that there are billions of dollars in critical unmet security needs at the ports and we should dedicate at least \$400 million to this cause in FY2006.

Rail and Transit Security: As last year's attacks in Moscow and Madrid demonstrated, transit and rail systems are appealing targets for terrorists. The recent freight train accident in South Carolina, which killed nine people and hospitalized dozens more when chlorine gas escaped from a tank car following an apparently accidental crash, also reminds us of the potential threat posed by terrorists who could target the transport of hazardous materials, especially

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through densely populated areas. More than 14 million Americans ride on mass transit each weekday. People use public transportation 32 million times each day. This means 16 times more Americans travel by transit every day than fly on domestic airlines. And unlike the aviation environment, rail and transit systems are “open” systems, where passengers freely embark and disembark at any of the many stops or stations throughout a system. Experts agree that these features make it challenging, but also vitally important, to secure these systems. For mass transit alone, the American Public Transportation Association has identified more than \$6 billion in security needs, and a Committee-approved Senate bill last Congress would have authorized \$5.2 billion for transit security over three years. Funds are needed to conduct security assessments, install sensors and other surveillance equipment, and train transit employees to cope with a terror attack. In the area of rail security, the Senate last session passed legislation authorizing \$1.2 billion in federal spending over four years, nearly half in the first year, for measures such as upgrading aging rail tunnels and other security measures, and increased R&D to reduce the vulnerability of passenger and freight trains. Unfortunately, the Administration has shown little interest in funding rail or transit security measures and our systems remain dangerously exposed. Last year, Congress provided \$150 million for rail and transit grants – and only because lawmakers pushed for this dedicated funding. We must do more in this area, and I am advocating \$500 million each for rail and transit security in FY2006.

General Infrastructure: Beyond these dedicated amounts for port, transit, and rail security, I advocate \$300 million for general infrastructure protection grants to cover intercity bus and trucking security, and enhanced security for other key infrastructure such as chemical or nuclear plants. Particularly as the government steps up security measures for air travel and certain federal assets, experts are fearful that terrorists may turn to an array of potential targets amid the nation’s privately-held critical infrastructure. As Stephen Flynn recently testified before our Committee, “the [A]dministration must acknowledge that its assumption that the private sector would invest in meaningful security for the 85 percent of the nation’s critical infrastructure that it owns – and upon which our way of life and quality of life depends – has not been borne out.” Richard Falkenrath, a former White House homeland security official, testified at the same hearing that there is an urgent need to step up security at chemical facilities. While the costs of securing this infrastructure must largely be carried by the private sector, the government can and should invest more to create an effective partnership for security.

Container Security

I note that the President’s proposed Budget for FY2006 includes an additional \$8.2 million for the Customs-Trade Partnership Against Terrorism (C-TPAT) program, which allows for expedited border processing for shippers who have implemented certain security measures. The funding increase would pay for travel, equipment, and supplies to support the program’s existing supply chain specialists. However, I am concerned that the budget request includes no new money for additional FTEs for this program. U.S. Customs and Border Protection (CBP)

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has certified more than 4500 C-TPAT members, and more than 4000 more companies have submitted applications to become members. However, CBP has only be able to validate approximately 10% (approximately 450 out of the 4500) of the security plans submitted by members. Even with the additional personnel CBP is hiring in FY2005 to help speed up the process, at the current rate it would take approximately 18 years for CBP to validate an additional 7500 or so members. The GAO has been reviewing this program, and appears to be concerned that the CBP's slow rate for performing validations may create a serious security vulnerability. I would therefore request that CBP receive \$23.2 million in new funding for C-TPAT, \$15 million above the President's request, to be used to hire and support an additional 50 supply chain specialists.

Aviation Security

Although much has been done to improve aviation security since 9/11, Congress and the 9/11 Commission have recognized that some vulnerabilities remain. I request that an additional \$800 million be provided for various aviation security programs. The Intelligence Reform and Terrorism Prevention Act included a number of aviation security-related provisions and authorized funding to address many of the remaining vulnerabilities. However, the President's Budget fails to build on the progress made in this area.

Explosives Detection at Checkpoints/Improved Checkpoint Technologies: The President requests just \$43.7 million in new money, \$72 million total, for emerging checkpoint explosive detection technologies. Yet, the Intelligence Reform and Terrorism Prevention Act called for \$250 million for expanding deployment of checkpoint portal detection systems which can check passengers for explosives residue, and \$150 million for FY2006 for advanced airport checkpoint screening devices (like the new passport readers which can find trace explosive materials). These are critical advances for our air security, and I support a funding increase of \$150 million above the President's budget request for improved checkpoint technologies.

In-line Explosive Detection Equipment: I am concerned that the Budget holds funding for the installation of in-line explosives detection equipment at this year's level, about \$400 million. Although that may appear to be a significant commitment of resources, it is estimated that more than \$5 billion is needed to install the explosives detection equipment within the checked baggage conveyor systems at approximately 60 major airports. Moreover, according to recent GAO testimony (after passage of the intelligence reform legislation), investing in the up-front costs associated with installing this equipment could provide significant savings to DHS in labor costs. The Intelligence Reform and Terrorism Prevention Act authorized an additional \$150 million for FY2006 for this program; however, I believe the accelerated deployment of this equipment will not only improve security, but also save money in the long term. Therefore, I

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request an additional \$400 million be provided for in-line explosives detection equipment, for a total of \$800 million for this program.

Improving Airport Access Control: Creating and maintaining secure areas within an airport remains a significant concern. Last year, GAO noted that vulnerabilities with airport access control systems remained. The Transportation Worker Identification Credential (TWIC) program will help address this problem by requiring that employees and contractors at airports be given a unique identification card which will control their ability to get to different areas in and around the airport. The TWIC card will likely make use of some biometric identifier. However, the President's Budget fails to take advantage of the authorization in the Intelligence Reform and Terrorism Prevention Act for \$20 million for enhancing the development and use of biometric technology in airport access control systems. I request the Budget include \$20 million for this purpose.

Air Cargo Security: Following a 9/11 Commission recommendation that steps be taken to improve air cargo security, the Intelligence Reform and Terrorism Prevention Act included several provisions to enhance and augment existing programs. It authorized \$2 million for the development of a pilot program to develop blast resistant cargo containers, which could be used on passenger planes to provide an additional layer of security. The bill also authorized an additional \$300 million for FY2006 for ongoing air cargo security programs and additional air cargo research and development programs. I am concerned the President's budget request only includes \$40 million for air cargo security, and I request that an additional \$230 million be included, \$2 million to establish the pilot program for blast resistant container, and an additional \$228 million (on top of the President's \$40 million) for existing air cargo security programs and research and development.

Flight Crew Training: I strongly support the President's budget request for FY2006 for \$4 million to fund the first year of the Crew Member Self Defense training program, part of an additional \$11 million for flight crew training programs in FY2006 (on top of the \$25 million in FY2005). Since 9/11, DHS has taken several steps to improve security on an airplane, ramping up the Federal Air Marshals Program, requiring more secure cockpit doors, and providing pilots with self defense and firearms training. However, the Department initially overlooked the security and the value which could be provided by the rest of an airplane crew – the flight attendants. I have worked closely with the flight attendants over the past year to ensure that they would be given an opportunity to receive self defense training, which not only provides them with personal protection, but provides an additional layer of security to the aviation sector. Therefore, I am pleased to see the President proposes funding the Crew Member Self Defense training program.

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Controlling our Borders

Border Patrol: The Administration Budget includes \$37 million for hiring 210 additional Border Patrol officers (although the proposed funding is only sufficient to pay for 105 FTEs for FY2006). This proposed increase in hiring is grossly inadequate to protect our borders, and well below the 2,000 authorized by Congress in the Intelligence Reform and Terrorism Prevention Act. Technology alone cannot stop the huge flow of illegal immigrants across our Southern border every year, and our Northern border is protected even less well. Even if our poor fiscal situation prevents us from fully funding extra officers at the level authorized by Congress, our need for a robust presence at the border requires that Congress provide funding for at least another 1,000 Border Patrol agents, 790 more than proposed by the Administration. Accordingly, I am advocating an additional \$140 million, above the President's budget request, to hire border security personnel.

US-VISIT and other Technologies and Equipment: The Administration proposes an increase of \$50 million for the US-VISIT system, which screens international visitors at ports of entry (POEs). The increase will purportedly accelerate deployment of the system, but it is completely inadequate for that purpose. In March 2004, GAO estimated that the actual costs of implementing US-VISIT could be twice as much as the DHS ten-year estimate of \$7.2 billion. Significant future costs include implementing biometric capabilities for travelers exiting the country from air and sea POEs, and expanding infrastructure at land border crossings. The 9/11 Commission warned that US-VISIT was being implemented too slowly, and that accelerated deployment was needed to protect the nation from terrorists. This recommendation was subsequently enacted as part of the Intelligence Reform and Terrorism Prevention Act. The small budget increase proposed for US-VISIT will not suffice to accelerate deployment. My only concern about providing US-VISIT with substantial funding increases is that the program may not be able to spend the money efficiently; recent reviews by GAO and Congressional committees only reinforce that view. Accordingly, I am calling for an additional \$100 million for US VISIT; if the Department was further along in its planning for the system, I would advocate far more.

Slow deployment of an effective entry-exit system is only one example of how shortfalls in technology and equipment are hampering our border security efforts. We need to spend more on deployment of new technologies at both land borders, as required by the Intelligence Reform and Terrorism Prevention Act. But we also need to better equip our border personnel with the equipment they need to be effective, such as helicopters, vehicles, interoperable portable communications and information equipment, vehicle and cargo inspection systems, fingerprint identification systems, and surveillance systems. I believe we should provide an additional \$100 million to fund these and other equipment and technology needs.

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Visa Security Unit: The first line of defense in the effort to keep terrorists out of the U.S. is at our consulates, where millions of visa applications are reviewed and granted each year. In Section 428 of the Homeland Security Act, Congress gave DHS a prominent role in ensuring that security considerations are adequately taken into account when visa applications are considered. The Administration proposes an increase of \$5 million for its Visa Security Office, enough to hire nine additional officers and engage in a very limited training program. The budget proposal falls far below the amounts DHS needs to establish a meaningful program.

Thus far, DHS has only established a visa security office in Saudi Arabia – and the Department’s Inspector General reported last August that this effort is struggling at best, in large part due to insufficient funds. According to the IG’s report, only one of ten officers assigned to the Saudi Arabia visa security program could speak Arabic and only one in ten was stationed there for more than 90 days. The officers had received little relevant training and spent most of their time performing data entry rather than conducting investigations and intelligence analysis. The DHS also had not established a curriculum for training DHS visa security officers or State Department consular officers, as authorized by Section 428. DHS concurred in the IG’s findings and noted that funding and personnel resource constraints were preventing the Department from providing necessary training to consular officers and visa security officers. The Department also stated that more funding was needed to assign officers overseas on a permanent basis and to establish more overseas offices.

The Administration’s proposed funding is completely inadequate to improve our ability to screen for terrorists applying for visas. The Budget proposes establishing only one new DHS visa security office overseas and hiring only three new Visa Security Officers, and it vaguely promises expanded consular training. These expansions are included within a proposed increase of \$5 million that also pays for headquarters operations. The Department of Homeland Security has admitted the need for greater spending, and the proposed budget does not come close to realizing the objectives of Section 428. With the extra money it has requested, DHS would have at most six small overseas offices by the end of FY2006, not nearly enough to provide an effective first line of defense. Accordingly, I am calling for an additional \$20 million to pay for additional Visa Security Officers, appropriately trained and based in a greater number of high-threat countries. The increase should also be spent on developing and implementing a training curriculum, in concert with the Department of State, so that our consular officers around the globe will be better able to detect terrorists.

Bioterrorism

Bioterror is one of the deadliest and most disruptive forms of attack that could be used against the United States. It is also a threat that underscores how much homeland security is a shared national responsibility; state and local health officials, or private sector physicians, will

likely be the first to detect a bioterror attack, and those who must cope with the ensuing victims. For this reason, it is critical that the federal government provide leadership and resources to the public health community to prepare for an attack. So while I am pleased to see that the President is proposing certain increases to develop countermeasures to biological weapons, I am also dismayed to once again see proposed cuts in preparedness funds to the public health community that must actually provide treatment to victims of bioterrorism. We need to step up, not diminish, our support to public health officials in this area, and I am once again advocating an increase of \$1 billion above the President's proposed Budget to provide such support.

The Department of Health and Human Services (HHS) provides federal guidance and funding to support the nation's public health system which is largely comprised of state and local government health departments. HHS also provides federal guidance and funding to support our health care delivery system of private-sector doctors, clinics, and hospitals which provide actual treatment and will be in the front lines of a bioterrorism attack. While HHS has provided several billion dollars to prepare both the public health system and the health care delivery system to respond to this threat and progress has been made, we are still not adequately prepared. Within the past few weeks, independent assessments conducted by several prominent organizations have all concluded that substantial additional efforts are needed.¹ This past December, for example, the Trust for America's Health issued its second annual report on the nation's preparedness for bioterrorism. The report concluded that "despite incremental progress, three years after September 11, 2001, there is still a long way to go to protect the American people from a bioterror attack." The report found that only six states were fully prepared to administer and distribute vaccines and antidotes from the national stockpile, only five public health laboratories had the capability to respond to chemical terrorism, and only one third of the labs had sufficient capability to respond to biological attacks. These reports mesh with the April 2004 findings of the GAO, noting "no state is fully prepared to respond to a major public health threat" such as bioterror. The GAO found ongoing gaps in disease surveillance, lab capacity, communications, workforce, regional planning, and surge capacity.

Notwithstanding these serious shortcomings, the Administration proposes to cut HHS spending for key bioterrorism programs at CDC for public health and the Health Resources and Services Administration (HRSA) for hospital preparedness for the second year in a row. Both the CDC and HRSA cuts include reductions in grants to state and local public health agencies who will be on the front lines of our response to such an attack as well as CDC's own core

¹See Trust for America's Health, "Ready or Not? Protecting the Public's Health in the Age of Bioterrorism – 2004," December 14, 2004; Chemical & Biological Arms Control Institute, "Fighting Bioterrorism: Tracking and Assessing U.S. Government Progress," December 14, 2004; The Century Foundation, "Breathing Easier? The Report of the Century Foundation Working Group on Bioterrorism Preparedness," January 13, 2005.

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bioterrorism program. Funding for CDC state and local grants was cut by \$130 million, and funding for CDC's own bioterrorism program was cut \$17 million below already inadequate levels. HRSA's program to develop hospital surge capacity was also reduced by \$8 million and is now slated to receive \$483 million. This falls far short of the billions of dollars that the American Hospital Association estimates are needed to build basic hospital surge capacity across the country. When HHS proposed shifting funding from these programs last year, Governors John Hoeven (R-N.D.), and Jennifer Granholm (D-Mich.), on behalf of the National Governors Association wrote that efforts to reduce funding for state preparedness efforts "threatens the existence and fitness of state strategic planning, and with it, a national approach to bioterrorism preparedness."

Consequently, I am renewing the recommendation that I made last year that CDC funding for state and local bioterrorism preparedness be increased by \$500 million to \$1.3 billion and that the HRSA bioterrorism program be doubled to \$1 billion.

Finally, I am concerned that funding for FEMA's medical programs, including the National Disaster Medical System, is unchanged. When inflation is taken into account, the result is a reduction in a key capability to respond to both bioterror attacks and natural catastrophes. I also recommend that FEMA's emergency medical programs be preserved at their current level adjusted for inflation.

DHS Officer for Civil Rights and Civil Liberties

The Homeland Security Act of 2002 created the position of Officer for Civil Rights and Civil Liberties within the Department of Homeland Security. The President's Fiscal Year 2006 Budget proposes continuing funding of the Office at the same FY2005 level of \$13 million. The Homeland Security Civil Rights and Civil Liberties Protection Act was enacted into law as part of the Intelligence Reform and Terrorism Prevention Act of 2004. This Act significantly expands the responsibilities of this Office. In particular, while the Office was previously only charged with reviewing and assessing information concerning racial and ethnic profiling, the Act expands this mission to include religious profiling. In addition, the Office is now charged with investigating complaints, assisting the Department in the development of policies, and overseeing the Department's compliance with relevant constitutional, regulatory, and other policies.

I concur with Chairman Collins in supporting continued funding of this Office and requesting that its budget reflect the new responsibilities mandated by Congress.

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DHS Privacy Officer

The Homeland Security Act of 2002 also created the position of DHS Privacy Officer. DHS is engaged in numerous activities on a day-to-day basis that have the potential to raise privacy concerns, and the Department's leadership has commendably expressed a commitment to evaluate the privacy implications of its actions at the beginning of every policy initiative, as the law requires. This means a far-reaching set of responsibilities for the Privacy Officer, who is charged with primary responsibility for DHS' privacy policy, including the completion of privacy assessments for all new programs and evaluation of technologies used by DHS to ensure that they do not erode privacy, as well as compliance with the Privacy Act and Freedom of Information Act. These responsibilities, moreover, may well grow if the proposed new Office of Screening Coordination and Operations to integrate screening systems throughout the country is created; if properly implemented, this effort will help better defend us against terrorism, but may bring to the fore new privacy concerns that need to be addressed.

The President's Budget would increase the budget for the Privacy Officer in FY2006 by \$207,000 and 1 FTEs. I support this requested increase, but believe that additional resources are necessary for the Privacy Office to properly fulfill its broad and expanded responsibilities and urge you to provide funding beyond the President's request for more personnel for this office.

DHS Inspector General

The DHS Office of Inspector General (OIG), like other offices of inspector general, is an independent watchdog against waste, fraud, and abuse. The role of the DHS OIG is particularly important in a department that is still experiencing growing pains and that remains on GAO's high-risk list. In addition, the Intelligence Reform and Terrorism Prevention Act of 2004 gives the DHS OIG new responsibilities with respect to handling allegations of civil rights and civil liberties abuses and requires the appointment of a senior official in the OIG to coordinate these activities.

I concur with Chairman Collins in expressing my concern that the President's proposed FY2006 Budget does not provide the DHS OIG with sufficient resources to carry out its missions. The proposed budget would increase the OIG's budget by less than 1% in FY2006. This comes on top of a 3% cut in the OIG budget in FY2005. Moreover, in response to inquiries by staff of the Homeland Security and Governmental Affairs Committee, the OIG has also indicated that it lacks adequate investigative staff to respond to the number of allegations of waste, fraud, and abuse that the Office receives and that it is unable to provide audit coverage of all Department's activities it considers appropriate.

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I concur with Chairman Collins' request that the budget of the DHS OIG be increased to make it commensurate with the newly expanded scope of the Office's responsibilities and the importance of its work in ensuring that the still new DHS properly and effectively meets its many management challenges.

Privacy and Civil Liberties Oversight Board

The Intelligence Reform and Terrorism Prevention Act of 2004 created a Privacy and Civil Liberties Oversight Board within the Executive Office of the President (EOP). In accordance with the 9/11 Commission's recommendations, this Act creates, for the first time, a Board that can look across the federal government and ensure that liberty concerns are appropriately considered in the policies and practices of the executive branch.

The purpose of the Board is to ensure that privacy and civil liberties concerns are appropriately considered in the implementation of all laws, regulations, and policies that are related to efforts to protect the nation against terrorism. The Board is empowered to carry out its mission in two equally important ways. First, the Board is to advise policy makers, including departments, at the front end, to ensure that when executive branch officials are proposing, making or implementing policy, they appropriately consider and protect privacy and civil liberties. Second, the Board is to conduct oversight, by investigating and reviewing government actions at the back end, reviewing the implementation of particular government policies to see whether the government is acting with appropriate respect for privacy and civil liberties and adhering to applicable rules.

The Board is composed of five members including a Chairman who may be full-time. In addition, the legislation creates an Executive Director position and anticipates additional staff. I concur with Chairman Collins' views in her recent letter to you that the President's proposed budget for this Board of \$750,000 for FY2006 is simply inadequate for the Board to set up a new office, hire the requisite staff and carry out its broad statutory duties. In comparison, the President's proposed budgets for other offices within the Executive Office of the President includes \$4 million for the Council of Economic Advisors, \$24 million for the Office of Drug Control Policy, \$6 million for the Office of Science and Technology Policy, and \$39 million for the Office of the United States Trade Representative (USTR). In addition, the Department of Homeland Security's Officer for Civil Rights and Civil Liberties, which is charged with addressing civil liberties issues facing one department, has a proposed budget of \$13 million.

Moreover, I share Chairman Collins' significant concerns regarding the inclusion of the Board in the proposed "consolidation and financial realignment" of the EOP included in the Budget. This proposal would consolidate, for budget purposes, certain offices within the EOP that are said to "directly support the President." (Appendix to the Budget at p. 980) or "most

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immediately serve the presidency” (Budget of the U.S. Government at p. 329), such as the White House Office and the Office of Policy Development. I believe that inclusion of the Board in this account is a mistake and that the Board should be treated like other EOP agencies with responsibilities beyond advising the President, including the Office of Management and Budget (OMB), USTR, and the Council on Environmental Quality.

Inclusion of the Board in this consolidation, and the suggestion that the Board’s primary role is to “directly support the President,” is contrary to the purpose and responsibilities of the Board as reflected in statute, which include not only advising the President, but all departments and agencies; oversight of Executive branch actions related to protecting the nation; as well as involvement in the development and implementation of the information sharing provisions of the Intelligence Reform and Terrorism Prevention Act. The Board is further differentiated from the other offices that would be consolidated by the fact that, like OMB and USTR, it is accountable not only to the President but to Congress as well, with two of its members subject to Senate confirmation and a requirement that it report at least annually to Congress.

I concur with Chairman Collins’ request that the Board’s budget reflect its broad and important mission, as mandated by Congress, and that the consolidation of the Board, for budget purposes, with other components that “directly support the President” not be supported.

Government Employee Issues

Civilian Employee Pay Parity

For FY2006, the Administration has proposed a significant boost in military pay, of 3.1%, to ensure that military compensation remains competitive. Especially now, when our armed forces risk their lives for us every day in Iraq and Afghanistan and other places of danger to defend our nation, America’s service men and women deserve our gratitude and support, and I fully endorse this proposal.

But we must equally support our federal civilian employees, who also work tirelessly to secure our homeland and our way of life. Some civilian employees work side-by-side with military personnel, both in battle areas and at training and support locations. Others protect our borders and perform other essential jobs securing our homeland, protecting our health, safety, and environment, contributing to our financial security, and proudly serving the public in countless other ways.

Adequate civilian pay is essential not only for fairness, but also for effective human-capital management. A deficient pay raise would undermine morale at a time when the

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government faces critical needs to recruit and retain the highly skilled workforce needed to meet increased national security responsibilities and other essential needs.

Yet President Bush now recommends only a 2.3% across-the-board pay raise for federal civilian employees, which is far below the proposed boost in military pay of 3.1%. In each of the past four budget proposals, the Administration proposed raises for civilian employees substantially below the military pay increase, but Congress wisely rejected those proposals and enacted the same increase in pay for civilian employees and military personnel. Now, in considering the Budget for FY2006, our commitment to adequate military pay must again be matched by ensuring parity in pay increases for civilian employees.

Statutory Waiver of Civil Service Protections

The President's Budget claims that, to make the best use of its personnel, the federal government needs legislative "tools," which consist of the authority to waive civil service protections. Under such authority enacted in 2002 for DHS and in 2003 for the Department of Defense (DoD), DHS recently issued final regulations for a human resources management system, and DoD recently issued similar proposed rules. The Budget champions the personnel systems being developed by those Departments, and states that similar authorities should be granted to government-wide and that the Administration will be working this year to extend similar personnel reforms to other agencies.

I am deeply troubled, however, with the approach to personnel management adopted by the Administration in these regulations, which I fear may hamper, rather than enhance, agency performance. This is because the new rules may undermine key employee protections that prevent workplace abuses and improve employee performance, and the critical security missions of DHS and DoD may suffer as a result. In particular, the rules impose excessive limits on collective bargaining which are not necessary to maintain the critical missions of the Departments, make changes to the appeals process that interfere with employees' rights to due process, and contain unduly vague and untested pay and performance provisions.

These systems being developed at DHS and DoD would convey great discretion to managers. It is critical that this discretion be exercised in a manner that is restrained and involves employees and their representatives throughout the process of implementing the new systems. Managers should strive to foster a spirit of collaboration with front-line employees, with particular attention to developing and implementing transparent management processes that minimize arbitrary and abusive workplace practices.

I am also concerned about the Administration's plan to extend the DHS and DoD personnel authorities government-wide. Congress granted these Departments extraordinary

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flexibility to waive civil service protections because of their unique security missions. Now that DHS and DoD are undertaking an experimental revamping of the civil service system, we should at least wait to see how it works before we consider extending such power to other agencies that do not have critical national security responsibilities.

Charging Agencies for Future Retirees' Benefits

The Budget continues to propose that agencies be charged for the full retirement and health benefits of the agencies' future retirees. I find this proposal very troubling. Under current law, a portion of the old Civil Service Retirement System costs and all civilian and military retiree health benefit costs are considered mandatory payments from the Treasury. The Administration's proposal would shift the responsibility for paying those amounts away from central mandatory accounts, and would impose the responsibility on agencies' discretionary accounts. There is no assurance that the appropriations enacted for this or future years will adequately account for these increased costs being imposed on agencies, and I would be very concerned that adding more costs on individual agencies could result in squeezing agencies' discretionary accounts to the point of underfunding essential programs and services, such as homeland security needs, protecting the environment, or safeguarding our food supply.

Competitive Sourcing

After four years of controversy and setbacks, the Administration continues to place undue emphasis on "competitive sourcing" as a key component of its management agenda. Public-private competitions have not proven themselves to be an efficient way to achieve savings. The competitions are time consuming and expensive to administer, and the rules of the competitions do not allow federal employees to compete fairly for their jobs. Federal employees that win competitions are subject to another competition within five years, whereas contractors who win work are not. Despite the promises of OMB officials, including OMB Director Joshua Bolten, the Administration has not enhanced opportunities for federal employees to bid on new work, and on work currently performed by contractors. Agencies are allowed to conduct streamlined competitions to meet their privatization goals: in a streamlined competition federal workers are not allowed to submit the improved bids of a "most-efficient organization" (MEO), and contractors are not required to at least promise savings sufficient to offset the costs of conducting privatization reviews.

Government oversight of contractors continues to be notoriously poor, yet contracting officers are stretched even thinner as a result of the Administration's push for more competitions. The savings proposed by contractors who win competitions may never be realized, as contracts often come in over budget or descend into disputes over performance. Agency officials may often be prodded into performing competitions against their better judgment, as was the case with

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the DHS competition for 1400 Immigration Information Officers, a competition Congress finally blocked after an investigation revealed that the initial ill-considered competition decision had been made in a day, under extreme pressure from OMB. And wrongly decided competitions cannot be appealed by federal employees or their representatives to the GAO or the courts, although contractors have those appeal rights.

When conducted fairly, public-private competition can be one of several important tools in helping agencies to reduce costs and become more efficient. But the Administration is ignoring other options, such as cooperating with workers to form MEOs in the absence of public-private competition. Contractors, of course, provide vital services for the federal government in many areas. Most of the work performed by contractors is not taken from federal employees and is awarded to the private sector appropriately. The Administration has never made a convincing case that the work now being performed by federal employees is performed inefficiently or ineffectively. But it is time this Administration realizes that we do have a serious problem, and lose many billions of dollars, as a result of wasteful and poorly administered contracts. I urge the Administration to focus its management efforts on improving oversight over existing government contracts, rather than continue its zealous pursuit of more jobs it can wrest from federal employees.

Federal Information Technology

Electronic Government

More than two years after the passage of the E-Government Act of 2002, the Administration's E-Government initiatives are showing mixed results. For example, last year the GAO reported that barely a third of the objectives identified by the Administration for its E-Government initiatives had been fully or substantially achieved. As required by the Act, OMB has promulgated guidance for agencies to complete Privacy Impact Assessments, and has established working groups on standards for improving access to government information. Full implementation of those important statutory mandates will require a clear commitment by OMB and agencies.

The Administration's implementation of other E-Government provisions raises cause for concern. Initiatives already past-due, that could have achieved substantial returns with a modest investment, have been neglected. The Administration has failed to bring on-line a database providing access to information about government research and development efforts, as required by the Act. The project can be completed easily and inexpensively using a database sponsored by the National Science Foundation; the website would reap significant returns for scientists seeking information about funded research, and for those in Congress and the public interested in how government funds R&D. Other mandates contained in the E-Government Act, including studies

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of the digital divide and enhancing crisis management through advanced information technology, have not been implemented because the Administration has never sought funding.

Perhaps the greatest threat to electronic government initiatives, however, comes from the Administration's failure to convince Congress to fund IT innovation. It appears that some of the E-Government initiatives have fallen victim to Congressional dissatisfaction with OMB's policies in other areas, and to a generally tight fiscal climate. But OMB has failed to make the case to Congress that E-Government initiatives, properly administered, can make government more efficient and more responsive to the public. In requesting only \$5 million for the E-Government Fund, the Administration appears to concede that the battle is lost. I reject that approach, and support significantly more for initiatives that can transform government. Similarly, I urge full funding for FirstGov.gov, the federal Internet portal, for the E-Rulemaking Initiative, and for interoperable electronic signatures.

Federal Computer Security

I am concerned about the many information security weaknesses that are still being identified at federal agencies by the GAO and agency IGs. The Budget describes progress in establishing government-wide goals, but acknowledges ongoing challenges in meeting them, and suggests a number of proposals for enhancing agencies' information security. Foremost among these is ongoing implementation of the Thompson-Lieberman Government Information and Security Reform Act, re-authorized and updated as part of the E-Government Act, and renamed the Federal Information Security Management Act (FISMA).

GAO, which has placed federal information security on its High Risk list consistently since 1997, recently stated the problem in stark terms: "[S]ignificant information security weaknesses at federal agencies continue to place a broad array of federal operations and assets at risk of fraud, misuse, and disruption." Moreover, while GAO reported some improvement, it found that many agencies still have not established programs consistent with FISMA's overall requirement for implementation of an agency-wide information security program. (GAO-05-207.)

In an area this vital to our nation's security, it will require unflagging management efforts, as well as adequate appropriations to support cybersecurity improvements, to address information security comprehensively and quickly.

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Government Management

Performance-based Budgeting / Performance Assessment Rating Tool (PART)

For the third year in a row, the President's Budget relies on the use of the Performance Assessment Rating Tool (PART) to help inform its funding decisions for agency programs. PART is a mechanism the Administration uses each year to evaluate the effectiveness of programs in the federal government, and to help link performance to budget decisions.

I strongly support efforts to manage for results, as can be accomplished through implementation of the Government Performance and Results Act (GPRA). I am also pleased that our Committee has embarked on an aggressive effort to curtail wasteful spending by the federal government. As noted by Chairman Collins in her letter to you, the Committee, working with GAO, will examine a number of areas where the government can save money or target it better.

I am concerned that the PART mechanism, however, is a somewhat over-simplistic tool that provides a veneer of apparent objectivity to the Administration's policy decisions as to which programs to fund or to eliminate. Moreover, despite the elaborate systems of tables and charts set forth in the Budget, the documentation makes clear that PART ratings do not result in automatic decisions about funding. Indeed, an OMB official, who asked to remain anonymous, was cited in the press as acknowledging that some programs that rated well were cut from the Budget simply because they are not a priority for the White House. (Amelia Gruber, "Program assessments factor into Bush plan to trim deficit," GovExec.com Daily Briefing, February 7, 2005.)

GAO has noted some significant concerns with the use of PART as an evaluation and budget tool, saying that "additional guidance and considerable revisions are needed to meet OMB's goal of an objective, evidence-based assessment tool." (GAO-04-174) For example, GAO states that "inherent challenges exist in assigning a single 'rating' to programs that often have multiple purposes and goals." It notes problems with the rating system itself, such as "subjective terminology and a restrictive yes-no format," as well as inconsistent OMB staff interpretations of the guidance provided for complex PART questions and for defining acceptable measures. OMB has substituted its judgment about appropriate goals and measures for those developed by the agency in conjunction with interested stakeholders pursuant to GPRA, which GAO has warned could lead to conflict with agencies' efforts to set and achieve long-term strategic goals under GPRA.

In recent testimony before our Committee, Comptroller General Walker noted that, while he believes the PART program has conceptual merit, he also believes it important that whatever PART evaluations the Administration does should be supplemented by further evaluations,

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conducted by GAO and others, that are, as he put it, professional, objective, fact-based, nonpartisan, and nonideological. He was also critical of the Administration's inadequate consultations with key stakeholders in conducting the PART evaluations.

The following are several stark examples of valuable programs that the Budget seeks to eliminate, either on the basis of flawed PART analysis or without appropriate consideration of the demonstrated value of the programs:

The HOPE VI Program: The HOPE VI program was again recommended for elimination this year based on a PART rating in the FY2005 Budget of "ineffective." This program provides funds to rehabilitate or demolish public housing and replace it with housing that serves both the poor as well as the middle class. The Administration has questioned the continued need for the program, and has cited concerns about the program's cost-effectiveness and the slow expenditure of funds.

I believe the Administration's cost-effectiveness analysis fails to consider all aspects of the HOPE VI program and the extent to which it contributes to neighborhood revitalization. The HOPE VI program has been a successful revitalization program. It has enabled the demolition of the worst severely distressed public housing, replacing such housing with homes that are typically lower-density, safer, and more attractive. These homes enable public housing residents to be better integrated with their surrounding communities and benefit from living in safer and more stable neighborhoods. A Housing Research Foundation study of eight HOPE VI sites found that in communities surrounding HOPE VI revitalization projects, per capita incomes increased, neighborhood unemployment rates fell, commercial and resident lending increased, and violent crime declined. These are the kinds of success stories that are often hard to quantify, but significant in terms of social values and progress. The study noted that several factors contributed to the change in these communities, but cited the nature of the HOPE VI program as critical to the extent and pace of change.

It should also be noted that HOPE VI grantees have been successful in leveraging non-HOPE VI dollars for each HOPE VI grant dollar awarded. In fact, \$2.13 is leveraged for each HOPE VI dollar granted. While much of these leveraged dollars come from other federal programs, grantees have clearly been able to attract private dollars with HOPE VI funds. Furthermore, the nature of the HOPE VI program has facilitated relationship building between public housing authorities and outside partners, including non-profits and the business community. All these partnerships contribute to revitalization and redevelopment, spurring the creation of community centers, charter schools, and new commercial activity. Ultimately all of these activities benefit public housing residents in ways that escape a traditional cost-benefit analysis by, among other things, increasing access to education and employment opportunities.

The Administration also cites the slow expenditure of funds under HOPE VI. The Congressional Research Service (CRS) has pointed to a number of possible reasons for these findings. Foremost, they point out that initially grantees were chosen based almost solely on need. Often the housing authorities with the most need had the weakest management capacity. The result was that large grants were awarded to troubled agencies that were not as effective in implementing their programs. The CRS analysis seems to indicate that as some of these problems have been addressed, expenditure rates have consistently improved.

_____ William F. Goodling Even Start Family Literacy Programs (Even Start): The President's FY2006 Budget again proposes to eliminate funding for the William F. Goodling Even Start Family Literacy Programs (Even Start) on the basis of a 2004 assessment that found the program to be "ineffective." The Even Start Family Literacy Program integrates early childhood education, adult literacy and adult basic education, and parenting education into a unified literacy program. Even Start is implemented nationally through cooperative projects that build on existing community resources, creating a new range of services for children families and adults.

The Administration's assessment of "ineffective" was based on three prior evaluations that suggested that children and adults participating in the program do not make educational gains that are significantly greater than non-participants. This assessment, however, is flawed: the evaluations cited by the President rely on outdated statistics to justify the elimination of the program. The data were obtained prior to quality improvement legislation enacted in 2000 as part of the Literacy Involving Families Together (LIFT) Act (P.L. 106-554) and then in 2001 as part of the No Child Left Behind Act (P.L. 107-110), which require programs to provide higher-quality instructional content established according to scientifically-based reading research. This change in requirements, in conjunction with intensive training for Even Start practitioners, has had a dramatic impact on the quality of services provided to Even Start children and their families, and has resulted in improved outcomes. No national studies have been undertaken since these new requirements have been in place.

Additionally, the first two national evaluations failed to incorporate a national-level control group by which a comparison between "participants and non-participants" could be implemented. All three evaluations suffered from small sample studies — even the third and final study involved a mere 18 Even Start projects that only marginally met Even Start's legislative requirements. These projects do not comprise a nationally representative sample of the more than 1,300 Even Start projects in existence today. The Evaluation itself cautions, "The current evaluation, covering the years 1997-1998 through 2001, reflects the program as it existed prior to the 2000 reauthorization."

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Even Start is unique in that it establishes a “unified family literacy” program that specifically addresses the needs of families with the lowest income and literacy levels — those who have the greatest need. The program provides adult literacy and GED preparation for disadvantaged parents, early literacy and school readiness skills for disadvantaged students, teacher support for parents/child literacy activities, and parenting strategies to support children's academic achievement.

The Advanced Technology Program: The Advanced Technology Program (ATP) is a government industry partnership that is part of a national effort to assist in the acceleration of high-risk technologies that potentially have significant commercialization benefits, many of which are essential to homeland security. At a time when global competitiveness continues to heighten and increased national security is imperative, it is even more critical to support this program, not completely eliminate the funding.

It is clear from National Institute of Standards and Technology (NIST) funded studies that ATP shortened R&D cycles by half and accelerated technological progress within the assisted firms; stimulated productive collaborative activities among companies and between firms and universities; facilitated commercialization; and increased private sector investment in high risk technology development. The Administration justifies eliminating ATP funding because private funding, such as venture capital firms and corporate research labs, have grown and provide the needed support. In a report examining award winners and “near winners” during the first four years of ATP, GAO found that while 63% of the applicants did not look elsewhere for funds, about half of the applicants who did were told by prospective funders that their projects were either too risky or “precompetitive.” Therefore, the idea of relying on private funding to support high risk technology development is not a practical approach. In the current economy, venture funding is drying up as investors are moving to support more established products, leaving high-risk ground-breaking developers with little or no private sector funding. ATP helps fill the critical gap between initial research and private sector investment for market viability.

Additionally, PART for this program noted that large shares of the ATP funding have gone to major corporations. While it is important that smaller firms have opportunities to collaborate with larger firms, large firm involvement is not a serious problem with this program which is dominated by small and medium sized entities.

Manufacturing Extension Partnership: Manufacturing has long been one of this country’s greatest economic strengths, producing 13% of GDP and 89% of export revenue. Small and medium manufacturers comprise about 97% of all manufacturing firms and employ about half of all manufacturing employees. One of the factors that has helped small and medium manufacturers compete in the global marketplace is the Manufacturing Extension Partnership (MEP). The President’s Budget this year funds MEP at only \$47 million, a 57% cut from last

year's appropriations, explaining: "The Administration believes the program has evolved to a stage at which less reliance on direct appropriations is required."(Budget of the U.S. Government at p. 80) This is a large gamble considering the impact the MEP has on small and medium sized businesses. In fiscal year 2003, the MEP's clients reported sales of \$1.84 billion, 35,000 new or retained workers, \$681 million in cost savings, and \$940 million invested in new plant and equipment. Clearly, MEP is a cost-effective, public-private partnership that requires full funding.

Science and Technology Funding: The ATP and MEP programs within the NIST budget are two key examples among many of major funding cuts in the area of Science and Technology. The table below summarizes these budget cuts in federal Science and Technology FY2006 funding by agency using the numbers from OMB FY2006 Analytical Perspectives (Table 5-3, p. 68). This table shows the percentage change in the federal Science and Technology budget from appropriated FY2005 funds and the proposed FY2006 Budget in constant dollars. Clearly, science will suffer as a result of this proposed budget, ultimately retarding innovation and economic growth as well as risking national security. Within the National Science Foundation (NSF) budget, the K-12 science education programs are down 24% from last year. At a time when military excellence is essential, DoD's Science and Technology funding is down 15.9%. NASA is up only because of the research focus on space exploration systems. Although interagency programs are not represented in the graph below, it is important to note that the funding for the National Nanotechnology Initiative is also down 2.5%. Disinvestment in science, as this Budget proposes, does not well serve our national innovation needs.

Agency	% Change Adjusted for Inflation
NIH	-1.39
NASA	2.10
NSF	0.41
DOD	-15.90
Energy	-6.79
AG	-11.40
Interior	-2.06
Commerce	-15.20
EPA	-0.45
VA	-1.70
Transportation	-4.92
Education	-4.72

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National Archives and Records Administration

The President proposes eliminating the National Archives and Records Administration (NARA) grants program administered by the National Historical Publications and Records Commission (NHPRC), the grantmaking arm of NARA. I concur with the view expressed by Chairman Collins in her letter to you about the FY2006 Budget and urge that this valuable program be fully funded.

The NHPRC has an important and long-standing role, supporting a wide range of activities to preserve, publish, and encourage the use of documentary sources relating to the history of the United States. The NHPRC was established by Congress in 1934 and is comprised of a 15-member body which includes the Archivist as chair, representatives of the President, the Senate, the House, the Supreme Court, and the Departments of State and Defense as well as representatives of leading professional associations of archivists and historians. The Commission's mandate is to provide assistance to State, local, and tribal governments, public and private institutions, and individuals committed to the preservation and use of America's documentary resources. The NHPRC today is the only grant-making organization in the nation whose only focus is the preservation of, and increased access to, American historical documentation.

Moreover, the grant program is structured so as to maximize the impact of federal dollars. For example, the NHPRC provides assistance to potential grantees and operates a system of State Board and peer review of applications, which helps to ensure high-quality proposals and a low likelihood of failure. It awards the grants competitively and the federal dollars are leveraged by the requirement of non-federal matching dollars and cost sharing.

In October 2004, Congress passed, and the President signed into law, The National Archives and Records Administration Efficiency Act of 2004 (P.L. 108-383). The Act contains a four-year reauthorization of the program for \$10 million each year. Particularly given the recent reauthorization, I concur with Chairman Collins' objection to the Administration's proposal to eliminate this program.

The President's FY2006 Budget submission not only eliminates all grant funding for the NHPRC for fiscal year 2006, it also cuts \$2 million from the NARA budget for NHPRC's staff and programs. I concur with Chairman Collins' request that this important program be preserved, pursuant to the authorization in Public Law 108-383, by restoring the \$2 million for operating expenses for staff and programs, and by fully funding the grants budget for the NHPRC to its authorized level of \$10 million for FY2006.

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Federal Emergency Management Agency (FEMA)

Hazard Mitigation Grant Program

The Hazard Mitigation Grant Program provides funding for post-disaster mitigation to help prevent future losses in areas that have experienced a major disaster. The Disaster Mitigation Act of 2000 (P.L. 106-390) provided that states with Enhanced Mitigation Plans may receive up to 20% of eligible disaster costs, an amount greater than those states without such plans may receive. Emergency management experts, including state officials in Connecticut, have expressed concern to my staff that the President's Budget proposal would reduce the amount of eligible disaster costs that states with Enhanced Mitigation Plans can receive from 20% to 12.5%. These State officials believe that there is clearly a value in encouraging states to develop mitigation plans, as such planning can significantly lessen the costs of disasters — indeed, that is why Congress chose to reward such plans through the Disaster Mitigation Act of 2000. It is my understanding that only two states now have Enhanced Mitigation Plans, but that others are pursuing such plans. Development of such plans can be resource intensive, however, and, by reducing the amount of eligible disaster costs that a state can receive for having an Enhanced Mitigation Plan from 20% to 12.5%, these State officials fear that the President's Budget proposal risks reducing the incentive for States to develop such plans, and would therefore likely drive up costs in the long run for disaster relief.

Emergency Food and Shelter Program

Although I am pleased that the Administration supports continued funding for the Emergency Food and Shelter (EFS) program, I believe funding levels for this highly effective program should be increased. The EFS program, which is administered by FEMA, provides emergency assistance to supplement community efforts to meet food, shelter, and other related needs of homeless and hungry persons in all fifty states. Most of the money is allocated by local boards composed of representatives from religious and other charitable organizations, and administrative overhead is kept to an unusually low amount, less than 3%. In short, this program should serve as a model for the use of local charities in providing needed social services. Although widely praised, and supported by both parties in Congress for the past twenty years, funding for the program has lagged far behind inflation. In each of the last three Congresses, the Senate has unanimously passed legislation, reported out of our Committee, to significantly increase authorized funding for the program. I am disappointed that the Budget fails to provide any increase in spending for the program over FY2005 levels.

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Government Accounting Reform

The size of our government's spending commitments and priorities – for programs such as social insurance entitlements, national defense, and homeland security – is growing and commands an increasingly substantial portion of our annual budgets. The undisclosed future cost of these commitments and our failure to set aside sufficient funds to pay for these programs into the future is of significant concern.

Last Congress, I introduced legislation, the Honest Government Accounting Act (S. 1915), that required the government to create a plan to pay for the long-term debts and entitlements to which it has committed. I plan to introduce a similar bill early in this Congress. The plan under this legislation will enable us to pay the costs of these programs and liabilities by knowing in advance what they will cost and preparing for them. The bill will ensure that the government fully accounts for both its explicit liabilities (public debt) and implicit commitments (social insurance entitlements), compares them to the funding required for other discretionary programs, and then adopts fiscal and economic policies that enable it to finance and manage these liabilities and commitments.

I urge the Committee to consider the bill's approach to measuring the government's liabilities and commitments. If we continue to use the present method of cash accounting, we will never be able to manage the government's fiscal policy with a long-term view.

Abuse of Reconciliation Procedures on Behalf of Arctic Refuge Drilling

I am concerned about any suggestion that the budget resolution will include reconciliation procedures that direct committees to report legislation including extraneous matter. In particular, the President's Budget includes revenue generated by oil developments in the Arctic refuge, a process that admittedly would produce some revenue. The two purposes of such a proposal, however, were fully developed on the Senate floor in the years of debate on this issue: (1) to increase domestic production of petroleum and thereby offset U.S. imports from the Middle East in general and Iraq in particular; and (2) to stimulate the economy by allegedly producing hundreds of thousands of jobs. Also, clearly no budgetary purpose was in the purpose statement for the Arctic drilling amendment filed two Congresses ago, which was "to create jobs for Americans, to reduce dependence on foreign sources of crude oil and energy, to strengthen the economic determination of the Inupiat Eskimos, and to promote national security." (S. Amdt. 3132 (107th Cong.)) Any budgetary consequence of an Arctic drilling proposal thus would be "merely incidental" to its well-defined purpose and would be extraneous.

In fact, in the 1985 discussion of the Byrd Rule that banned extraneous material, Senator Domenici expressed his displeasure with just this type of use of the reconciliation process. In

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particular, Senator Domenici stated, "I do not like to see committees put amendments on reconciliation that they have not been able to pass for years, or in the process of doing reconciliation just add untold numbers of amendments in order to be immune from unlimited debate." (131 Cong. Rec. 28972, Oct. 24, 1985.) This statement should preclude consideration of Arctic drilling in a reconciliation bill. Perhaps no other piece of environmental legislation has the long and heated history of the Arctic Refuge debate – it is certainly a controversial measure that the Energy Committee "has not been able to pass for years."

Finally, I am concerned that an Arctic drilling provision produced by the Energy and Natural Resources Committee would be extraneous because it implicates the jurisdiction of the Environment and Public Works Committee. As the late Senator John Chafee wrote in 1991, in a letter co-signed by several other senators, "The Environment and Public Works Committee has sole jurisdiction over matters relating to the U.S. Fish and Wildlife Service, its programs and the management of fish and wildlife resources generally. The single largest responsibility of the U.S. Fish and Wildlife Service is the management of the National Wildlife Refuge System." (*Congressional Record*, Oct. 31, 1991 at S15612.) Any proposal to drill for oil in the Arctic Refuge would clearly affect its management, thereby implicating the EPW Committee's jurisdiction and making the provision extraneous under the Byrd Rule.

IRS Enforcement

I support the Administration's proposed increase in funding for the Internal Revenue Service enforcement efforts. During 2003 and 2004, the Committee's Permanent Subcommittee on Investigations held two days of hearings and conducted a year-long investigation on abusive tax shelters. The Subcommittee report on those efforts concluded that one of the tools needed to stop such abuses was an expanded enforcement effort. Indeed, the President's Budget specifically notes that the added funding will be used in part to bolster "criminal enforcement, using civil injunctions to stop abuse tax schemes, and investigating promoters and users of tax shelters." Average hard-working Americans should not be carrying the extra tax burden of those who circumvent our tax laws. I believe the proposed 7.8% increase over last year's budget is important for strengthening the integrity of our tax system.

District of Columbia

The budget for the District of Columbia includes a number of key funding priorities concerning important projects and programs of interest to the Committee. The District of Columbia courts, which include the D.C. Superior Court and the D.C. Court of Appeals, are funded and overseen by Congress, not the local government. Therefore, I concur with Chairman Collins that it is important for Congress to ensure adequate funding for the local court system. In particular, the proposed Budget continues support for improvements to the Judiciary Square area,

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in which the D.C. courts sit. Specifically, the Budget supports the full restoration of the city's Old Courthouse, a National Historic Landmark, for use by the D.C. Court of Appeals. Restoration of this historic building is a necessary and critical step in the courts' efforts to create appropriate, family-friendly space in their existing building as required by Congress in the D.C. Family Court Act of 2001 (P.L. 107-114).

The President's proposal also includes funding for the D.C. College Tuition Program. This locally-run, federally funded program provides the difference between in- and out-of-state tuition for D.C. high school graduates to attend public colleges and universities nationwide. It also provides a \$2,500 stipend to D.C. high school graduates to attend private colleges in the greater Washington, D.C. area and Historically Black Colleges and Universities nationwide. Since its inception in 1999, the program has consistently been funded each year, and I concur with Chairman Collins in supporting continued support for this program.

The President's Budget also includes \$15 million of funding to the District of Columbia for the federal payment of emergency planning and security costs. Because the District of Columbia serves as the nation's capital, there are often security costs to the District that directly relate to the presence of the federal government. I join with Chairman Collins in encouraging continued payment and reimbursement to the District for these costs for public safety at events that relate to the federal presence in the District.

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I appreciate this opportunity to comment on issues of interest within the purview of the Committee on Homeland Security and Governmental Affairs.

Sincerely,

Joseph I. Lieberman
Ranking Member

cc: The Honorable Susan Collins