



**Homeland  
Security**

**Statement for the Record**

**Michael Chertoff  
Secretary  
United States Department of Homeland Security**

**Before the  
United States Senate  
Committee on Homeland Security and Governmental Affairs**

**March 9, 2005**

Chairman Collins, Senator Lieberman, and Members of the Committee:

I am honored and pleased to appear before the Committee to present President Bush's FY 2006 budget for the Department of Homeland Security. Before beginning to outline our FY 2006 budget request, I want to thank you for the strong support you showed for the Department in the two full budget cycles since it was fully established in March 2003.

The President's FY 2006 budget request includes a total of \$41.1 billion for the Department of Homeland Security. This is an increase in total budgetary authority of 7 percent over the enacted FY 2005 funding, excluding Project BioShield, and clearly demonstrates the Administration's continued commitment to making further improvements in the nation's homeland security. Among the operating entities with significant budgetary increases are Immigration and Customs Enforcement (a 13.5 percent increase) and the U.S. Coast Guard (an increase of more than 9 percent, adjusting for transferred programs).

DHS has made great strides since it was fully established in March 2003 and continues to move forward to unify the defense of our homeland. We have continued to integrate 22 distinct agencies and bureaus, each with its own employees, mission and culture into a single, unified Department whose mission is to secure the homeland. Our security requires coordination and a focused effort across all levels of government and throughout our nation to create synergy and new capabilities. The Budget includes several key initiatives that demonstrate how we are continuing to tear down stove-pipes and coordinate key security and operational issues across DHS and the government.

In his February 2nd State of the Union Address, the President underscored the need to restrain spending in order to sustain our economic prosperity. As part of this restraint, it is important that total discretionary and non-security spending be held to levels proposed in the FY 2006 Budget. The budget savings and reforms in the Budget are important components of achieving the President's goal of cutting the budget deficit in half by 2009 and we urge the Congress to support these reforms. The FY 2006 Budget includes more than 150 reductions, reforms, and terminations in non-defense discretionary programs. The FY 2006 budget request for the Department of Homeland Security includes proposals to: 1) better target State and local grant funding, 2) recover most of the cost of aviation screening operations, and 3) transfer resources for polar icebreaking to NSF so that they may pay the Coast Guard for services they receive. The Department wants to work with the Congress to enact these proposals.

The President's Budget includes the establishment of the Domestic Nuclear Detection Office (DNDO). The DNDO will develop, acquire, and support the deployment and improvement of a domestic system to detect and report attempts to import, or transport a nuclear explosive device, fissile material or radiological material intended for illicit use. Because no single agency has the resources to carry out this initiative, the DNDO will be located within DHS and will be jointly staffed with representatives from DHS, the Department of Energy (DOE), the Department of Defense (DOD), and the Federal Bureau of Investigation (FBI), with coordination between the Department of Justice

(DOJ), the Department of State (DOS), the Intelligence Community (IC), and other departments as needed.

A new organizational structure that consolidates screening programs would substantially improve internal coordination, operations and efficiency of screening roles and missions of the Department. The President's Budget consolidates the various DHS screening activities with the formation of the Office of Screening Coordination and Operations (SCO) within the Border and Transportation Security (BTS) Directorate. The mission of this new organization would be to enhance terrorist-related screening through comprehensive, coordinated procedures that detect, identify, track and interdict people, cargo and other entities and objects that pose a threat to homeland security. This new office would bring together several similar ongoing screening efforts under one office. These efforts are: United States-Visitor and Immigrant Status Indicator Technology (US-VISIT); Secure Flight and Crew Vetting; Free and Secure Trade (FAST); NEXUS/Secure Electronic Network for Travelers Rapid Inspection (SENTRI); Transportation Worker Identification Credential (TWIC); Registered Traveler; Hazardous Materials Trucker Background Checks; and Alien Flight School Checks.

The Budget proposes \$3.6 billion to increase the effectiveness of State and local homeland security assistance through an approach that closes the most critical gaps in State and local terrorism prevention and preparedness capabilities. Over \$2 billion in grants for States and urban areas would be based on assessments of risk and vulnerability, as well as the needs and priorities identified in State and regional homeland security plans. The proposed Targeted Infrastructure Protection program would provide \$600 million in integrated grants to supplement State, local and regional government efforts to protect critical, national infrastructures such as seaports, mass transit, railways, and energy facilities.

In FY 2006, DHS seeks to continue to consolidate its research, development, test and evaluation (RDT&E) activities within the DHS Science and Technology (S&T) Directorate. This consolidation, in the amount of \$127 million, will bring the scientific and engineering personnel and other RDT&E resources of the Department under a single accountable authority. The S&T Directorate's vision for this RDT&E integration will be to start the development and expansion of collaborative relationships, foster and leverage an environment of collective capabilities, maximize the efficiency and effectiveness of the Department's RDT&E capacity as well as develop and expand synergistic RDT&E programs that cut across the Department's activities.

In the event of a national emergency, it is crucial that first responders, State and local governments and the Federal Government are able to communicate with each other. The Budget recognizes this and includes initiatives to strengthen communication capabilities. The S&T Directorate has established a new Office of Interoperability and Compatibility which includes the SAFECOM (Wireless Public SAFETY Interoperable COMMUNICATIONS) program that was created to coordinate public safety communications to achieve national wireless interoperability. Interoperability has also been the top

funding priority of our state and local grantees, and will continue to be a major focus of State and local homeland security grants in the Budget.

The Department will also work to expand airport contract screening opportunities at those airports wishing to opt out of federal screening operations. Preliminary analysis at five contract screening airports currently in place found there was no detrimental effect on security using contract screeners, and that functions could be performed more efficiently and effectively through contractor-led operations. The Budget proposes \$146 million to maintain the five pilot airports.

Aviation security is a shared responsibility of the Federal Government, airports, airlines, and the traveling public. The Budget proposes to increase passenger fees by \$3.00 starting in 2006, raising the fee on a typical one-leg ticket from \$2.50 one way to \$5.50. For passengers traveling multiple legs on a one-way trip, that fee would increase from the current maximum of \$5.00 to \$8.00. The additional revenue will ensure that fees cover nearly the full cost of aviation screening operations. Furthermore, TSA is currently analyzing the pilots conducted at five airports using contract screeners. These costs should be borne primarily by the beneficiaries – the traveling public – of screening services.

The President is committed to ensuring that America welcomes the contributions of immigrants. The Budget continues funding for the President's multi-year \$540 million initiative enabling U.S. Citizenship and Immigration Services (USCIS) to reduce the backlog of applications, and ensure a six-month processing standard for all applications by the end of 2006.

Before beginning to outline the major themes of the Department's FY 2006 Budget request, I would like to highlight a few of the Department's accomplishments over the past year, including the following:

- The Department established "the One-Stop-Shop" for first responder grants which allows a single point of entry to the Federal Government for homeland security preparedness resources.
- DHS agencies have provided an unprecedented \$14 billion in funding and resources since 9/11 to State, local and private sector partners to protect and prepare America's communities and individual citizens. We continue to improve ways for first responders across the nation to be better equipped, better trained and more capable of communicating across the public safety community.
- USCIS' Backlog Reduction Plan has increased productivity, refined processes and automated services that have yielded a significant reduction in the backlog of applications for immigration services and benefits - from 3.8 million cases in January 2004 to 1.4 million in December 2004. This equates to a 21-percent increase in productivity. This increased productivity expedited the processing of immigrant benefits such as work authorization, permanent residence and

naturalization allowing USCIS to deliver services and benefits to qualified applicants in a more-timely manner.

- United States-Visitor and Immigrant Status Indicator Technology (US-VISIT) was successfully implemented at all 115 U.S. international airports and 14 seaports and immediately demonstrated results by preventing individuals with criminal records and immigration violations from entering the U.S. In addition, US-VISIT successfully deployed initial capability to the 50 busiest land border ports of entry in December 2004.
- The U.S. Coast Guard (USCG) developed, reviewed, and approved 9,000 domestic vessel security plans; 3,200 domestic facility plans; 48 Area Maritime Security Plans and Committees; and verified security plan implementation on 8,100 foreign vessels.
- USCG interdicted nearly 11,000 undocumented migrants attempting to enter the country illegally by sea.
- USCG saved the lives of nearly 5,500 mariners in distress and responded to more than 32,000 calls for rescue assistance.
- In support of Operation Iraqi Freedom the USCG protected, safely secured, and escorted to sea over 200 military sealift departures at ten different major U.S. seaports, carrying over 25 million square feet of indispensable cargo.
- The Homeland Security Operations Center's (HSOC) Homeland Security Information Network (HSIN) Secret level connectivity has been expanded to State level Emergency Operations Centers in all 50 States.
- Working closely with importers, carriers, brokers, freight forwarders and others, Customs and Border Protection (CBP) has developed a seamless, security-conscious trade environment resistant to the threat of international terrorism. The Customs-Trade Partnership Against Terrorism (C-TPAT) has become the largest government/private partnership to arise from September 11<sup>th</sup>.
- The Federal Emergency Management Agency (FEMA) provided \$4.9 billion in aid, including hurricane relief efforts for victims and communities affected by disasters. DHS responded to 65 major disaster declarations and seven emergencies in FY 2004.
- Passenger screening kept 6,501,193 prohibited items from coming on board aircraft during FY 2004.
- A total of 428 million people, including 262 million aliens, were processed at land, air and sea ports of entry. Of that number 643,000 aliens were deemed inadmissible under U.S. law.
- Immigration and Customs Enforcement (ICE) officers achieved a 112 percent increase over the prior year for fugitive apprehensions resulting in more than 7,200 arrests. ICE removed more than 150,000 aliens in 2004.

- Border Patrol agents apprehended almost 1.2 million illegal aliens between our official ports of entry.
- The Container Security Initiative (CSI), which involves pre-screening shipping containers to detect and interdict terrorists' weapons and other illegal material, was expanded to include 21 countries. CSI is now operational in 34 foreign ports in Europe, Asia, and Africa.
- Approximately 600 million checked bags were screened using advanced explosive technologies in 2004.
- More than 2,500 criminal investigations were conducted involving the illegal export of U.S. arms and strategic technology, including Weapons of Mass Destruction (WMD).
- The Federal Law Enforcement Training Center (FLETC) provided basic and advanced law enforcement training to more than 44,750 students, representing 81 Federal agencies, as well as State, local and international law enforcement organizations.
- Border and Transportation Security (BTS) assumed responsibility for visa policy under the Homeland Security Act and implemented improvements in visa review times and transparency.
- The United States Secret Service (USSS) planned, designed, and implemented security for five events designated as *National Security Special Events* (State of Union Address, G-8 Economic Summit, Former President Ronald Reagan Funeral, Democratic National Convention and Republican National Convention).
- USSS arrested 30 individuals involved in global cyber organized crime, domestically and internationally. Industry experts estimate that \$1 billion in total fraud loss was prevented.
- The Science and Technology (S&T) Directorate has implemented initiatives in chemical, biological, radiological, nuclear, and explosive (CBRNE) countermeasures, cargo security, border and transportation security, interoperability, standards for emergency responders, and cyber security. These initiatives have resulted in improved security of U.S. borders, transportation systems and critical infrastructure, and resulted in the greater preparedness of our nation. To date, Department officials have visited more than 200 chemical, petrochemical, water, energy, (i.e. electricity, oil, liquefied natural gas, pipelines, storage, etc.) agriculture, commercial assets, national icons, soft targets, and mass transportation centers.
- The Department established the National Cyber Response Coordination Group (NCRCG) in partnership with the Department of Justice and the Department of defense, as a forum of 13 principal agencies that coordinate intra-governmental and public/private preparedness operations to respond to and recover from large-scale cyber attacks.

- The Department co-sponsored Blue Cascades II and Purple Crescent II, two regional tabletop cyber exercises in Seattle, WA and New Orleans, LA. Each exercise brought together more than 200 government and private sector officials to examine cyber security readiness and response procedures, highlight the importance of cyber security in critical infrastructure protection, and discuss solutions for integrating physical security and cyber security. Region-specific coordination and communication plans between first responders, the Federal Government, and critical infrastructure owners/operators were exercised.
- The Department established the US-CERT Control Systems Center to bring together government, industry, and academia to reduce vulnerabilities, respond to threats, and foster public/private collaboration to improve the security of the data and process control systems that operate our nation's critical infrastructures.
- The Department established the Control Systems Security and Test Center (CSSTC) in conjunction with Idaho National Environmental and Engineering Laboratory, to provide an opportunity for government and industry to collaborate on cyber vulnerability enumeration and reduction activities for control systems currently in use across critical infrastructure sectors. The CSSTC models map the cause and effect relationships of cyber attacks on control systems, assess the outcomes of actual events in a simulated environment, and provide the US-CERT with response and mitigation actions to share with partners in the control systems community.
- DHS and the Germany Ministry of the Interior jointly hosted a Multilateral Cyber Security Conference in Berlin, Germany. The conference brought together cyber security policymakers, managers from computer security incident response teams with national responsibility, and law enforcement representatives responsible for cyber crime from 15 countries. The conference program included a facilitated tabletop exercise and interactive discussions on how to develop an international framework – as well as near term actionable steps – for watch, warning, and incident response.
- IAIP developed and disseminated warning products (i.e. warning messages) to Federal, State, territorial, tribal, local, private sector, and international partners to protect citizens, governments, critical infrastructure, and key assets.
- Pursuant to Homeland Security Presidential Directive – 7, IAIP, distributed the Interim National Infrastructure Protection Plan (Interim NIPP) to the NIPP Leadership Council, the State Homeland Security Advisors, and the private sector stakeholder groups (i.e. the Homeland Security Advisory Council, Sector Coordinating Council, ISAC Councils, National Infrastructure Advisory Council, etc.) The Interim NIPP outlines the Federal role for critical infrastructure and key resources protection in 17 specific critical infrastructure and key resource sectors.

## **FY 2006 Budget Request**

The Department's FY 2006 Budget request revolves around five major themes: Revolutionizing the Borders; Strengthening Law Enforcement; Improving National Preparedness and Response; Leveraging Technology; and Creating a 21<sup>st</sup> Century Department.

### **I. Revolutionizing the Borders**

September 11, 2001, demonstrated the sobering reality that the U.S. is no longer immune from catastrophic attack. No longer do vast oceans and friendly neighbors provide the buffer against aggressive adversaries. In order to maximize the security of our nation against persons determined to undermine the economy of the U.S., our way of life and the freedoms we enjoy, the Department is determined to deter, thwart, and remove any threat to the nation long before it reaches our borders. During FY 2005, we will continue to strengthen our border security. For FY 2006, the President's Budget includes several initiatives aimed at revolutionizing the Borders.

Weapons of Mass Destruction (WMD) Detection Technology is an integral part of the Domestic Nuclear Detection Office (DNDO) that includes a comprehensive strategy to address the threat of nuclear and radiological terrorism. The Budget includes \$125 million to purchase additional Radiation Portal Monitors (RPMs) and pilot advanced next generation RPMs to detect both gamma and neutron radiation at our borders. In addition, the Container Security Initiative (CSI), which focuses on pre-screening cargo before it reaches our shores, will have a preventative and deterrent effect on the use of global containerized shipping of WMD and other terrorist equipment. Egypt, Chile, India, the Philippines, Venezuela, the Bahamas and Honduras have been identified as pilots for this initiative in FY 2006. An increase of \$5.4 million over FY 2005 is included in Customs and Border Protection (CBP) budget for CSI. The total amount in the President's Budget for CSI is \$138.8 million.

CBP's America's Shield Initiative (ASI) enhances electronic surveillance capabilities along the Northern and Southern land borders of the U.S. by improving the sensor and video surveillance equipment deployed to guard against the entry of illegal aliens, terrorists, WMDs and contraband into the U.S. The Budget includes \$51.1 million for ASI, an increase of \$19.8 million. With additional technology investments, the President's Budget proposes to increase Border Patrol staffing over current levels to backfill staff vacated along the Southwest border, as well as increase staffing levels assigned to coastal areas. Since September 11, 2001, some Border Patrol agents were shifted to the Northern border in order to increase the number of agents assigned there. An increase of 210 positions and \$36.9 million is included in the Budget for the Border Patrol. This increases the number of Border Patrol Agents to 10,949.

The Customs Trade Partnership Against Terrorism (C-TPAT), which began in November 2001, is another essential cargo security effort. C-TPAT focuses on partnerships along the entire supply chain, from the factory floor to foreign vendors to land borders and

seaports. The President's Budget includes an increase of \$8.2 million for this effort, bringing total funding for C-TPAT to \$54.3 million. These funds will be used to enhance our ability to conduct additional supply chain security validations.

In addition to enhancing secure trade programs, the President's Budget also seeks to support additional investments in CBP's National Targeting System. CBP Targeting Systems aid in identifying high-risk cargo and passengers. The Budget includes a total of \$28.3 million for these system initiatives, of which \$5.4 million is an increase over the FY 2005 level. Further, US-VISIT, which will be consolidated within the Screening Coordination Office, will increase from \$340 million to \$390 million in the Budget. The increase will provide for the accelerated deployment of US-VISIT at the land border and enhanced access for border personnel to immigration, criminal and terrorist information.

The President's 2006 Budget includes \$966 million for the Integrated Deepwater System (IDS) to help address the Coast Guard's declining readiness trends and to transform the Coast Guard with enhanced capabilities to meet current and future mandates through system-wide recapitalization and modernization of Coast Guard cutters, aircraft, and associated sub-systems. Among other things, the IDS request funds production of the third Maritime Security Cutter-Large and continues HH-65 helicopter re-engineering to eliminate safety and reliability issues in the Coast Guard's operational fleet of short range helicopters.

Finally, within CBP, Long Range Radar technology is used by the Office of Air and Marine Operations to detect and intercept aircraft attempting to avoid detection while entering the U.S. CBP and the Department of Defense will assume responsibility for operating and maintaining these systems from the Federal Aviation Administration (FAA) beginning in FY 2006. CBP's share is \$44.2 million in the Budget.

## **II. Strengthening Law Enforcement**

Law enforcement is a critical element in preventing terrorism across the nation. Whether at the Federal, State, or local level, law enforcement agencies perform this vigilant task. As we know from unfortunate first hand experience, the known threats are creative, clever, and sophisticated. The Department's law enforcement agencies need to stay ahead of the threat. To achieve this, the Budget includes funding for numerous key initiatives to maintain and strengthen current law enforcement initiatives both within and beyond our borders.

The United States Coast Guard (USCG) is the nation's leading maritime law enforcement agency. The President's Budget seeks additional investment in USCG assets to enhance its ability to carry out its mission. The President's budget provides \$11 million to increase port presence and Liquefied Petroleum Natural Gas (LNG) transport security, funding additional Response Boat-Small and associated crews to increase presence for patrolling critical infrastructure, enforce security zones, and perform high interest vessel escorts in strategic ports throughout the nation. This initiative also provides additional

boat crews and screening personnel at key LNG hubs such as Baltimore, MD and Providence, RI to enhance LNG tanker and waterside security.

In addition, in the President's Budget, the Armed Helicopter for Homeland Security Project increases by \$17.4 million. These funds will provide equipment and aircraft modifications to establish armed helicopter capability at five USCG Air Stations. This will provide the USCG and DHS with the tools needed to respond quickly and forcefully to emergency maritime threats. A total of \$19.9 million is included in the Budget for this project. Finally, the Response Boat-Medium Project increases by \$10 million the effort to replace the USCG's 41-foot utility boats and other large non-standard boats with assets more capable of meeting all of the USCG's multi-mission operational requirements. A total of \$22 million is proposed in the Budget for this effort.

U.S. Immigration and Customs Enforcement (ICE), the largest investigative arm of the Department of Homeland Security (DHS), is responsible for identifying and shutting down vulnerabilities in the nation's border, economic, transportation and infrastructure security. The President's Budget seeks a 13.5 percent budget increase for ICE, including increasing the Detention and Removal program by \$176 million. For the Temporary Worker program, the Budget seeks to more than double the resources available for worksite enforcement including employer audits, investigations of possible violations and criminal case presentations. An increase of \$18 million is proposed in the Budget for this effort. The President's Budget seeks a total of \$688.9 million for ICE's Federal Air Marshal Service. This funding will allow ICE to protect air security and promote public confidence in our nation's civil aviation system.

The Department's FY 2006 Budget includes several other funding enhancements for law enforcement, including:

- The Federal Law Enforcement Training Center's (FLETC) budget increases by \$2.7 million for Simulator Training Technology to teach officers and agents how to avoid collisions and reduce the dangers associated with pursuit driving.
- Federal Flight Deck Officers (FFDO)/Crew Member Self-Defense (CMSD) Training is increased by \$11 million in FY 2006. This allows for the expansion of the semi-annual firearm re-qualification program for FFDO personnel and to fund the first full year of the CMSD training program. A total of \$36.3 million is included for FFDO/CMSD in the Budget.
- Enhancing law enforcement training through co-location of the Coast Guard's Maritime Law Enforcement Training program with the Federal Law Enforcement Training Center, increasing maritime law enforcement training throughput and promoting better coordination among field activities with other Federal, State, and local agencies.

### **III. Improving National Preparedness and Response**

Though the primary mission is to protect the nation from terrorism, the Department's responsibilities are diverse. No DHS effort has a greater scope, reach and impact upon the citizens across the U.S. than our efforts to prepare the nation to respond to major acts of terror or natural disaster. This Budget continues to support the President's homeland security directives that establish the methods and means by which our nation prepares for and responds to critical incidents. Since its establishment, the Department has, and continues to provide, an unprecedented level of financial support to the State, local, and tribal governments and to certain private sector entities. The Budget builds on these efforts and proposes significant resources to provide direct financial assistance to our nation's first responders, emergency managers, and citizen volunteers. There are several initiatives in the Budget geared towards improving national preparedness and response.

The FY 2006 budget continues to support the nation's first responders and seeks a total of \$3.6 billion to support first-responder terrorism preparedness grants, administered by the Office of State and Local Government Coordination and Preparedness, with better targeting to high-threat areas facing the greatest risk and vulnerability. This funding will support State and local agencies as they equip, train, exercise, and assess preparedness for major emergencies, especially acts of terrorism. While there may be gaps in State and local capabilities, we believe special emphasis must be given to communications interoperability, catastrophic planning, WMD awareness, critical infrastructure protection, and cross-jurisdictional/regional cooperation and interaction.

For FY 2006, the President's Budget proposes \$20 million for the Federal Emergency Management Agency's (FEMA) enhanced catastrophic disaster planning. This funding will support catastrophic incident response and recovery planning and exercises. FEMA will work with States and localities, as well as other Federal agencies to develop and implement plans that will improve the ability of Federal, State, or local governments to respond to and to recover from catastrophic disasters quickly and effectively. FEMA will address the unique challenges a catastrophic disaster situation poses, including food and shelter, transportation, decontamination and long term housing needs.

On October 1, 2004, the Department of Homeland Security launched the Office of Interoperability and Compatibility designed to help State and local public safety practitioners improve communications interoperability. The Office of Interoperability and Compatibility (OIC), part of the Science & Technology directorate, oversees the wide range of public safety interoperability programs and efforts currently spread across Homeland Security. These programs address critical interoperability issues relating to public safety and emergency response, including communications, equipment, training, and other areas as needs are identified. The OIC allows the Department to expand its leadership role in interoperable communications that could be used by every first responder agency in the country. The OIC has currently identified three program areas: Communications, Equipment, and Training. With \$20.5 million in FY 2006, the OIC will plan and begin to establish the training and equipment programs, as well as continue existing communication interoperability efforts through the SAFECOM Program.

The President's FY 2006 Budget for the Department proposes other enhancements to improve our national preparedness and response, including:

- Replacement of the USCG's High Frequency (HF) Communications System. Funded at \$10 million in the Budget, this system will replace unserviceable, shore-side, high power high frequency transmitters, significantly improving long-range maritime safety and security communications.
- The Budget increases Cyber Security to enhance the U.S. Computer Emergency Preparedness Team (US CERT), a 24/7 cyber threat watch, warning, and response capability that would identify emerging threats and vulnerabilities and coordinate responses to major cyber security incidents. An increase of \$5 million is proposed, bringing the program total to \$73.3 million.
- The Rescue 21 project is funded at \$101 million in the Budget to continue recapitalizing the Coast Guard's coastal zone communications network. This funding will complete system infrastructure and network installations in 11 regions and begin development of regional designs for the remaining 14 regions.

#### **IV. Leveraging Technology**

Rapid advances in technological capability are allowing the Department personnel to protect the homeland more efficiently and effectively across many components. To prepare the nation to counter any WMD threat—threats from CBRNE substances—this Budget includes an increase for new initiatives that support research and development to counter these weapons and their potentially devastating effects.

First, the Domestic Nuclear Detection Office (DNDO) is being established as a joint national office to protect the nation from radiological and nuclear threats. This office will consolidate functions within DHS and establish strong interagency linkages for the deployment of a national domestic nuclear detection architecture, the conduct of transformational research and development (R&D), and the establishment of protocols and training for the end users of equipment developed and deployed through the new office. The DNDO will integrate domestic nuclear detection efforts undertaken by individual Federal agencies, State and local governments, and the private sector and be closely linked with international nuclear detection efforts. A total of \$227.3 million is requested for this effort in FY 2006.

Second, TSA's emerging checkpoint technology is enhanced by \$43.7 million in FY 2006 to direct additional resources to improve checkpoint explosives screening. This request responds to the 9/11 Commission Report's finding that investments in technology may be the most powerful way to improve screening effectiveness and priority should be given to explosive detection at airport checkpoints for higher risk passengers immediately. This new equipment assures that TSA is on the cutting edge, ahead of the development of increasingly well-disguised prohibited items. This proposed increase

will result in investing more than \$100 million in FY 2005 and FY 2006 for new technology to ensure improved screening of all higher risk passengers.

In addition, to improve TSA's information technology network, the President's Budget includes \$174 million to complete installation of High Speed Operational Connectivity (Hi-SOC) to passenger and baggage screening checkpoints to improve management of screening system performance. Within the Screening and Coordination Office, funding is sought for the Secure Flight and Crew Vetting programs -- an increase of \$49 million to field the system developed and tested in FY 2005. The funds will support testing information systems, connectivity to airlines and screen systems and daily operations. This also includes an increase of \$3.3 million for crew vetting.

Third, the President's Budget also proposes additional funding for two critical Department programs -- the Homeland Secure Data Network (HSDN) and the Homeland Security Operations Center (HSOC). For FY 2006, the Budget includes \$37 million for HSDN. This funding will streamline and modernize the classified data capabilities in order to facilitate high quality and high value classified data communication and collaboration. Funding for the HSOC is increased by \$26.3 million, bringing its FY 2006 funded level to \$61.1 million. This includes an increase of \$13.4 million for the Homeland Security Information Network (HSIN) and an increase of \$12.9 million to enhance HSOC systems and operations. The funding will provide the HSOC with critical tools for sharing both classified and unclassified information and situational awareness with Federal, State, local and tribal governments.

Fourth, a key element of the Department's Maritime Security Strategy is to enhance Maritime Domain Awareness (MDA), leveraging technology to improve sharing of accurate information, intelligence, and knowledge of vessels, cargo, crews and passengers, mitigating threats to the security, safety, economy, or environment of the U.S.. The FY 2006 budget funds several key MDA initiatives, including \$29.1 million for the nationwide Automatic Identification System (AIS) and \$16.5 million to provide additional maritime patrol aircraft flight hours in support of detection, surveillance and tracking activities.

Finally, the Department is seeking additional technology investments in other critical areas, such as:

- \$20 million for developing a Low Volatility Agent Warning. This system will serve as the basis for a warning and identification capability against a set of chemical agents whose vapor pressure is too low to be detected by conventional measures;
- Increasing Counter-Man Portable Air Defense Systems funding by \$49 million to a total of \$110 million in the Budget. This program will continue to promote the viability of technical countermeasures for commercial aircraft against the threat of shoulder-fired missiles by improving reliability and affordability; and

## **V. Creating a 21<sup>st</sup> Century Department**

The Department has made significant progress in strengthening the management of its business processes from inception to implementation. The Office of the Under Secretary for Management focuses its efforts on the oversight, integration and optimization of the Department's human capital, information technology, financial management, procurement and administrative operations. Over the past year, this office has made strides in designing, planning, and supporting new standards for business processes and resource allocation in order to achieve a cohesive organization while ensuring maximum return on investment. This organization is focused on establishing the overall framework, developing management methods, and monitoring the progress of each management function.

Examples of major enterprise initiatives included in the Budget that contribute to Creating a 21<sup>st</sup> Century Department include the following:

- The program for electronically managing enterprise resources for government effectiveness and efficiency – or eMerge<sup>2</sup> – to continue implementation of a DHS-wide solution that delivers accurate, relevant and timely resource management information to decision makers. The Budget includes \$30 million for this program. By delivering access to critical information across all components, the Department will be able to better support its many front-line activities. It focuses on the areas of accounting and reporting, acquisition and grants management, cost and revenue performance management, asset management and budget that will be integrated with MAX<sup>HR</sup>.
- MAX<sup>HR</sup> funding of \$53 million involves designing and deploying a new human resources system. The \$53 million is requested to support the development and deployment of the new HR personnel system as published in the Federal Register on February 1, 2005. These funds will be used to fund the detailed system design for our labor relations and pay-for-performance programs, provide appropriate training and communication for our managers and employees and to provide proper program evaluation and oversight. In this effort, our goal is to create a 21<sup>st</sup> Century personnel system that is flexible and contemporary while preserving basic civil service principles and the merit system.
- The Information Sharing and Collaboration (ISC) program will affect the policy, procedures, technical, business processes, cultural, and organizational aspects of information sharing and collaboration, including coordinating ISC policy with other Federal agencies, drafting technical and operational needs statements, performing policy assessments, and analyzing new requirements. The total funding for FY 2006 will be \$16.482 million.

These initiatives will help move the Department toward an efficient and effective shared services environment, avoiding duplication of effort across the program areas.

## **Conclusion**

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

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

Thank you for inviting me to appear before you today. I look forward to answering your questions and to working with you on the FY 2006 budget and other issues.