

Center for American Progress Action Fund



SPECIAL PRESENTATION

**“HOMELAND SECURITY CHALLENGES FACING THE
NEXT ADMINISTRATION”**

INTRODUCTION BY:

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FEATURED SPEAKER:

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HOMELAND SECURITY APPROPRIATIONS SUBCOMMITTEE**

MONDAY, JUNE 23, 2008

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MR. SCOTT LILLY: Good morning. I want to apologize for air conditioning. I've already accused our energy staff of a secret plot to have a more effective conservation program. We certainly are making a contribution this morning.

Probably the preeminent scholar of the House, certainly the Appropriations Committee, other than our distinguished speaker this morning, is a guy named Richard Fenno, who wrote a classic work in the 1960s called *The Power of the Purse*. In that he says, "All agencies share the basic perception that the Appropriations Committee can be highly disadvantageous to them and begin with a view that the most threatening or influential legislative unit is the House Appropriations Committee. Their preoccupation with the House committee stems from the perception that the House committee dominates the process, that its hearings comes first, that the hearings are more searching and that it is more likely to cut their budgets than the Senate committee. When executives speak of the committee, moreover, they really mean the subcommittee that has jurisdiction over them, and when they speak of the subcommittee, they mean first and foremost, the chairman of the subcommittee."

We have with us today the chairman of the Homeland Security Subcommittee. There are many things that have changed since the 1960s in terms of budgeting and the appropriations process, but there's no question that one of the most important relationships that exists in government is between the subcommittee chairman of the Appropriations Subcommittee and the agencies that he oversees and provides funding for.

David Price is in his first Congress as chairman of the committee. In his first session last year, he conducted more than 20 hearings, very extensive. He did numerous in-the-field investigations, and I think he has done an extraordinary job of becoming familiar with the jurisdiction and the problems that this department of 170,000 people and a very poor record to date in terms of accomplishing the needs of the American people has and the problems that need to be addressed.

Dave Price was first elected to Congress in 1986. He was previously a professor of political science at Duke. He has authored four books on the Congress, and the *Almanac of American Politics* calls him "an interesting blend of political scientist, practical politician and a lay Baptist minister."

He, in his first report, said, "While the security of our nation has improved since 9/11, many wonder why, six years after that terrible day, we are not further along in reducing known vulnerabilities."

He has been on the subcommittee since it was created in 2002. He has spent a lot of time trying to understand those vulnerabilities and how we're addressing them. And we look forward to hearing what he has to say about what should happen in the next

administration in terms of the Department of Homeland Security. Mr. Price?
(Applause.)

CHAIRMAN DAVID PRICE (D-NC): Thank you, Scott. Good morning. It's a real pleasure to be here with you and to be able to look forward not only to the remainder of this year and what we're going to be trying to do in Homeland Security, but also to look at the bigger picture and the challenges for the next administration, and also some thoughts on what security in its broader sense needs to entail for our country.

I'm always happy to come here for forums. There are many, many forums here. Scott tells me now you're on a schedule of about one a day. But ever since the Center for American Progress was formed, we've had a steady schedule of forums and discussions and studies. This has been a very, very fertile think-tank and the work that comes out of here is of great use to us, great help, enlightened thought, analysis on the major issues of the day. So what John Podesta, Scott Lilly, the others on the team here have done is truly remarkable. It generates good ideas and policy debate and we're much in your debt. So I appreciate the invitation to join you today.

With me today I have our Homeland Security professional staff, Bev Pheto, our chief of staff also, Jim Holm, Jeff Ashford, Shalanda Young, Derek Newby (ph) from my staff, who does Homeland Security now all the time virtually from our personal office. And also I should say my wife is here. She's in town for other things and came by this at the last minute. So thank you for welcoming all of us.

I've been asked today to focus on the next administration and on homeland security policy priorities that I would put at the top of the list. I'll also indicate how our subcommittee under Democratic leadership has addressed these priorities, although my ability to be specific about our 2009 bill is hampered somewhat by the fact that we're still one day away from full committee markup.

I want to begin, however, by reflecting for a moment on a question that I'm often asked as chairman of the House Appropriations Subcommittee on Homeland Security, and that is are we safer and are we more secure than we were before 9/11?

If we look at efforts to detect and deter and respond to specific threats, the answer is a qualified yes, and I'll elaborate on that in a moment, but if we look at the broader context of security, both internationally and domestically, the answer almost certainly is no.

The security of our country fundamentally depends on the degree of friendship and respect we enjoy around the world. We have implacable adversaries with whom we must deal firmly and sometimes harshly. But we also have a long history of moral leadership in the world. We have a bipartisan foreign policy tradition predicated on mutually supportive alliances and cooperation through international organizations. The Bush administration has abandoned much of that legacy and has squandered the

tremendous outpouring of worldwide public support for the United States that followed 9/11.

The president never devoted sufficient troops and resources to the war in Afghanistan, a war which had almost universal support. He instead initiated a war of choice in Iraq that has made the threat of terrorism worse, not better. He disengaged, and announced he was disengaging from Middle East peacemaking with disastrous results for Israelis, Palestinians, Lebanese, and others across the region. He labeled North Korea, Iraq, Iran and, in effect, Syria as an “axis of evil,” and then pursued policies that helped make that label a self-fulfilling prophecy.

America’s moral leadership has also been gravely damaged by the way we have pursued what the administration conceived as the global war on terrorism. Stopping activist terrorists, of course, is a critical challenge, but preventing the development of a new generation of terrorists in the long run is equally important. Winning hearts and minds is no exercise in sentimentality. It’s absolutely central to protecting our nation from another 9/11. But when we fight terrorism with arbitrary detention without recourse, the torture of detainees, and the failure to restrain or bring to justice hired guns under our employ, the effect is the opposite of what we intend. Such policies and practices make our nation less secure.

Homeland security also has a domestic context, one that goes beyond the conventional understanding of the term. Let me express the point in budgetary terms. The Congress has rightly provided greatly increased resources, now approaching \$40 billion annually for Homeland Security programs and agencies. I argue strongly for our subcommittee’s share of the federal budget, but only up to a point.

We could spend ever-increasing portions of the budget on countering one threat or another, real or imagined, but an outsized Department of Homeland Security budget, if it came at the expense of crumbling infrastructure, diminished public health, reduced economic competitiveness, and depleted human capital, would hardly add up to a more secure or more confident nation.

The Bush years have seen a dangerous erosion of national security in this broader sense. The same is true of our fiscal security and soundness, as the hard-won budget surpluses of the 1990s have given way to mountains of debt and an unprecedented dependence on foreign creditors. So our investments in the Department of Homeland Security are not made in a vacuum.

Thinking about security requires us to think about America’s role in the world and about the full range of domestic needs that we face after years of neglect. The agenda for repair, renewal, and reform is vast and urgent, and it’s within this broader agenda that the program of the still new, still consolidated Department of Homeland Security should take a proportionate place.

Today I want to suggest five principal homeland security priorities on which I would advise the next administration to focus.

The first is comprehensive immigration reform, not surprisingly. Now that might, at first glance, seem an odd choice as a top priority for a department, which after all was formed in response to the terrorist threat. But the historic missions of the department did not go away when the department was formed, and subsuming them under the rubric of combating terrorism sometimes confuses as much as it clarifies. Homeland Security encompasses critical areas of national policy that would demand attention even if 9/11 had not occurred. Immigration, I believe, leads that list.

That's not to say that immigration policy is unrelated to terrorism. Control of our borders and knowing who has entered our country, legally or illegally, are directly related to our defense against terrorist threats. Moreover, the intense focus on the broader illegal immigration problem, consisting primarily of an effort to intercept, detain, and deport individuals who illegally cross our borders in search of work and a better life, that's distracting the department's attention and diverting the department's resources away from the truly dangerous threats and challenges we face.

Now let me be clear on this point. The illegal presence of foreign nationals in the U.S. is a problem, and it calls into question our commitment to the integrity of our immigration laws. But we need to put that problem into perspective on two counts.

First, the integrity of our immigration laws is compromised primarily by the fact that those laws are grossly unrealistic in proportion to our labor market demands. And secondly, there can be no credible argument that deporting illegal workers should take precedence over efforts to combat smuggling, prevent terrorism, and deport criminal aliens. As comprehensive immigration reform has floundered, our subcommittee has used the power of the purse to take on the administration's skewed priorities in immigration enforcement.

In 2007, the number of individuals ICE deported because they crossed the border illegally, or overstayed their visas, was 91 percent higher than 2003, while the number of criminal aliens identified for deportation by the agency rose by only 16 percent. In other words, while we've been using scarce resources to detain and deport laborers at meat-packing plants, we've allowed tens of thousands of dangerous criminal aliens to be released back into our communities after serving their sentences, with no awareness on our part of their immigration status.

At our committee's direction, ICE has now developed a plan for identifying all those criminal aliens now serving time in our federal, state, and local prisons and jails, and for deporting them upon completion of their sentences. This plan will require dogged dedication and significant additional resources to fully implement. We have provided such resources in the fiscal 2009 bill. No matter what one's opinion is about the broader illegal immigration problem and how we should address it, we should be able to agree, I would think, on this priority for deportation, that ICE's highest priority should be

to identify and deport unlawfully present aliens who have already shown themselves to be a danger to our communities and have been convicted of serious crimes.

Our subcommittee has also taken on the challenge of border security through what will be a one-third increase in the number of Border Patrol officers from the beginning of fiscal '08 to the end of '09 by compelling attention to the vast northern border, which after all, is more significant as a potential entry point for terrorists than is the southern border, and by requiring some accountability as DHS spends hundreds of millions of dollars to build fencing along the southwest border.

We are insisting – some people think this is extraordinary; I don't – we're insisting on cost-benefit analyses. We're insisting on a comparison of alternatives that might achieve as much or more border security. We are requiring that those things be seriously compared and analyzed before the funds are spent on expensive one-size-fits-all fence construction.

Now, the illegal immigration problem can't be solved by border security and law enforcement actions alone. We – as Scott indicated, we went down to the border twice last year. I have yet to meet a Border Patrol agent who will say this is just about enforcement. It clearly is not. We're fooling ourselves if we think that fences and worksite raids will do the trick.

Our illegal immigration is more about demand than about supply. So as long as our immigration policies are not responsive to the realities of our labor market, illegal immigration will drain our resources and distract attention from the apprehension of criminal and terrorist aliens crossing our borders and living among us.

The current administration, as you know, made efforts last year to promote comprehensive immigration reform, but it now seems to have turned something like 180 degrees toward an enforcement-only approach. That might be interpreted as an attempt to appeal to the most hard-line anti-immigrant segment of the population. Some have painted it as an effort to drive home the need for immigration reform by inflicting a certain degree of pain on businesses and communities who depend on these workers.

If it really is some sort of perverse tough-love or tough-medicine policy, I find it doubly hard to understand, given the negative impacts on hard-working immigrants and their children, because it has a tradeoff with other activities that could be helping to make our country safer.

Whatever the rationale, the next administration must make immigration reform a higher priority and pursue it more effectively. Such reform will strengthen our economy, reaffirm the rule of law, and enhance homeland security, allowing DHS to focus more effectively on that small percentage of illegal immigrants that has the capacity and the intent to commit crimes and do us harm.

The second priority for the new administration should be to make disaster and emergency response effective and reliable, to get the Federal Emergency Management Agency, FEMA, in good working order, to strengthen the DHS partnership with state and local emergency responders, to make of DHS a department that does not merely pay lip service to an all-hazards approach, but actually executes it in protecting our communities.

Here too, as in the case of immigration, we're talking about not just the new post-9/11 capabilities the department must develop, but about the historic missions of the department's constituent agencies. In fact, FEMA and its partnership with state emergency management agencies were much stronger before 9/11 and before the Bush administration than they are now.

One of the significant downsides of subsuming FEMA under the department was that it contributed to the deterioration of the agency's capacity to focus on the kinds of large scale natural disasters, hurricanes, earthquakes, and so forth, that we're certain to face on a regular basis.

While Hurricane Katrina might have threatened the response capacity of FEMA at the peak of its prowess in the 1990s, the breakdown was significantly exacerbated by a failure of leadership at FEMA's top layers and of the administration more broadly that was directly related to the downgrading of its status when it became a component of DHS. There's simply no substitute for having the FEMA director at the table with the president's cabinet when disaster strikes, and the next president should ensure that he or she is there.

Unfortunately, major obstacles to recovery in the Gulf Coast continue, particularly with regard to replenishing the stock of affordable rental housing. FEMA shouldn't be in the business of long-term housing, and three years after the fact is simply too long to get this worked out. We've tried to help transition the responsibility for long-term housing from FEMA to HUD, where it belongs, but we've been disappointed with the progress. The next president needs to tell somebody in his administration they will be held responsible for this. Right now, nobody appears to be in charge.

Our fiscal 2009 bill requires the Office of the Federal Coordinator for Gulf Coast Rebuilding to quickly convene a panel of experts to develop solutions for restoring affordable rental housing stock to communities in the Gulf Coast. The next president should implement those solutions, if they're workable, or come up with alternatives that will work, now and in future disasters.

FEMA has made some strides under Administrator Paulson and his team, but there's much more to do. I fear that we would again have people stranded at the New Orleans Convention Center if Katrina recurred tomorrow.

The National Response Framework was a first step in delineating roles and responsibilities across levels of government, but the agency still needs to put flesh on the bones of that plan. The gaps in the framework were made clear by the most recent Top

Officials Exercise, so-called, which reveal many of the same coordination problems that plagued the response to Katrina. And there's still ground to be settled relative to FEMA's place in the broader department. I believe the next secretary will need to look to FEMA more comprehensively as the front line of response to disasters of every kind.

We also need to give more emphasis than we do now to the all-hazards preparedness and response capability of first responders. Although there are a few first responder grant programs, such as the Emergency Management Performance Grants and the Fire Grants that are focused on all hazards, most of FEMA's first responder grant funds are allocated based on terrorism risk, or supposedly, they are done in this fashion.

The 9/11 Act authorization enacted last year will continue to make terrorism risk the focus of most grant allocations for the next several years, but I'll continue to argue for a balanced allocation method based on broader, all-hazards determinations of risk, particularly in distributing multipurpose state grants. After all, there is a possibility – a possibility – of a terrorist attack somewhere in the U.S. in the next five or 10 years, but there's a certainty that first responders in states like mine will continue to face threats from hurricanes or other natural disasters on a regular basis.

The third priority on my list is to accelerate the work of making the department a more cohesive and well functioning institution. Earlier this year, we reached the five-year anniversary of the formation of the Department of Homeland Security, a very short time as the lives of departments go. It has been said many times that the formation of the Department of Homeland Security reflects the most ambitious governmental reorganization of our lifetimes.

The only comparable reorganization was the formation of the Department of Defense in the '40s, but in that case, it was a matter of integrating a small number of relatively similar entities with similar missions.

The Department of Homeland Security, on the other hand, involved the combination of some 22 different entities, many with different organizational structures and cultures, and with historic missions that ranged beyond the domain of homeland security per se. Integrating these various entities into a unified department has been a challenge, and it will continue to be a challenge for the next president and the next secretary.

There have been several reorganizations within the department, some imposed by Congress, some by the department itself, with mixed results in terms of improving the functioning of the department and its components.

The next secretary must find a better balance between providing overall policy guidance and leaving departmental components free to do the fine-tuning, between nurturing the new homeland security missions of component agencies and maintaining their historic mission capabilities.

The next Secretary will need to significantly improve the management of the department and its components, including financial system management and procurement management and oversight. Many of the agencies that were inserted into the department brought with them financial, procurement, and other management problems.

Agencies newly created after 9/11 had difficulty staffing up, and often relied on contractors for critical management functions. Some 72 percent of the career executives at DHS left the department between 2003 and 2007, compared to an average of 46 percent among all other federal departments. Related to that is a problem with morale of the department that, according to a survey last year ranks, the lowest in the whole federal government.

Overall, departmental components are continuing to struggle with management challenges. The DHS inspector general questioned a total of \$113 million in DHS expenses in the first six months of this fiscal year, more than double the amount questioned in the first six months of 2007 and approximately six times the amount questioned in the first six months of '06. That's a trend in the wrong direction. Perhaps the most serious example is the Coast Guard, which determined last year that it could not certify its own financial statements, and therefore had no confidence that what it reported to the Congress was accurate.

For large programs and procurements, our committee has on numerous occasions found that departmental plans lack specificity, both in terms of defining the expected outcomes to be measured and in estimating costs and timelines. The department's procurement review mechanism, the Investment Review Board, is simply not succeeding. The process was set up to oversee and review the need for large, critical procurements, but it is unclear which investments the board will review, how decisions will be overseen and monitored, and how follow-up action will be tracked.

A crucial test of the department's progress and overall management will come during the transition to come, the transition to the next administration. The department has been beefing up in senior career staffing levels – its staffing levels at the senior career level, including the placement of career deputies at all of the department components.

Nowhere will a smooth transition be more critical than at the Department of Homeland Security. We can't afford to let our security posture slip, and we cannot allow the transition to be a vulnerability which our adversaries might exploit. The next president will need to have identified the nominee for secretary and most of the top component heads well before Inauguration Day.

A fourth priority area is to be smarter about the way we invest in new technologies. The Science and Technology Directorate has made some progress in aligning its activities more closely with the needs of departmental components, and in opening up better channels to the private sector to ensure that we're taking advantage of the technological solutions that are out there. But there is a lot more that the department

needs to do to ensure that we consider a wide array of technologies to solve homeland security challenges.

The other side of the coin is that we must not blindly rush into investing in new technologies. They may be the key to our homeland security future, but they can also be a threat. This is true not just because our enemies have gained access to technologies that threaten us, but also because our own security solutions have a real and significant impact on how we live our daily lives in terms of privacy and relative to the way they can impede the flow of commerce.

In its zeal to develop and implement technologies that will make us safer, the department has too often considered privacy concerns as an afterthought. The Secure Flight initiative and its precursors are a good example of how this can result in significant delays and wasted dollars. A privacy analysis must be an integral component of any technology or database development program from the beginning, and privacy protections must be fully integrated into their implementation.

New technologies are not something we should naively bank on. Too often, they don't work as advertised, as we've seen on our southern border – southwestern border lately, or they may be premature, have costs that exceed their benefits. BioWatch is a good example of a program where we need to proceed carefully. Our committee has commissioned a study to make certain we do just that.

If the department can develop cost-effective air-sampling systems that can quickly and accurately detect and give warning of biological attacks, it would go a long way toward foiling the threat of anthrax and other biological threats, but we're not there yet. So the BioWatch program is a good example of one that needs careful scrutiny, careful analysis of what our alternatives may be.

SBInet is another example. If the department can cost-effectively integrate off-the-shelf sensors and cameras and radar and other technologies through a common operating picture for the Border Patrol as part of SBInet, we can make significant advances toward operational control of the border without simply relying on fencing that can be breached or crossed over.

But the results of the last year have shown that the deployment of an effective solution in this area is still months or years away. We must resist the impulse to invest huge sums based on a contractor's promise of a solution. Technologies must be fully developed in the lab with input from end users, and arduously field-tested and piloted in real world environments to determine effectiveness and uncover unanticipated costs and operational challenges.

The new president must ensure that leaders at DHS are sufficiently skeptical of new technology solutions being sold to them and sufficiently savvy to understand where technology solutions can play an integral role in operations while minimizing impacts on privacy and the flow of commerce.

The final priority area I want to talk about is the way we invest in preparedness at the state and local level. Most, although not all, of the department's grants are used – are allocated using risk formulas, but the department has struggled both to develop credible formulas with measurable components, and also to apply the formulas objectively and consistently. As a result, we're unable to measure how or whether many of our grant investments are actually buying down risk.

The consequences of that inability are twofold. At times, the justification for targeting resources in a particular area seems to be that we simply can't afford not to spend this money because the consequences of inaction in the event of a terrorist attack would simply be too great. At other times, there's a hesitation to invest more funds in things like first responder grants because, while the needs of first responders remain vast, we can't be certain that the funding is having the desired affect.

I'm convinced that we must continue robust investments in first responder equipment and training, port security upgrades, and transit security precautions, but I'm not necessarily satisfied that we're targeting these investments in the right way.

If there were a terrorist attack tomorrow somewhere in the United States, there would be recriminations almost surely for the failure to invest more in the technology or policy solution that might have prevented it. There were also likely to be calls for significant new investments in those things in the future, with little regard for the likelihood of a repeat of that particular method of attack. In fact, I think we could expect to see calls for significant new investments in homeland security across the board just to cover our bases. That would be an understandable reaction, but it's not an adequate basis for a homeland security investment policy.

Do we have the right level and the right mix of homeland security investments at present? I'm not as confident of that answer, of the answer to that question as I would like to be and it must be confronted by the new administration. In the fiscal 2008 bill, we tasked the National Academies of Science with assessing the Department's risk analysis methodology and applications, including crucial questions regarding the congruence, the complementarity of assessments that are focused on terrorism and on natural disasters. We've also invested more funding in the Department's own efforts to refine its risk analysis. The next secretary must use these analyses to guide the Department's investment decisions.

I raised the question earlier as to the extent multi-purpose state grants should have a singular focus on terrorism. Here, I want simply to note that the Bush administration's efforts to eliminate or radically cut the Justice Department's state and local grant programs have greatly complicated the job of targeted grant-making at Homeland Security. With money drying up at Justice, it's hardly surprising that pressure is increased to use Homeland Security grant funds to fill the gap. Therefore, in addressing the appropriate level of funding and targeting for DHS grants, the new administration will

need not only to revitalize the Justice programs, but also to ensure that Justice and DHS grant programs are harmonized and complementary.

Fiscal Year 2009 will be the first appropriation for the next secretary of the Department and we hope that we can use that legislation to move the Department in the right direction under its new leadership. The bill approved by the subcommittee a few weeks ago, and slated this week for full committee mark-up, provides \$39.9 billion for the Department. That's \$2.2 billion, almost 6 percent above the comparable fiscal '08 amount which includes the emergency border funding and also – and it's \$2.3 billion above the Bush administration's requested funding level.

The bill imposes requirements on DHS to manage its programs efficiently and to ensure that programs comply with all laws before they begin operations. The bill makes a total of \$1.4 billion from several accounts conditioned on the submission of expenditure plans, or the completion of tests, to ensure that taxpayer dollars are spent as intended. Programs for which funding is conditioned in this way include the Secure Border Initiative, the Coast Guard's Deepwater program, the Cyber Security Initiative and the air exit component of U.S.-VISIT.

The bill seeks to push the Department to a better financial and program management, toward clarified priorities and goals in areas ranging from immigration enforcement to border protection and transportation security, and toward strengthened partnerships with state, local and private sectors partners.

The selection of the next secretary of the Department of Homeland Security will be among the most important nominations the next president will make. The secretary will be an essential player in formulating and implementing comprehensive immigration reform and in bringing our disaster and emergency response capabilities to full strength. He or she must continue the work of forming the Department into a cohesive and efficient whole, must develop core internal competencies in financial management and gather better in-house procurement and contract management expertise, must focus on technology solutions that reduce vulnerabilities to terrorist attacks and natural disasters, while minimizing the negative impacts on our economy and our civil liberties, and must accelerate progress on quantifying risk across geographical areas and economic sectors and tying risk assessments to investments. This is by no means an exhaustive list of priorities, but it represents many of the fundamentals the Department will need to master over the next four years.

Let me conclude where I began with reference to the broader security context. Risks to the homeland are a function of three factors: threat, vulnerability and consequences. The Department can work on addressing the last two variables through better preparedness, through the hardening of infrastructure and the nurturing of resilience, through improved detection and response capabilities.

But the threats are another matter. The next president must fundamentally reorient our foreign and domestic policies and a touchstone of that effort must be the

question: what makes a nation truly secure? He must develop and artfully employ a comprehensive strategy for U.S. action in the world that makes more effective use of our national power, capitalizes on the moral authority of our free and open society, and draws friends and allies to our calls.

Against those who would do us harm, we must be vigilant and ready to mount an effective defense. But the number of such adversaries, the support they're able to gain, the threat they pose will depend not only on the defense we mount at home or abroad, but on the values we project and the role our nation plays in the world.

Thank you, and I'll be happy to respond to any comments and questions.

(Applause.)

Q: Thank you for your comments, Mr. Price. Dan Prieta (ph) with IBM, also with Stanford University. Question is in two areas. Can you comment a little bit on CIS transformation since the funding for that going forward is going to be fee-funded and no longer coming out of the appropriations area? And also this dovetails a lot on the really important aspects of technology you mentioned. So I'd love your view on that.

And then you mentioned in passing the Cyber Security Initiative. Can you talk about DHS' role in that as well? There's still a lot of lack of clarity on what leadership role DHS plays there. Part of it is a skill question – what's the quality of it, cyber leadership at DHS, and then the relationship to DOD and the intelligence community because so much of the work is going to happen out in other departments.

Thanks very much.

MR. PRICE: Well, on the question of fees and the funding that the president's budget relies on fees to supply, let me just say that as we unveil this bill tomorrow, you'll see that we are in – we're not assuming anything about the authorizer's disposition on this. In fact, we're assuming that until these fees are in place, we still have a job to do on the appropriations side in making sufficient funding available.

Cyber security, it's fair to say, is an area that we've become more and more concerned about. You've heard the reports, seen the accounts of the kind of hacking that's taken place into some networks pretty close to home. We understand this isn't a monopoly of the Department of Homeland Security, but we believe it should be a major area of research and investment going forward and there too in the bill, I think you'll find a heightened awareness of this threat and major investments in preparing the cyber security side of the program.

Q: Thank you very much, Mr. Chairman, for this talk this morning. Bob Murray, CNA. I wanted to ask two questions. One is you mentioned the Top Officials Exercises and I wondered if the results of those exercises get to your committee and whether they've had any effect in shaping your view of priority?

And the other, I wanted to ask you a judgment about the Department of Homeland Security's ability to do analysis and have metrics and be able to measure things. You implied that they can't do a very good job in measuring risk, and I wondered what you thought about them generally on metrics and measuring.

MR. PRICE: We are aware of at least some of the results of the Top Officials Exercise and the assessment of that and, yes, it does figure into – not just what I said this morning – but into the way we're looking at what FEMA has yet to accomplish.

As regards risk analysis and measurement, I gave a good deal of emphasis to that this morning and for good reason. This is a major area of concern. These funds, and many of these Homeland Security accounts, are supposed to be targeted. They are supposed to be demonstrably related to the reduction of risk. Now, that's not an easy thing to assess and the formulas have gotten more and more refined, sometimes more and more complicated. And sometimes one does wonder is – as a formula, they include so many elements in such complex relationships, is that really in any way simplifying the process of allocating these funds and giving us more assurance that we're having that desired effect?

We asked the National Academy of Sciences to get into this in a major way precisely because we thought we needed some outside expert help with this. But another thing I was saying this morning you probably noticed is we're not necessarily of one mind about how singular this focus on the terrorist threat should be, especially when it comes to the broader state and local grant programs. We're certainly, at a minimum, looking for a dual impact. We're looking for grants that will prepare us for not just terrorist attacks, but for a full range of hazards. At a minimum, we're looking for that.

But we've also asked the National Academy to evaluate this Holy Grail we sometimes talk about of all-inclusive metric for measuring risk, particularly integrating terrorist threats and natural disaster threats into one measure and one assessment of risk and one need prioritization. Is that even possible? Is it analytically possible or desirable? You can tell by the way I raised the question that I have doubts.

And so this is partly an analytical challenge, but it also is going in the end, I think, to raise some policy, some important policy questions about what risk we're looking to alleviate and how the risk of terrorism, which of course, is central to the Department's formation and missions, how that risk is related to other risks with which we're trying to deal.

One emphasis that we've tried to bring to the committee is to focus on these historic missions. My first two priorities are essentially the Department's historic missions. They're given some new shape and some new direction by the terrorist threat, but we'd be talking about these things if 9/11 had not occurred, and we'd be trying to measure a whole range of risks even if 9/11 had not occurred.

And so that's the overall challenge we're facing, to have an approach that's appropriately integrated, dealing with terrorism in context of a range of missions which these agencies are going to be called on to perform and in many cases, are going to be called on to perform a lot more surely and a lot more frequently than responding to a terrorist attack.

Q: Thanks, Chairman Price. Spencer Hsu, *Washington Post*. You talked in your remarks about ensuring DHS spending is proportionate and that its growth will be appropriate up to a point. Can you talk a little bit about the growth in this year's budget? Do you foresee this as being sort of proportionate, or up to the point that you would foresee the next couple of years? And if not, are there any indications in either the FY'09 budget you can give, or about your future thinking about where you think growth might not be needed since most of the budget is with the border and immigration control agencies and TSA, and then some programs you didn't mention like DNDO or some of the identification and screening programs? Can you talk a little bit about areas that might see less of a priority placed?

MR. PRICE: Now, that's a very good question and I can give you some tentative thoughts on it, but it's obviously an important question. I'm very pleased with the allocation we have this year. I think it is a proportionate allocation. Chairman Dave Obey, of course, has worked very carefully balancing the kind of needs that are coming in from our various subcommittees and I think I've indicated the approach I take to this. I want a good allocation, but I don't want an excessive allocation and I'm very much aware of the security dimensions of these other appropriations bills.

What use are we making of the additional \$2 billion that we have over the president's request? Well, some – most of that money does go to state and local grants which the president has just always, always underestimated in his budget request. And the committee – even under Republican leadership, the committee has always seen fit to increase those grants and to strengthen those partnerships.

There's also the issue of law enforcement status for customs and border protection officers. The CBP leadership themselves told us that this was the best thing we could do for them in terms of recruiting and retaining key personnel, to give them law enforcement status and the kind of salaries and benefits that accompany that. We're not about to back down on that despite the president's request that that be cancelled and the money rescinded.

And then thirdly, there are some holes to be plugged in terms of administration requests that assumed fee increases, assumed authorizing actions that haven't been taken and therefore, we need to make up some of those deficiencies with appropriated funds.

When you add those three things up, and you've pretty much accounted for whatever it is, the \$2-point some billion over the president's request, you get into the we-need-some-more in terms of the overall bill and you'll see some reductions. Where the money is not ready to be spent well, you'll see some other increases. You'll see a sizable

amount fenced and made conditional on certain accountability measures and so forth. So it's not a lavish allocation, by any means. Where that money goes is pretty clear and in most respects, this is a budget that makes incremental adjustments in ongoing programs.

The question you raised about where savings might come from in the future is a very good one, and I'm not sure I can give anything like an adequate answer at this point, particularly in the immigration area. We do need to, as I've stressed as the way I know how, we need to have comprehensive immigration reform and that is sure to have budget implications. It's hard at this point to say with any precision what they might be. Certainly, the ongoing CIS and ICE operations wouldn't be greatly affected in the short run.

In fact, we're devoting more resources. We're shifting resources. When I talk about the focus on the deportation of criminal aliens, we are shifting money mainly within the budget, rather than assigning new funds to that, but we're assigning new funds to it as well. But we're serving notice and that this is to be ICE's priority, whatever else they're doing, and we're also providing the funding to get this done. But there, we're not talking about a huge increase in overall funding.

I can't see those budgets going down a whole lot in the near term even with positive changes in overall immigration law, but in the long run there, yes, we should hold out the hope, I think, for some savings here, where with a better balance, a better calibrated policy, we will have less in the way of enforcement actions and other aspects of immigration administration that we would have to deal with, but very hard to estimate at this point.

Q: Valerie Cotty (ph), Mr. Chairman. This is more personal and maybe more simplistic than some of the other questions. But here in Washington area, various departments of Maryland law enforcement cannot communicate directly with each other. Maryland can't talk to Virginia in the event of an emergency directly. Metro talks to no one, and that's a major evacuation route. Every after-action report I've read, whether it was 9/11, Katrina, other disasters, speak to the problems of communication. What's being done in that area?

MR. PRICE: It's one the most stubborn challenges that we've faced in the post-9/11 period and we are addressing it to some degree in this bill. There is some dedicated funding available for interoperable communications grants and, of course, a lot of the other grant money is used in the end for this purpose. There's a special billion dollars being administered by Commerce Department that's available in the near term. But the ongoing state and local grants, both in Justice and in Homeland Security, often go for this purpose. We've pushed the Department to not just dole out money, but also to help in the development of standards, so that communities are not kind of flying on their own in trying to work these matters out.

I think we've made some headway. I don't want to say we've made none. But it's proved to be a much more persistent problem, much more persistent issue, than I

think many people anticipated. I know ever since I've been in the Congress, I've worked on interoperable communications with respect to my own district. I think that's true of many, many members. We – long before 9/11, we were working with our Highway Patrol, our other state agencies to develop interoperable communication. And, of course, 9/11 showed just how tragic the consequences could be if that communication capability wasn't there.

And so there is huge interest in it now. We are responding with some dollars. We also need to respond with some guidance, and I would say that's a major component of this preparedness agenda for the new administration going forward because as you suggest, there are many indications that the matter is not solved.

Q: (In progress) – (Greenwald ?), with Washington Metro, self-train, enhance our communications capability. Actually, we do have a good example in the region using Urban Areas Security Initiative funds, where we have a radio cache that everybody has access to in the region. That's one area. Excuse me.

But I wanted to ask about some of the – if it's – if you're able to address some of the examples of where DHS comes in and in transit, we have one where they've done a matching requirement for our transit grant, and if that's something that can be addressed where it's run counter to some of the authorization language in prior year appropriations where they've put in place a new matching requirement which, given some of the fiscal restraints and how states have – it really hurts our ability to leverage our grant funds that fortunately, have been increasing, which has been really beneficial to the –

MR. PRICE: Now, what kind of matching requirement have you been faced with?

Q: Well, this was new in the '08 –

MR. PRICE: Yes, it's – (inaudible) – new money, yes.

Q: – and for the first time, they put in a matching requirement on the capital side, which has especially been problematic is on the operating side, I can understand it a little bit more, given that it's funds that are for services that are repeatable every year, like positions. But on the capital side, it's been something, again, that wasn't in any authorization language. It's never been anything obviously the Appropriations Committees have put in place. And we've been able to make some progress on the Senate side in getting this issue addressed. So we're hoping maybe we can help both sides get that addressed.

MR. PRICE: Yes, we need to work with you on this. We're aware that some of this has gone beyond any kind of authorization language. I'd like to know more about the kind of situation you faced on the ground as you attempt to put this program together. You're right. , this is new money. There's – in next year's bill, there's also money dedicated to the rail and transit security, which as you know, was a mandate of the 9/11

Authorization Bill. But the kind of administration that's going on and the kind matching requirements that are being imposed, I – we certainly would like to work with you on that and we'll get ourselves engaged on that issue going forward.

MR. LILLY: Okay. Thank you very much.

MR. PRICE: All right. Thank you.

(Applause.)

(END)