

S. HRG. 109-100

**PRESIDENT'S FY 2006 BUDGET REQUEST FOR  
THE DEPARTMENT OF HOMELAND SECURITY'S  
TRANSPORTATION SECURITY ADMINISTRATION  
(TSA) AND RELATED PROGRAMS**

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**HEARING**

BEFORE THE

**COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION**

**UNITED STATES SENATE**

**ONE HUNDRED NINTH CONGRESS**

**FIRST SESSION**

**FEBRUARY 15, 2005**

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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**PRESIDENT'S FY 2006 BUDGET REQUEST FOR  
THE DEPARTMENT OF HOMELAND  
SECURITY'S TRANSPORTATION SECURITY  
ADMINISTRATION (TSA) AND RELATED  
PROGRAMS**

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**TUESDAY, FEBRUARY 15, 2005**

U.S. SENATE,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10 a.m. in room SR-253, Russell Senate Office Building, Hon. Ted Stevens, Chairman of the Committee, presiding.

**OPENING STATEMENT OF HON. TED STEVENS,  
U.S. SENATOR FROM ALASKA**

The CHAIRMAN. The Committee will come to order.

Let me welcome the witnesses who are here to discuss the President's Fiscal Year 2006 budget for the Transportation Security Administration. Since September 11, we've made major improvements in securing all modes of transportation in this country. Still, much remains to be done. I believe Congress will carefully consider the 120 percent fee increase proposed on travelers. The fee increase, we're told, could result in lost revenue for an industry that's already on the financial ropes. Last year alone, the industry lost about \$10 billion. And the question that has to be asked is, is this the right time to add another 1½ billion dollars in fees to an industry that already pays \$15 billion in taxes and fees, to a variety of government agencies?

I'm not going to make a long statement. I do hope that Members will keep their statements short. I do believe that TSA remains behind on procurement and installation of explosive-detection machines in airports around the country. And the Known Traveler Program is also behind. And the background checks on airport workers remain an issue. We'll have questions about all of those.

I thank you, Admiral Stone, for coming, and Ms. Berrick. I know you had to change your schedule to be here, for our schedule, and I appreciate your willingness to come and appear before us.

Senator Inouye?

**STATEMENT OF HON. DANIEL K. INOUE,  
U.S. SENATOR FROM HAWAII**

Senator INOUE. Thank you, Mr. Chairman.

I look upon this oversight of TSA as one of the most important of this Committee. I have three principal areas of concern.

In 2001, we agreed, by nearly unanimous votes in the House and the Senate, that transportation security must be a national-security function. However, between TSA's endless reorganizations and the recent talk about returning to private security screening companies, it's becoming apparent that the central guiding principle is being eroded. And, Mr. Chairman, if we lose sight of this principle, I think we'll forget one of the most important lessons of September 11th.

The second concern is, aviation security has received about 90 percent of TSA's funds and virtually all of its attention. There is simply not enough being done to address port, rail, motor-carrier, hazardous-material shipment, and pipeline security. And I'm sure all of us agree that this must be changed.

The third, as you've noted, Mr. Chairman, the Administration is preparing to increase aviation security funds. This makes no sense to me. The airline industry, as you've pointed out, is bordering on total bankruptcy. And the Administration wants to add to its costs. Yet, at the same time, the Administration is demanding that its unaffordable tax cuts must be made permanent. And I just don't follow this thinking. And, quite frankly, I can't believe that this proposal will be adopted by Congress.

Mr. Chairman, with your approval, I'll submit the rest of my statement for the record.

[The prepared statement of Senator Inouye follows:]

PREPARED STATEMENT OF HON. DANIEL K. INOUE,  
U.S. SENATOR FROM HAWAII

Mr. Chairman, as we begin this new session, I rank our oversight of the Transportation Security Administration as one of our highest priorities. As the primary Committee of jurisdiction for transportation security, I'm looking forward to a spirited and consistent review of TSA's work as we continue to make progress securing all modes of transportation.

I have 3 principal areas of concern:

1. Congress agreed in 2001, by nearly unanimous votes in the House and Senate, that transportation security must be a national security function. However, between TSA's endless reorganizations and the recent rhetoric about returning to private security screening companies, it is becoming apparent that this central, guiding principle is being eroded. If we lose sight of this principle, we will forget one of the most important lessons of September 11th.
2. Aviation security has received 90 percent of TSA's funds and virtually all of its attention. There is simply not enough being done to address port, rail, motor carrier, hazardous material, and pipeline safety. That must change, quickly.
3. The Administration is proposing to increase aviation security fees. This makes no sense to me. The airline industry is bordering on total bankruptcy, and the Administration wants to add to its costs. Yet at the same time the Administration is demanding that its unaffordable tax cuts be made permanent. I don't follow their thinking, and quite frankly, I don't believe the proposal will go far.

Mr. Chairman, over the years, and particularly since 9/11, this Committee has led the effort to make transportation security a matter of national security. We crafted two landmark bills, the Aviation and Transportation Security Act of 2001 and the Maritime Transportation Security Act of 2002, to ensure that funding and programs

were developed to completely change the way we address security. The September 11th tragedy, the Madrid train bombing and many other attacks remain locked in our conscience as we try to do all we can to avoid another attack.

The continued threat risk is real and the vulnerabilities are real, across all modes of transportation.

We recently witnessed a rail tank cargo accident—not a terrorist attack—in Graniteville, SC. An entire town had to be evacuated, demonstrating the potential harm if someone does target a rail tank car. The District of Columbia was so concerned about rail cars carrying hazardous materials traversing the city they adopted a resolution to ban them.

Port security is of particular interest to me. My State of Hawaii is entirely dependent upon shipping and the steady flow of maritime commerce. The dock strike at the port of LA/Long Beach in 2001 caused people in my state to begin running out of basic supplies. If an attack occurs, it could be weeks before service is renewed.

It is important to remember that 95 percent of the nation's cargo comes through the ports, so a port incident will send devastating shockwaves through the entire economy, impacting every state. Yet the security initiatives at most ports have been, to this point, woefully underfunded, and most ports are ill-prepared for an attack. Unfortunately, our maritime system is only as strong as its weakest link. If there is an incident at any one port, the whole system will screech to a halt, as we scramble to ensure security at other ports. If we had to shut down our entire port system, the economic damage would be widespread, catastrophic and possibly irreversible.

Considering these simple observations, I cannot comprehend the Administration's lack of serious attention and commitment to port, rail, motor carrier, hazardous material and pipeline safety initiatives.

Security funding for all modes of transportation beyond aviation has been desperately lacking. The 9/11 Commission found, "over 90 percent of the nation's \$5.3 billion annual investment in the TSA goes to aviation . . . [and] . . . current efforts do not yet reflect a forward-looking strategic plan." And according to Senate Banking Committee estimates, the Federal Government has spent \$9.16 per airline passenger each year on enhanced security measures, while spending less than a penny annually per person on security measures for other modes of transportation.

But considering the real threat risk and the constant talk about our War on Terror, I find it even harder to understand how the Administration has forgotten that, in a post-September 11th world, transportation security *is* national security.

Based on the President's Budget, there are apparently some in the Administration who seem to believe that our work is done. Their budget proposal suggests a wholesale dismantling of the Transportation Security Administration. In the last 2 years, we have witnessed a near constant reorganization that, under the current proposal, now makes Maritime and Land security virtually nonexistent at TSA. The changes suggest either a fundamental lack of understanding of what it will take to ensure the security of all transportation modes, bureaucratic mismanagement, or worse yet, the Administration's complete loss of a sense of national urgency.

The President's Budget recommends shifting critical work away from the Transportation Security Administration (TSA) to other organizations within DHS that have neither the expertise nor the necessary authority to be effective. In my view, further decentralizing the responsibilities of TSA will destroy the remaining, limited accountability that TSA provides for transportation security.

The problems with the Budget proposal go further: it offers inadequate funding for the U.S. Coast Guard to meet both its increased, homeland security responsibilities, and its traditional missions like search and rescue and enforcement of coastal laws; it creates an odd rearrangement of the security grant programs that not only defies Congressional directives, but adds bureaucracy and decreases accountability; it cedes TSA's regulatory authority of the Transportation Worker Identification Credential (TWIC) program; and the list goes on.

On aviation security, the Administration's proposal creates as many problems as it aims to solve. While TSA spending in FY06 would increase by \$156 million, this funding level depends on \$1.5 billion generated by increased security fees on airline passengers. Since this proposal was unveiled, there has been no shortage of airline and industry analysts that have raised deep concerns over what effect this may have on the future of existing air carriers.

The Administration cannot satisfy its budget needs on the backs of one industry. I know that several other countries and airport authorities impose security fees, but with perhaps one or two small exceptions, no one imposes all of the national security costs on the airlines. We can debate how much we need for security, but it does not make any sense to place the burden for new DHS revenue on an airline industry that is bordering on total bankruptcy, when at the same time the Administration is demanding that its unaffordable tax cuts be made permanent.

The U.S. economy depends on a strong commercial aviation industry. Since September 11th, the U.S. air carriers have taken unprecedented steps to cut their costs, and their employees have been true heroes. In the face of steep layoffs and cuts in pay and benefits, the workers have been selflessly supportive of the industry and still manage to provide the highest level of service possible day in and day out. I think we must be very careful in dealing with issues that will have wide ramifications for the aviation industry and its workers.

TSA should be aggressively seeking improvements to the current transportation security regimes for all modes and promoting the technological and capital improvements that will save considerable money in the long run while improving security. Instead, we have been given a budget that seeks short-term solutions that, I believe, will have negative consequences in the long term.

Given the many misplaced priorities that I see in the President's Budget proposal, it is clear that the Congress needs to help refocus the Department.

I have been discussing the real needs of the U.S. transportation security system with my fellow Committee members, and we have been developing a transportation security reauthorization proposal to provide further direction to the Department's cargo security functions, to strengthen aviation, maritime, rail, hazardous materials, and pipeline security efforts, and enhance interagency cooperation. The proposal will incorporate several Commerce Committee-reported and Senate-passed bills from the prior Congress and will also put forth new ideas to enhance transportation security across all modes of transportation.

We expect a fully funded, effective operating Administration that can:

- Provide security to the traveling public and instills confidence in the first line of defense—be it an airport screener or a seaport agent;
- Establish secure, efficient cargo systems for air, land and sea;
- Deter people that seek to do harm.

It is easy to set the goals, but often difficult to achieve them. I speak for my colleagues when I say that this Committee is fully committed to achieving these goals. And we have a record that demonstrates our ability to deliver a bi-partisan, broadly supported result.

The difficult work of securing all of our major modes of transportation, including our ports, railroads, intercity buses, pipelines, and motor carriers, is just beginning and the country demands a robust agency within DHS dedicated to that task.

I thank the witnesses for their participation and I look forward to their testimony.

The CHAIRMAN. Thank you very much.  
Senator McCain, do you have an opening statement?

**STATEMENT OF HON. JOHN McCAIN,  
U.S. SENATOR FROM ARIZONA**

Senator McCAIN. Thank you, Mr. Chairman.

Briefly, I understand many passengers, including myself, a frequent flyer, don't look forward to the prospects of paying an increased passenger security fee, as would—which is proposed in the President's 2006 budget. We're facing tough fiscal realities, and we need to make some tough choices.

Neither the airlines, already under huge financial strains, nor the general taxpayers, I think, should shoulder the entire burden of securing the airline passengers. I believe it's important the Federal Government continue to play a critical role in ensuring the safety and security of airline passengers. And, in this instance, I think it's appropriate that those directly benefiting, even me, the passenger, join in helping to cover those costs.

I look forward to hearing from the witnesses today on their views on the proposed passenger security fee increase and the President's TSA budget. In addition, I look forward to hearing from Admiral Stone, in particular, on the Department of Homeland Security's progress in implementing the many transportation security provisions that were included in the Intelligence Reform Act.



Thank you, Mr. Chairman.  
The CHAIRMAN. Senator Dorgan?

**STATEMENT OF HON. BYRON L. DORGAN,  
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, thank you.

This is obviously a very important issue. I think not only aviation security, but all forms of transportation security are critically important in this time period, and I look forward to having an opportunity to visit with our witnesses about it.

I did just want to make a point that this Committee supported the amendment which will now require—and I believe they're very close to finishing the rule on it—the prohibition of butane lighters on airplanes. As you know, Richard—I believe it was Reid—had the butane lighter. The FBI said he would have blown up—the shoe-bomber would have blown up the airplane. And so, we've been working on that. And I understand that's about done, and I think we're just waiting for a day or two before that gets out.

But I think rail security, port security, aviation security, all of these issues are critically important, and I'm anxious to discuss some of them today with our witnesses.

Mr. Chairman, thank you.  
The CHAIRMAN. Senator Boxer?

**STATEMENT OF HON. BARBARA BOXER,  
U.S. SENATOR FROM CALIFORNIA**

Senator BOXER. I'll just put my statement in the record.  
[The prepared statement of Senator Boxer follows:]

PREPARED STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM CALIFORNIA

Mr. Chairman, I want to thank you for holding this important hearing.

I believe that the overall budget the White House has sent to Congress is incomplete and unacceptable. Among the many problems with the budget is that it does not include the cost of the wars in Iraq and Afghanistan and, at the same time, it underfunds important domestic programs—including homeland security.

We are here today to focus on one of the biggest aspects of homeland security—securing our transportation system.

Transportation security funding is crucial for California. The state has five major airports. California's ports receive over 40 percent of our nation's goods. The ports of Los Angeles and Long Beach comprise the largest port complex in the U.S.—they are crucial for our nation's economy. California has the Amtrak line with the second highest ridership in the nation.

Almost three and a half years ago, this country confronted the worst terrorist attack in our history. Protecting our nation should be a top priority. However, this isn't the case with the Administration's Homeland Security budget.

Congress has said that aviation security is a federal responsibility. According to the Joint Explanatory Statement of the Conference Committee on the "Aviation and Transportation Security Act," which became law in November 2001, "The Conferees expect that security functions at United States airports should become a Federal Government responsibility." We must live up to that responsibility.

We have the same responsibility for port, rail, and transit security. But, the Administration's budget eliminates the Port Security Grant Program and replaces it with the so-called Targeted Infrastructure Protection Program (TIPP) that combines funding for protecting our ports, railroads, and transit systems.

So under the Administration's proposal, these major transportation systems will be fighting against one another for homeland security funds. There is no guarantee where the funding would be targeted.

In addition, the Administration requested only \$600 million for TIPP. That is not enough to meet all of our security needs.

It is not close to the \$5.4 billion over ten years that the U.S. Coast Guard estimates is needed at port facilities or the \$7.3 billion that is needed overall for port security. It is not close to the \$6 billion that transit agencies say is needed for security upgrades. It is not close to the almost \$800 million that Amtrak says it needs to improve its tunnels—not to mention improving security in other ways.

From the budget, we can tell what the Administration's priorities are—and they do not appear to be in protecting our nation.

Transportation security funding is crucial for California and our nation. We must be proactive in preventing another terrorist attack.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.  
Senator Nelson?

**STATEMENT OF HON. E. BENJAMIN NELSON,  
U.S. SENATOR FROM NEBRASKA**

Senator BEN NELSON. Thank you, Mr. Chairman.

I noted that, in the budget, in the proposed fee increase, that this is for continuation of the current program, apparently does not involve any kind of upgrading of the mechanical or nonpersonal security screening. I hope that, in your comments, you'll address how we're going to upgrade the screening process in the future to make it less cumbersome in certain areas, and more secure in other areas. There have to be these upgrades that have been talked about for quite a period of time, but I don't see anything that's being addressed, and I hope that you will deal with that. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

We welcome your testimony, Admiral. Please proceed.

Admiral STONE. Good morning, Chairman Stevens, Senator Inouye, and distinguished Members of the Committee.

The CHAIRMAN. I'm sorry, I did not see Senator Pryor come in. I apologize, Senator.

**STATEMENT OF HON. MARK PRYOR,  
U.S. SENATOR FROM ARKANSAS**

Senator PRYOR. Thank you, Mr. Chairman. All I want to say is, thank you for being here today. We appreciate the witnesses, look forward to the testimony.

Mr. Chairman, thank you for your leadership on this Committee. I'm a new Member here, and I'm excited about the tasks that lie ahead.

Thank you.

The CHAIRMAN. We're glad to have you. You're not exactly a stealthy Senator. I'm sorry I missed you there.

[Laughter.]

The CHAIRMAN. Senator Burns? Do you have a statement, Senator?

Senator BURNS. I don't have a statement. I just would make some points, but I can do that later. I think you want to get to the witnesses.

The CHAIRMAN. Good idea. Thank you.

Proceed again, Admiral.

**STATEMENT OF HON. DAVID M. STONE, ASSISTANT  
SECRETARY, TRANSPORTATION SECURITY ADMINISTRATION**

Admiral STONE. Thank you, sir.

Good morning, Chairman Stevens, Senator Inouye, and distinguished Members of the Committee.

I am pleased to testify before you this morning to discuss the President's Fiscal Year 2006 budget request for the TSA. I look forward to working closely with the Committee on protecting the Nation's transportation systems and continuing, under your direction and leadership, the strong relationship we have forged with this Committee.

For example, several Members of the Committee have focused on assuring the security of air cargo. Consistent with requirements of the intelligence reform legislation and our FY 2005 appropriations, we're working to triple the number of air-cargo inspections that are actually conducted and are currently analyzing comments to our air-cargo security notice of proposed rulemaking in order to issue a final rule by August 2005. Furthermore, we are moving aggressively to double our air-cargo inspection workforce from 100 to 200.

The President's budget requests 5.6 billion for TSA in 2006 to stabilize and strengthen TSA's essential mission. The request reflects an increase of 415 million for several initiatives and decreases of 258 million for programs being transferred to other components of DHS and for other adjustments. This results in an overall net increase of 156 million over the amount appropriated to TSA in 2005.

In addition, the FY 2006 request is based on the new program structure that redefines TSA's programs, projects, and activities to clearly align the agency's mission with its funding requirements. The restructuring will better enable TSA to effectively and efficiently secure our nation's transportation systems and will provide TSA with needed flexibility to respond to the ever-evolving security landscape.

Under the new structure, TSA appropriations will be divided into three categories: Aviation security, surface transportation security, and transportation security support. I would like to highlight increases to particular programs where we believe the commitment of additional resources will greatly enhance TSA's effectiveness and efficiencies.

These areas include 174 million to complete highspeed operational connectivity, called Hi-SOC. Hi-SOC will enhance the ability of TSA to transmit, on a timely basis, vital threat and security information throughout areas where operations are being conducted. In addition, it will increase training efficiency and screener effectiveness, while minimizing costs, and also assist TSA in transmitting human-resource data. Finally, and most importantly, Hi-SOC will allow TSA to be a metrics-based organization, providing field data to headquarters via the Performance Management Information System, known as PMIS.

I would like to highlight also the 43.7 million over 2005 for emerging checkpoint explosive-detection technologies. To address the threat of explosives carried on persons, TSA is utilizing 28 million from 2005 to purchase and deploy to checkpoints, at 40 of the nation's largest airports, 147 trace portals. For 2006, we requested

an increase of 43.7 million, for a total of \$72 million in 2006, to purchase an additional 195 portal units for deployment at an additional 41 airports. We also anticipate that the proposed increase will enable us to purchase explosive-detection document scanners, designed to collect explosive particles from travel documents that a passenger has handled, as well as to invest in appropriate fact-gather technologies, once approved.

There will be 180 million in additional funding for the screener work force. TSA has experienced a recurring need to reprogram funds from other programs to support the 45,000 screener work force. The estimate for increased FY 2006 payroll funds is based on the actual 2004 and 2005 experience to date. It incorporates higher benefit and other adjustments previously supported through reprogrammings. The proposed increase would be directed mainly toward stabilizing the screener payroll base, and should minimize the need for any screener workforce reprogrammings in the future.

The budget contains significant resources related to deployment of explosive-detection systems. Of the 617 million requested specifically for EDS ETV, 394 million would be used to purchase and install EDS.

Furthermore, the President's budget includes funds for reimbursement to airports for their work related to reconfiguration of airport facilities to accommodate installation of inline EDS under the eight letters of intent that have been executed.

The President's budget proposes language to maintain the 75 percent federal cost share for LOIs. TSA believes that the current cost share is fair and equitable, and that changing this cost-sharing formula would not only disrupt current LOI commitments, but would also undermine security effectiveness at other airports.

TSA will continue to work in conjunction with stakeholders to identify airports where there is the greatest need for support for the installation of inline EDS systems and to explore alternative mechanisms to fund inline EDS installations in the future.

The President's budget proposes to adjust the manner by which aviation security screening activities are funded. The proposed budget is designed to shift cost, to have the airline passenger, rather than the general taxpayer, shoulder the majority of the cost of aviation security in the interest of fairness and equity. The budget proposes to increase the passenger fee by \$3, raising the fee on a typical flight from \$2.50 to \$5.50. The maximum fee for passengers traveling multiple legs on a one-way trip would rise from the current maximum of \$5 to \$8. If this adjustment were to be adopted, passenger users would cover 73 percent of the estimated total aviation security screening costs through aviation security fees, as opposed to their current FY05 level of 36 percent.

In addition, the budget proposes air-carrier fee collections be set at 350 million in FY 2006, which would comprise 7 percent of aviation security screening costs, which is in sync with their current FY05 7 percent level.

The overall FY06 fee approach clearly shifts the burden of the fee more heavily onto the passenger user, and provides relief for the U.S. taxpayer, reducing the taxpayer's burden from 57 percent in FY 2005 to 20 percent in FY 2006.

I would also like to highlight our efforts to enhance security across America's surface transportation systems and to adopt threat-based risk-management approach for operational responsibilities across all modes of transportation.

In accordance with HSPV-7 and the National Infrastructure Plan, TSA is working closely with IAIP and is leading efforts to develop the TSA sector-specific plan. This plan delineates roles and responsibilities between transportation stakeholders to ensure that efforts are systemic, complete, and consistent with security efforts in other sectors. It will serve as the framework for defining the responsibilities for risk management of the transportation sector.

Within this plan is the modal plan that will implement the sector-specific plan on an operational and mode-specific level. The base plan was released for stakeholder review earlier this month, and I'm pleased to announce that, as of yesterday, stakeholders have secure Internet access to the modal plans for review.

Our efforts on the SSP and the modal plans are being expedited to meet the requirements set forth in the intelligence reform legislation for DHS to develop, prepare, implement, and update the national strategy for transportation security and modal security plans by April 1st, 2005.

In conclusion, I want to convey how proud I am of TSA. Our employees have sought to carry out their responsibilities with skill, dedication, and professionalism. This past year was particularly challenging with the large number of national special security events that took place and the return to high levels of airline passengers. TSA will continue to strive to improve transportation security while maintaining the free flow of goods and people. We plan to do so while meeting and exceeding the high expectations that Americans expect of us.

I'm happy to also report the results of our 2005 Customer Service Survey that were released late yesterday. Highlights included 92 percent of passengers were satisfied with their overall experience at the passenger checkpoint; 89 percent of passengers thought security was adequate, as opposed to excessive or inadequate; 85 percent of passengers believe screening procedures are similar between airports; and, finally, 82 percent of the passengers have confidence in TSA.

We know we have plenty of room for improvement. However, these numbers give perspective to what is often a slanted and distorted story regarding the performance of TSA.

Thank you for the opportunity to testify before you today. I look forward to working with the Committee in support of our FY 2006 funding request.

Mr. Chairman, this concludes my oral statement. I would be pleased to answer any questions, sir.

[The prepared statement of Admiral Stone follows:]

PREPARED STATEMENT OF HON. DAVID M. STONE, ASSISTANT SECRETARY,  
TRANSPORTATION SECURITY ADMINISTRATION

Good morning, Mr. Chairman, Senator Inouye, and Members of the Committee. I am pleased to appear before the Committee to speak in support of the President's FY 2006 budget request for the Transportation Security Administration (TSA). I appreciate the strong partnership we have forged together to ensure the safety and security of the nation's transportation systems while maintaining customer service

and the free flow of people and goods. I look forward to continuing our endeavors in partnership with the Committee under your direction and leadership.

TSA's mission—to protect the Nation's transportation systems to ensure the freedom of movement for people and commerce—continues to be a vital one, 3½ years after the tragic events of 9/11 that motivated TSA's creation. TSA's mission is completely aligned with that of the Department of Homeland Security and the Border and Transportation Security Directorate, created one year after the creation of TSA. TSA has worked diligently to implement the mandates of Congress to improve the security of aviation and surface transportation, first within the Department of Transportation and now within the Department of Homeland Security.

Today I would like to highlight some of the major accomplishments of TSA over the last fiscal year and focus your attention on some of the key initiatives that will be supported by the President's FY 2006 budget request for TSA. Those key initiatives include:

*Strengthening Security Through Information Technology Connectivity.* High-speed information technology connectivity will be key in our efforts to deliver effective and efficient security by better facilitating screener workforce training and the timely sharing of vital performance information.

*Strengthening Security Through Emerging Technologies.* As we continue to refine our layered approach to aviation security, we are placing a high priority on addressing the threat of explosives coming through the passenger screening checkpoints. We are using FY 2005 funding to move forward with deployment of explosive trace detection portals at screening checkpoints, and the proposed FY 2006 funding levels would further our efforts to deploy other emerging technologies for passenger and baggage screening.

*Strengthening Security of Surface Transportation Modes.* The tragic March 11, 2004, rail bombings in Madrid were a brutal illustration of our continuing need to protect rail and other open surface transportation systems. Additionally, although not terrorism-related, recent derailments of both passenger and freight trains carrying hazardous materials remind us of the potential for harm by anyone so inclined. TSA is committed to working with the private sector and other government entities to bring an appropriate level of security to all modes of transportation.

#### **Recent Accomplishments**

Before addressing these key programs, I would like to highlight briefly some of TSA's major accomplishments. With passenger air traffic returned to pre-9/11 levels, TSA is proud of its role in restoring the confidence of the flying public and making air travel more secure than it has ever been, while successfully minimizing passenger wait times at security checkpoints, delivering a high level of customer service, even during busy travel seasons. TSA has also worked with DHS, other federal agencies, and private sector partners to enhance security across surface modes of transportation through its intermodal programs. During FY 2004, TSA:

- Intercepted seven million prohibited items at airport checkpoints, including just over 600 firearms.
- Implemented the Registered Traveler pilot program that allows frequent fliers who have undergone background checks to undergo expedited screening, thus improving customer service while maintaining a high level of security through verification of identity. The results of this pilot are now being analyzed.
- Took major strides in developing and field-testing several new technologies, including the Secure Automobile Inspection Lane (SAIL) pilot on ferries operating between New Jersey and Delaware, scanning cars and trucks for explosives; the Transportation Worker Identification Credential (TWIC), a biometric-based identification system to verify the identity of individuals and control access to secure areas of the nation's transportation system; the Transit and Rail Inspection Pilot (TRIP) for screening passengers and baggage in a rail environment; and Explosives Trace Detection Portals and Explosives Detection Document Scanners at multiple airports.
- Recently certified the Reveal Technologies CT-80, a third type of Explosives Detection Systems (EDS) machine, and are in the process of conducting pilots in the operational environment, for the detection of explosives in checked baggage. This machine is smaller, less costly, and more compact, making it more appropriate for use in limited space and smaller airports where baggage throughput is lower and larger EDS machines are not practical because of limited space or the size of the airport.
- As part of Homeland Security Presidential Directive 7, for protection of Critical Infrastructure, we are nearing completion of the development of a security road map called the Transportation Sector Specific Plan (TSSP) and the Transpor-

tation Security Operational Plan, or TSSP's Modal Plan annexes, which set forth operational strategies and transportation security programs focused on reducing and mitigating security risks for the transportation modes, including aviation, rail, mass transit, highway, pipeline, and the postal and shipping sector.

- Issued Rail Security Directives setting security standards for all heavy and light rail operations, as well as Amtrak and the Alaska Railroad Corporation. These standards establish a formal baseline and standardize protective measures for all passenger rail assets, including personnel and physical assets and critical facilities.
- Began implementing a more localized, airport-centric system, underpinned by 20 local hiring centers around the country that serve as the focal points for local hiring activities. This decentralization promises speedier hiring to meet the dynamic needs of individual airports and greater screening workforce retention. The objectives of this next generation hiring system are to streamline the hiring process by providing direct, immediate hiring support to individual airports, putting screener hiring and training under control of the Federal Security Directors (FSD), and improving the ability to deliver the right mix of required screeners in a timely manner. We also anticipate the next generation hiring system will improve retention rates.
- Enhanced airport security nationwide by requiring fingerprint-based background checks and additional background screening on more than one million airport employees; requiring more patrols and surveillance in secure areas; increasing checks of employee identification (IDs) and vehicles in the sterile and secure areas; and piloting of SPOT (Screening of Passengers by Observation Techniques) at two airports that may enhance the capability of TSA screeners to identify threats to security.
- Strengthened air cargo security through increasing the number of air cargo security inspectors (to total 200 by the end of March 2005), issuing an air cargo Notice of Proposed Rule-Making (NPRM) that proposes major changes to the air cargo industry to strengthen air cargo security throughout the supply chain, while not impeding the flow of commerce; enhanced the Known Shipper Program by implementing a centralized database that currently includes information on approximately 450,000 known shippers; and, in coordination with the U.S. Customs and Border Protection, developing a Freight Assessment System that will identify elevated-risk cargo to be targeted for inspection.
- Pursued research and development to enhance air cargo screening capabilities by pilot testing commercial-off-the-shelf (COTS) technology for air cargo screening at six airports and issuing research and development grants to inventors of new technologies for screening air cargo for explosives.
- Worked closely with Customs and Border Protection, vetted flight crews on all incoming and outgoing international flights on domestic and foreign airlines throughout 2004. That amounted to more than 1 million screenings, some 3,000 a day, which served as a powerful and successful anti-terrorism deterrent. This vetting has thus far resulted in denials of 13 crew members that posed an unacceptable security risk.
- Implemented the alien flight student training program originally run by the Department of Justice and expanded the program to include student applicants seeking training on aircraft with a maximum takeoff weight under 12,500 pounds. Further, TSA has implemented improvements to the assessment procedure and now conducts checks on student applicants against additional law enforcement and intelligence data sources.
- Doubled the capacity of the training program for Federal Flight Deck Officers and extended the program to include cargo pilots. There are currently thousands of trained officers defending the cockpits of both commercial and all-cargo aircraft.
- Developed, tested and rolled out the volunteer Advanced Crew Member Self-Defense Training program for flight and cabin-crew members of air carriers.
- As a customer service initiative, added to our public website security checkpoint wait time information to assist travelers in planning for their next flight.

#### **Summary of the FY 2006 Appropriation Request**

The President's FY 2006 Budget Request of \$5.6 billion for TSA is dedicated to stabilizing and strengthening TSA's essential mission. These amounts do not include funding for programs such as Secure Flight that are currently under the purview

of TSA's Office of Transportation Credentialing and Vetting. Most of these programs will be transferred to a newly established Screening Coordination and Operations (SCO) Office within the Department's Border and Transportation Security (BTS) Directorate. The request reflects an increase of \$415 million for several initiatives, and decreases of \$258 million for programs being transferred to other components of DHS and for other adjustments. This results in an overall net increase of \$156 million over the amount appropriated to TSA in FY 2005.

TSA's FY 2006 budget request proposes revised appropriations language based on a new program structure that redefines TSA's appropriations and programs, projects, and activities to clearly align the agency's mission with its funding requirements. As we are completing our second year as a part of DHS, and integrating programs with those of the Department as a whole to achieve greater synergies, leverage assets, and reduce duplication of effort, this realignment will more accurately reflect TSA's needs on the road ahead. This restructuring will better enable TSA to effectively and efficiently secure our Nation's transportation system by providing needed flexibility to respond to the changing security landscape. Overall, the Administration proposes that TSA's FY 2006 funding be divided into three appropriations: Aviation Security, Surface Transportation Security and Transportation Security Support.

#### *Aviation Security*

TSA requests \$4.7 billion for the Aviation Security appropriation in FY 2006. These funds will support the current federalized and privatized screener workforce, provide sufficient training and other support for both passenger and baggage Screening Workforce and Equipment, and continue other critical aviation security regulation and enforcement activities. Critical increases are requested for screener payroll, checkpoint explosive detection technology, and high speed operational IT connectivity. An additional \$250 million will be provided by the Aviation Security Capital Fund for EDS installations. Funds will be used to continue workforce performance improvement and facilitate travel while maintaining security in our nation's commercial service airports.

The Aviation Security appropriation includes two distinct decision units: (1) Screener Workforce and Equipment and (2) Aviation Direction and Enforcement. Screening Workforce and Equipment comprises funding to support passenger and baggage screener activities, including screener salaries, training, supplies, checkpoint support, purchase and installation of screening equipment to include explosives detection systems (EDS) and explosives trace detection machines (ETD). This unit also includes contractor private screening companies under the Screening Partnership Program. In FY 2005, TSA proposes to devote \$3.8 billion to these activities, plus \$250 million more from the Aviation Security Capital Fund for EDS installations.

The Screening Workforce and Equipment decision unit also includes the funds for reimbursements to airports for their work relating to reconfiguration of airport facilities to accommodate installation of in-line EDS pursuant to the eight letters of intent (LOIs) that have been executed. The President's Budget proposes language retaining direction included in the Homeland Security Appropriations Act, 2005, to maintain the 75 percent federal cost share for LOIs. TSA believes that the current cost share is fair and equitable and that changing this cost sharing formula could not only disrupt current LOI commitments but undermine the long-term security effectiveness and efficiency of equipment integration. TSA recognizes that additional airports have expressed an interest in obtaining federal financial support for installation of in-line EDS systems. TSA is determining where there is greatest need for the installation of in-line EDS systems. In addition to the already executed eight Letters of Intent (LOI) covering nine airports, TSA purchases and installs in-line EDS equipment through a variety of funding mechanisms, especially Other Transactional Agreements (OTAs). The President's Budget also includes proposed language to permit the distribution of funds from the Aviation Security Capital Fund based on the greatest benefit to aviation security, rather than a non-security related formula.

The FY 2006 request includes \$165 million in increased funds for screener payroll. TSA has experienced a recurring need to reprogram funds from other programs to support the 45,000 screener FTE. The estimate for increased FY 2006 payroll funds is based on actual FY 2004 and FY 2005 experience to date and incorporates higher benefit and other adjustments previously supported through reprogrammings. These increased funds in FY 2006 will stabilize the screener payroll base and should eliminate the need for reprogrammings in the future. With these additional funds, TSA will continue to ensure security and adequate wait time performance, especially at larger airports.



The second decision unit, Aviation Direction and Enforcement, includes activities that ensure that TSA continues to build a strong security regulation and enforcement presence on-site at the nation's commercial airports. Funding requested under this decision unit supports air cargo and airport regulation compliance through inspections, TSA-certified explosives detection canine teams, and reimbursements provided to state and local law enforcement for support provided at commercial airport checkpoints. This decision unit also includes the airport management and direction staff, airport information technology (IT) connectivity, and administrative support. This unit also supports the Transportation Security Operations Center (TSOC), which serves as the 24/7 operations center (command center) for transportation security-related operations, incidents, or crises for TSA, interfacing directly with the DHS Homeland Security Operations Center for good information-flow with DHS. In FY 2005, TSA is budgeting to spend \$862 million for these programs.

The President's Budget proposes to recover the majority of the Aviation Security funds through aviation security user fees, specifically the passenger security fee and the air carrier fee (Aviation Security Infrastructure Fee (ASIF)). The original intent of the Aviation and Transportation Security Act (ATSA), Pub. L. 107-71, was for the newly created aviation user fees to cover TSA's cost for aviation security. ATSA also capped the fees but in a way that indicates Congress assumed TSA's costs would be fully recovered even with those caps. However, currently, the government and taxpayers are shouldering the majority of the costs of civil aviation security rather than passengers and air carriers. For example, in the first two years since TSA was created, the FY02 and FY03 total security fee collections comprised approximately 30 percent of total TSA costs for civil aviation security. These fees funded approximately 41 percent of the agency's aviation security costs for FY04, and, if the current fee levels continue, estimates for FY05 and FY06 show that the security fees would be less than 50 percent of the costs of aviation security costs.

Since it costs TSA significantly more to provide aviation security than the agency collects in fees, the proposed budget is designed to have the airline passenger, rather than the general taxpayer, cover more of TSA's aviation security cost in the interest of fairness and equity. The 2006 Budget proposes to increase the passenger fee by \$3.00, raising the fee on a typical flight from \$2.50 to \$5.50. For passengers traveling multiple legs on a one-way trip, that fee would rise from the current maximum of \$5.00 to \$8.00. If this adjustment is adopted, the revised fee would ensure near full recovery of aviation screening costs. TSA would cover nearly 80 percent of estimated total TSA aviation screening costs through aviation security fees (equivalent to more than 90 percent of the total of airport-specific security cost). Consequently, resources from the general taxpayer could be used for more broadly applicable homeland security needs.

The Budget also assumes a lower collection level for the air carrier fee than was assumed in the proposed FY 2005 budget. TSA would set the amount of the fee collected at \$350 million in FY 2006, a reduction from the \$750 million presumed to be collected in the requested level in FY 2005. We note that, consistent with the DHS Appropriations Act, 2005, the Government Accountability Office is currently conducting an audit to help determine what the proper air carrier fee collections should be based on the criteria set forth in ATSA.

#### *Surface Transportation Security*

The Surface Transportation Security appropriation includes resources for TSA's security operations in all non-aviation modes of transportation. Such operations include developing best practices, standards, and regulations to protect the transportation infrastructure; conducting inspections to monitor and enforce compliance with standards and regulations; designing and implementing vulnerability assessment models for all surface transportation modes; and strengthening industry stakeholder partnerships through sustained information sharing. TSA's FY 2005 spending plan includes \$128.8 million for these programs, plus \$27 million in anticipated receipts from fee programs. The budget requests \$32 million for the Surface Transportation Security appropriation in FY 2006. These funds will maintain TSA's various surface transportation security initiatives, including the surface transportation inspectors that focus primarily on rail security.

#### *Transportation Security Support*

The third appropriation, Transportation Security Support, supports the operational needs of TSA's extensive airport/field personnel and infrastructure. TSA has developed and will maintain a flat organizational structure that emphasizes front-line service delivery with well-trained managers that are supported by an array of services. Included in this appropriation is funding for headquarters facilities and staff, Transportation Security Intelligence Service (TSIS), and rent, furniture, park-

ing and transit benefits. The FY 2005 TSA budget includes \$771.9 million for the full range of support activities. TSA requests \$545 million in FY 2006 for the Transportation Security Support appropriation. These funds will ensure that TSA's screeners and other operational employees have sufficient intelligence, information technology, policy direction, administrative services, and other key support to accomplish the agency's mission. TSA will continue to seek opportunities to increase efficiencies in these programs through innovative approaches and improved management.

#### **Strengthening Security Through Information Technology Connectivity**

The President's FY 2006 budget request includes an increase of \$174 million for High Speed Operational Connectivity (Hi-SOC) to continue our efforts to deploy at more than 200 sites. This request supports a key DHS strategic objective of providing operational end users with the technology and capabilities to detect and prevent terrorist attacks, means of terrorism and other illegal activities. The DHS Office of the Chief Information Office (CIO) Council identifies TSA connectivity as its number one requirement.

Hi-SOC is a critical investment for TSA that will greatly impact DHS's mission performance. Without these funds, 379 out of 600 (63 percent) field sites, including airports, will continue to communicate and provide security-related information over dial-up Internet connections. As a result, FSDs have reported download times of two or more hours when attempting to access Security Directives, On Line Learning programs, Human Resource capabilities and TSA and DHS websites. Further, at some of the largest airports in the country there is little to no telephone or computer interconnectivity among administrative spaces, screening areas and baggage areas. If a security incident were to occur in one area of the airport, a critical time delay in transmitting information to another key operating element could create a risk of enormous magnitude. Overall, Hi-Soc will:

- **Increase Training Efficiency and Screener Effectiveness while minimizing costs.** As of June 22, 2004, TSA has deployed network connectivity to 1,822 of 4,052 (45 percent) of the training computers located at 120 of 440 (27 percent) Federalized airports. This network connectivity has provided access to the Online Learning Center for these airports, yet the majority of the federal screeners must endure long download times or rely on alternate means to take their mandatory training, making it difficult for them to access programs to help them stay abreast of the most current security threats. Additionally, supervisors at these locations must perform manual data management for their training records.  
Hi-SOC will also provide a much more efficient method of developing and transmitting training materials to airports. Currently, the Workforce Performance and Training Office (WPT) must use a high cost and labor-intensive distribution process, which includes the production of computer disk training material (approximately \$110,000 per year, with 20 mass distributions).  
Today, screener training results cannot be collected or aggregated. As a result, the WPT cannot correlate training results down to the individual screener level nor tailor remedial training material at the screener level. Hi-SOC will enable training results data to be aggregated quickly and ensure data is immediately available to local airport screener managers and others to facilitate improvement in screener workforce performance.
- **Improve Overall IT and Aviation Security.** Because airport computers are not connected to the TSA network, TSA cannot maintain information security on the computers or deploy quick security patches to the computers, making these computers potentially vulnerable to hackers and virus infections. Hi-SOC will provide much better protection through an overall computer network with secure communications and tested capabilities.
- **Enhance Aviation and Surface Security.** High speed connectivity is necessary to deploy and implement fully several security programs that have been or are being developed. These programs include Electronic Surveillance System (a remote camera system for performance monitoring, potential facial recognition technology) and Transportation Workers Identification Credential (TWIC). Hi-SOC will also greatly increase the efficiency and decrease the cost of the Threat Image Projection program (a threat detection training and performance process using images of prohibited items to simulate a threat) by allowing performance data to be accessed from headquarters and enabling rapid updates of the threat image library, in lieu of manual updates to x-ray machines at airports across the country.

### **Strengthening Security Through Emerging Checkpoint Technologies**

TSA is committed to enhancing technological support to the screening workforce at the passenger checkpoint. Of the many technology-related activities that contribute to this goal, a key element is deploying emerging technology. The President's budget proposes an increase of \$43.7 million for Emerging Checkpoint Explosives Technology.

The 9/11 Commission recommended that DHS take immediate action to improve explosives screening of all higher risk passengers at airport screening checkpoints. TSA will devote a total of \$100 million to this initiative in Fiscal Years 2005 and 2006 to ensure that all higher risk passengers receive improved explosives screening. This will reduce the need for extensive pat-down screening.

In FY 2005, TSA received \$28.3 million in resources for the first time to field emerging technology equipment at checkpoints. These resources will be used to acquire technologies that had recently been developed and will improve the effectiveness of checkpoints today. This funding will facilitate the purchase and deployment of 147 static trace portals, a passenger screening sub-system using a whole body portal to inspect passengers for concealed explosives using an automated, non-contact trace sampling and processing system. The selected sites for this initial deployment effort will include 40 of the Nation's largest airports. TSA will use the portals to screen those passengers identified as selectees for the presence of explosives. Use of the portals will limit the need to conduct selectee pat-down searches to those who cause the trace portal or walk through metal detector to alarm. TSA anticipates that the use of this technology will also decrease passenger processing times and minimize the impact on the traveling public.

TSA is also piloting explosives trace detection document scanners that are designed to collect explosives particles from travel documents that a passenger has handled. The first generation of this technology, currently being tested at four airports, is a manual system that requires the screener to handle the document during the screening process. TSA is working with industry to develop an automated system, which will allow the document to be inserted into the technology directly, eliminating the need for screener interaction.

For FY 2006 the Administration is requesting \$43.7 million in addition to the existing \$28.3 million in base resources to direct additional resources to this important initiative. With this funding, TSA is planning to purchase an additional 195 trace portal units, which will allow us to expand the deployment of trace portals to 41 additional airports. Additionally in FY 2006, we anticipate that an automated explosives trace detection document scanner will be ready for purchase and deployment.

TSA also will deploy improved technology for screening checked baggage. \$394 million of the \$617 million requested for EDS/ETD for FY 2006 (including contributions of \$250 million from the mandatory funded Aviation Security Capital Fund) will be used to purchase and install EDS (which includes Next Generation (Next Gen) and ETDs for needed life-cycle replacement). These purchases are part of the agency's deployment plan to change the mix of stand alone EDS and ETD machines. Next Gen EDS availability is a direct result of prior year investments in the research and development of Checkpoint and Electronic Baggage screening systems. These systems are expected to provide improved detection capabilities and improved passenger and baggage throughput; are smaller in size in some instances; and are expected to reduce staffing requirements and minimize industry/customer impact. Operational expenditures are expected to be reduced because Next Gen development is divided into two categories, short term and long term. Deployment of short term Next Gen solutions will begin in FY 2005 and continue through FY 2006. One of the two Next Gen projects that will be pilot tested in FY 2005 will be Reveal Technologies CT-80. This technology, while still CT (computed tomography/cat scan) based, is much smaller and less expensive than the current certified EDS technologies. We will be purchasing eight units from Reveal for operational testing at three airports within the next several months. Then, TSA will review the results of the pilots to determine the appropriate next steps. The other Next Gen product currently undergoing certification testing is an upgrade to one of the current high-throughput EDS technologies. This upgrade will increase throughput capacity, reduce alarm rates and significantly enhance the image quality presented to our screeners. With these improvements, we anticipate that fewer bags will require resolution screening, thereby reducing the manpower needed to clear bags that cause an alarm.

Long term, Next Gen solutions are under development and may be deployable in FY 2009 and beyond. The mix of equipment would change as it could be possible that one Next Gen EDS could replace up to three ETD machines for primary screening, depending upon throughput requirements. We anticipate that one ETD will still be deployed with Next Gen EDS for use in alarm resolution. This solution will pro-

vide increased EDS security benefits and expand EDS capabilities to cover all operations at airports that have only partial EDS capabilities.

In the past, the TSA budget has contained requests for research and development (R&D) funding. The TSA R&D program consists of research and development performed at the Transportation Security Lab (TSL) in Atlantic City, New Jersey, applied research and development efforts for weapons detection, as well as infrastructure and conveyance, Next Gen Explosives Detection Systems, and development of Air Cargo technology. These programs received a total of \$178 million in the FY 2005 Department of Homeland Security (DHS) Appropriations Act. For FY 2006, the research and development elements of these programs would be permanently transferred to the DHS Office of Science and Technology (S&T). A significant portion of the R&D budget and a portion of TSL full time equivalents (FTE) are proposed to be transferred to S&T in the FY 2006 request. TSA will retain \$23 million, as well as 14 FTEs needed to ensure the agency can continue to meet its operational mission and to liaison with S&T for defining program requirements and integrating R&D products into operations.

### **Strengthening Security of Surface Transportation**

TSA also enhances security for America's surface transportation systems, while ensuring freedom of movement of people and commerce. America's transportation system includes approximately 775 million passengers traveling on buses each year and over 9 billion passenger trips on mass transit per year; over 140,000 miles of railroad track (of which 120,000 miles are privately owned), 3.8 million miles of roads (46,717 miles of Interstate highway and 114,700 miles of National Highway System roads), 582,000 bridges over 20 feet of span, 54 tunnels over 500 meters in length, nearly 2.2 million miles of pipeline; and nearly 800,000 shipments of hazardous materials transported everyday (95 percent by truck).

To help achieve greater security for surface transportation, TSA is the DHS responsible agency for developing the Transportation Sector-Specific Plan (TSSP) and Transportation Security Operations Plans (TSOP) (*i.e.*, modal security plans). The plans are being developed in accordance with Homeland Security Presidential Directive 7 (HSPD-7), the developing National Infrastructure Protection Plan (NIPP), and Congressional direction. They will serve a critical purpose by providing the framework and defining the responsibilities for risk management of the Transportation Sector. TSA has worked closely with Information Analysis and Infrastructure Protection Directorate (IAIP) and the Department of Transportation to develop the Transportation Sector Specific Plan (TSSP) under the guidance of Border and Transportation Security Directorate (BTS). The TSSP and TSOP will provide important guidance for TSA's surface transportation security work.

As evidenced by last year's rail bombings in Madrid, there is an ongoing potential threat to our domestic, intermodal transportation system that requires intermodal countermeasures. TSA has regulatory authority for all of surface transportation security and utilizes a threat-based risk management system to ensure transportation security and to direct the investment of resources. Transportation security is a shared public/private responsibility, and with this in mind, TSA coordinates and leverages government and industry efforts to develop security plans and standards for intermodal transportation.

This approach provides consistency among modes and recognizes transportation security in the context of intermodal, interdependent and international concerns. TSA continues to work with modal administrators within the Department of Transportation and industry stakeholders to establish best practices and national standards, develop security plans and regulations, better assess security vulnerabilities, and identify needed security enhancements for surface transportation modes and related infrastructure. In FY 2005, it is anticipated that TSA will:

- Build upon the pilot project efforts and initiatives commenced in FY 2004 to identify best practices, develop performance-based standards and regulations, and build risk-based security plans, such as identifying Hazmat transportation security vulnerabilities and mitigation strategies.
- As delegated by IAIP, continue to develop and implement vulnerability assessment models for all surface modes as the basis for identifying security gaps and developing mitigation.
- In coordination with IAIP, strengthen industry stakeholder partnerships to facilitate information sharing through the transition from Information Sharing Analysis Centers (ISACs) to Sector Coordinating Councils and Government Coordinating Councils.
- Increase security awareness and response by providing security awareness materials for surface transportation employees, operators, and passengers; con-

ducting national security exercises; and continuing to provide transportation security guidance, support, and coordination for National Special Security Events.

- Provide operational support and expertise to Office of State and Local Government Coordination and Preparedness in the non-aviation transportation security grant selection process.
- Hire and deploy 100 surface transportation compliance inspectors, who will first focus on rail security, to enhance the level of national transportation security by leveraging private and public partnerships through a consistent national program of compliance reviews, audits, and enforcement actions pertaining to required standards and directives.

In presenting our budget, we understand our responsibility towards the American public to be good stewards of the funds entrusted to us. TSA has achieved an unqualified audit opinion for FY 2004, its fourth consecutive clean audit. In FY 2005, TSA is striving to maintain its clean audit record and correct any internal control weaknesses noted in audit reports. With the transition to DHS behind us, TSA continues to implement more efficient and effective financial management processes across the organization.

In conclusion, I want to express, as I have in the past, how proud I am of TSA's security screening workforce. Our screeners have carried out their responsibilities with skill and professionalism in a challenging and ever-changing environment. This past year was particularly challenging with the large number of National Special Security Events, for which many of our screeners and other personnel provided unique support. The reality of TSA's mission is such that we must constantly be prepared to provide on a 24/7 basis the highest level of security we can within the resources we have been provided. The increasing variety and sophistication of weapons and communication tools available to modern terrorists presents a significant challenge.

While our security screening workforce is on the front lines, headquarters staff and TSA leadership maintain the vigilance necessary to support our vital mission. Each day, I meet with TSA leaders at an Operations/Intelligence briefing to address key operational and intelligence issues as they arise and to ensure that appropriate action is taken. While we are aware that the risk of terrorism will likely never be eliminated, that risk has been greatly reduced. TSA will continue to identify and evaluate threats and vulnerabilities and to implement measures that both facilitate transportation and improve its security.

Thank you for the opportunity to provide this information. TSA looks forward to working with the Committee as we continue our efforts to strengthen homeland security. I will be pleased to answer any questions you may have.

The CHAIRMAN. Thank you very much.

Ms. Berrick, the Director of Homeland Security and Justice at the GAO, please.

**STATEMENT OF CATHLEEN A. BERRICK, DIRECTOR, HOMELAND SECURITY AND JUSTICE, GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. BERRICK. Thank you, Mr. Chairman and Members of the Committee, for the opportunity to discuss TSA's budget request today and efforts to secure the transportation system.

My testimony today describes DHS and TSA efforts in managing risks and allocating resources across transportation modes and in integrating screening and R&D efforts to achieve efficiencies, as proposed in the President's budget.

TSA should be commended for the many initiatives they have undertaken since September 11th to strengthen security. These include purchasing and deploying equipment to screen checked baggage for explosives and hiring a federal work force of over 40,000. However, we have found that, in allocating its resources, TSA could improve in conducting the systematic planning needed to prioritize their efforts.

With respect to baggage screening, we found that, having initially fielded equipment to screen checked baggage for explosives, TSA has not conducted the planning needed to optimize efficiencies. TSA has estimated that integrating screening equipment in line with airport baggage conveyor systems, although requiring a significant up-front investment, could result in savings of over \$1 billion to the Federal Government over 7 years for the nine airports they reviewed. This estimated savings is due, in large part, to the significantly fewer number of screeners that will be required to operate the machines.

We also found that airport passenger and baggage screeners do not always receive the required training that they were required to have. This is due, in part, to a lack of high-speed Internet access at airport facilities. Only 27 percent of airports currently have this access. The President's budget request for additional funds to install this access should help airports make this training available to all screeners.

We also found that TSA plans to implement a threat-based risk-managed approach to securing air cargo. However, TSA must take a number of actions before they can move forward with their plans. These include developing a data base to help them target high-risk shippers and finalizing criteria for profiling high-risk cargo.

DHS has also proposed in the budget request two key organizational changes designed to achieve synergy and avoid duplication of efforts. These changes include creating an Office of Screening Coordination and Operations that would combine several terrorist-related screening activities, and consolidating their R&D efforts at the DHS level. We commend DHS in attempting to achieve efficiencies through this consolidation. As they move forward, it will be important to define program commonalities and roles and responsibilities.

DHS will also need to address existing challenges that we have identified with its screening and R&D programs. These challenges include developing a comprehensive plan for managing the transportation workers identification credential and increasing coordination between DHS and other federal agencies, including the Department of Transportation, related to R&D activities.

We are encouraged that the President's budget request outlines that TSA plans to integrate a risk-management approach into their decision-making processes. Consistent with this approach, TSA will need to conduct rigorous planning and prioritization to help ensure they are focusing their resources on the areas of greatest need.

Mr. Chairman, this concludes my opening statement. I would be happy to respond to any questions.

[The prepared statement of Ms. Berrick follows:]

PREPARED STATEMENT OF CATHLEEN A. BERRICK, DIRECTOR, HOMELAND SECURITY  
AND JUSTICE, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to participate in today's hearing to discuss the security of our nation's transportation system and the numerous initiatives under way and planned intended to strengthen security. Following the terrorist attacks of September 11, 2001, much attention was focused on securing our commercial aviation system. Since that time, emphasis on other modes of transportation has grown as vulnerabilities are identified and highlighted, such as attempts to introduce weap-

ons of mass destruction into the United States through ports, or to launch chemical attacks on mass transit systems. Critical transportation systems crisscross the nation and extend beyond our borders to move millions of passengers and tons of freight each day, making them both attractive targets and difficult to secure. Securing these systems is further complicated by their nature and scope, the number of stakeholders involved, and the need to balance security with the expeditious flow of people and goods through these systems. The Department of Homeland Security (DHS) and the Transportation Security Administration (TSA) face the daunting challenge of determining how to allocate their finite resources to manage risks while addressing threats and enhancing security across all transportation modes.

My testimony today describes DHS and TSA efforts in managing risks and allocating resources across aviation and surface transportation modes, and in integrating screening, credentialing, and research and development (R&D) efforts to achieve efficiencies. My comments are based on issued GAO reports and testimonies addressing the security of U.S. aviation and surface transportation systems, and our review of the President's budget request for Fiscal Year 2006. Appendix I contains a list of related GAO products released since September 11, 2001.

### Summary

DHS and TSA have undertaken numerous initiatives to strengthen transportation security, particularly in aviation, and their efforts should be commended. Since September 11th, for example, in addition to hiring and deploying a workforce of over 40,000 airport passenger and baggage screeners, TSA has:

- Installed equipment at most of the nation's more than 400 commercial airports to provide the capability to screen all checked baggage using explosive detection systems, as mandated by Congress.
- Taken numerous steps to expand training available to the screener workforce and to develop performance measures to assess screener performance.
- Outlined a threat-based, risk-management approach for securing the air cargo transportation system.
- Taken actions to evaluate and enhance the security of airport perimeters and the controls that limit access into secured airport areas.
- Partnered with federal agencies and state governments and the general aviation industry in securing general aviation operations.
- Implemented a Screening Partnership Program through which commercial airports can apply to TSA to use private rather than federal passenger and baggage screeners.
- Issued security regulations for passenger rail assets, and begun to conduct criticality assessments of stations, tunnels, and bridges.

DHS has also proposed, in its Fiscal Year 2006 budget request, two key changes in its organizational structure that are designed to achieve synergy and avoid duplication of effort. These changes include creating an Office of Screening Coordination and Operations within the Border and Transportation Security Directorate that would combine several ongoing, terrorist-related screening initiatives, and consolidating its R&D efforts—currently spread across four DHS component agencies including TSA—inside its Science and Technology Directorate.

While these are commendable efforts, we also found that TSA had not always implemented a risk management approach, or conducted the systematic analysis needed, to inform its decision-making processes and to prioritize its security improvements. While we recognize that fully integrating a risk management approach is challenging for any organization, our work has shown that such an approach can help inform decision makers in allocating finite resources to the areas of greatest need. For example, we found that since the initial deployment of equipment to screen checked baggage for explosives at commercial airports in response to congressional mandates, TSA has not conducted the systematic planning needed to optimize the deployment and integration of this equipment. Limited analysis has shown that the integration of this equipment in-line with airport baggage conveyor systems—rather than maintaining the systems in a stand-alone mode—could result in significant savings for the Federal Government for the nine airports assessed. We also found that TSA must take a number of actions before a comprehensive risk management approach can be applied to securing air cargo. These actions include establishing complete databases of known shippers, addressing the potential ease with which shippers may become “known,” and identifying and testing security technologies in order to develop and implement a system to screen 100 percent of high risk cargo. We also found that a risk-based approach is being adopted for rail security.

In addition, while we applaud DHS's efforts to achieve efficiencies through leveraging resources and technology and improving internal coordination through proposed organizational changes, it will be important for DHS to address several challenges that have been identified with respect to these programs as the integration moves forward. Restructuring alone will not resolve all existing challenges or ensure the successful integration and achievement of DHS's goals. The challenges we identified include developing regulations identifying eligibility requirements for the Transportation Workers Identification Credential, and instituting a comprehensive plan for managing the project. DHS will also need to include goals with measurable objectives in its R&D strategic plans, prepare and use risk assessments to select and prioritize R&D projects, and coordinate with R&D stakeholders.

### **Background**

The nation's transportation system is a vast, interconnected network of diverse modes. Key modes of transportation include aviation; highways; motor carrier (trucking); motor coach (intercity bus); maritime; pipeline; rail (passenger and freight); and transit (buses, subways, ferry boats, and light rail). The nation's transportation systems are inherently open environments, designed to move people and commerce quickly to their destinations. For example, the nation's transportation system moves over 30 million tons of freight and provides approximately 1.1 billion passenger trips each day. The diversity and size of the transportation system make it vital to our economy and national security.

TSA is responsible for the security of all modes of transportation, as outlined in the Aviation and Transportation Security Act (ATSA) (Pub. L. 107-71). Following the passage of ATSA, TSA began addressing two major challenges—procuring and installing explosives detection systems (EDS) and explosive trace detection (ETD) systems to screen checked baggage for explosives,<sup>1</sup> and hiring and deploying federal screeners to screen passengers and their baggage at commercial airports nationwide. TSA is also tasked with managing security risks to surface transportation systems. These systems include 9 billion passenger trips per year on the nation's mass transit systems, over 161,000 miles of interstate and national highways and their integrated bridges and tunnels, and nearly 800,000 shipments of hazardous materials.

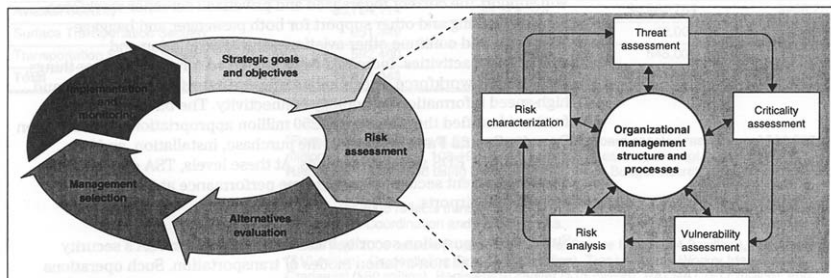
### **Risk Management Approach**

Given the vast transportation network, quick and easy access for passengers and cargo must be maintained while identifying the best possible strategies for security. The President's Fiscal Year 2006 budget request recognizes the need for TSA to identify, prioritize, and manage risks, and mitigate the impact of potential incidents, to help ensure that the best strategies are pursued. Consistent with this goal, GAO has advocated the need to implement—at TSA and throughout the Federal Government—a risk management approach for prioritizing efforts and focusing resources. A risk management approach entails a continuous process of managing risk through a series of actions, including setting strategic goals and objectives, assessing risk, evaluating alternatives, selecting initiatives to undertake, and implementing and monitoring those initiatives.

Assessing risk, a critical component of a risk management approach, involves three key elements—threats, vulnerabilities, and criticality—that provide input into the decision-making process. A threat assessment identifies and evaluates potential threats on the basis of factors such as capabilities, intentions, and past activities. A vulnerability assessment identifies weaknesses that may be exploited by identified threats and suggests options to address those weaknesses. A criticality assessment evaluates and prioritizes assets and functions in terms of specific criteria, such as their importance to public safety and the economy, as a basis for identifying which structures or processes are relatively more important to protect from attack. Information from these three assessments can lead to a risk characterization, such as high, medium, or low, and provides input for prioritizing security initiatives.<sup>2</sup> Figure 1 depicts a risk management cycle.



Figure 1. Risk Management Cycle



Source: GAO.

### *President's Budget Request for Fiscal Year 2006*

In addressing security needs and challenges for all transportation modes, the President's Fiscal Year 2006 budget request categorizes TSA activities into three main areas: (1) Aviation Security, (2) Surface Transportation Security, and (3) Transportation Security Support.<sup>3</sup> Each of these areas is summarized in detail below and the total funds requested are presented in table 1 that follows the summary.

Aviation security includes two distinct decision units: screening workforce and equipment, and aviation direction and enforcement. Screening workforce and equipment includes funding to support passenger and baggage screener activities such as screener salaries and training, and the purchase and installation of screening equipment. Aviation direction and enforcement includes regulation compliance for air cargo, airports, and airlines through inspections and other efforts, and airport technology activities and administrative support. The budget requests about \$5 billion for the aviation security appropriation for Fiscal Year 2006. These funds will support the current federalized and privatized screener workforce, provide training and other support for both passenger and baggage screening, and continue other aviation security regulation and enforcement activities. Increases were requested for, among other things, the screener workforce, checkpoint explosive detection technology, and high-speed information technology connectivity. The budget request further identified the mandatory \$250 million appropriation of the Aviation Security Capital Fund to assist in the purchase, installation, and/or integration of EDS and ETD systems. At these levels, TSA expects to maintain current security and wait time performance at over 430 commercial airports.

Surface transportation security includes resources for TSA's security operations in all non-aviation modes of transportation. Such operations include developing standards and regulations to protect the transportation infrastructure; conducting inspections to monitor and enforce compliance with standards and regulations; designing and implementing vulnerability assessment models for all surface transportation modes; and facilitating information sharing with transportation stakeholders. The budget requests \$32 million for surface transportation security in Fiscal Year 2006. These funds will be used to maintain TSA's various surface transportation security initiatives, including surface transportation inspectors added during Fiscal Year 2005.

Transportation security support includes funding for the operational needs of TSA's airport and field personnel and infrastructure. This area also supports TSA headquarters and the Transportation Security Intelligence Service. Although R&D funds are also included in this appropriation, the President's Fiscal Year 2006 budget request proposes that these funds be transferred to the DHS Science and Technology Directorate. The budget requests \$545 million for transportation security support for Fiscal Year 2006. These funds will be used to help ensure that TSA screeners and other operational employees have sufficient intelligence information, information technology, management direction, administrative services, and other key support to accomplish the agency's mission.

Table 1: President's Fiscal Year 2006 Budget Request for TSA

	FY 2004 Enacted <sup>a</sup>	FY 2005 enacted	FY 2006 pres. budget	FY 2006 +/- FY 2005
(dollars in thousands)				
Aviation Security <sup>b</sup>	\$3,724,114	\$4,578,523	\$4,984,784	\$406,261
Surface Transportation Security <sup>c,d</sup>	261,449	115,000	32,000	-83,000
Transportation Security Support <sup>e</sup>	592,480	711,852	545,008	-166,844
<b>Total</b>	<b>\$4,578,043</b>	<b>\$5,405,375</b>	<b>\$5,561,792</b>	<b>\$156,417</b>

<sup>a</sup>Fiscal year 2004 shows a .59 percent across-the-board enacted rescission of \$13.657 million pursuant to P.L. 108-199. Fee-funded activities were exempt from rescission. Rescission was applied using Office of Management Budget discretionary fee estimates of \$2,276.947 million.

Source: DHS.

<sup>b</sup>Fiscal year 2005 reflects transfer of \$173 million in grants to Office of State and Local Government Coordination and Preparedness.

<sup>c</sup>Fiscal year 2006 reflects proposed transfer of Secure Flight (\$34.9 million), Crew Vetting (\$10 million), Credentialing Startup (\$10 million), Transportation Worker Identification Credential (\$50 million), Registered Traveler (\$15 million), HAZMAT (\$17 million), and Alien Flight School (\$5 million) to the proposed new Office of Screening Coordination and Operations which is within the DHS Border and Transportation Security Directorate.

<sup>d</sup>Fiscal year 2006 reflects proposed research and development consolidation transferring 60 full-time equivalents and \$109.040 million to the DHS Science and Technology Directorate.

### TSA Has Taken Steps to Strengthen Aviation and Surface Transportation Security, but Better Planning Is Needed

TSA has taken numerous steps to strengthen aviation and surface transportation security and should be commended for its efforts. However, better planning is needed to help ensure that these initiatives are focused on the areas of greatest need to assist TSA in achieving efficiencies and enhancing security. For example, since September 11, for example, TSA has (1) installed EDS and ETD systems at most of the nation's commercial airports to provide the capability to screen all checked baggage using explosive detection systems, (2) expanded screener training and developed performance measures and indicators for the screening systems, (3) developed an air cargo strategic plan, and (4) evaluated the security of airport perimeters and access controls and provided funds for security equipment. Despite these efforts, however, we have consistently found—because of circumstances beyond TSA's control and a lack of planning—that TSA has not conducted the systematic analysis needed to inform its decision-making processes and to prioritize security enhancements. For example, we found that TSA has not always conducted needed assessments of threats, vulnerabilities, and criticality in allocating its resources, and has not fully assessed alternatives that could be pursued to achieve efficiencies and potentially enhance security. Such planning could guide TSA in moving forward in its allocation of transportation security funding and assist it in making wise investment decisions while enhancing the security of all transportation modes.

#### *Systematic Planning Needed to Optimize the Deployment of Checked Baggage Screening Systems*

In February 2005, we reported that TSA had installed EDS and ETD systems at most of the nation's more than 400 commercial airports to provide the capability to screen all checked baggage using explosive detection systems, as mandated by Congress.<sup>4</sup> Despite these efforts, however, we found that in moving forward, TSA had not conducted the systematic planning needed to optimize the deployment of these systems—in particular determining at which airports EDS machines should be integrated in-line with airport baggage conveyor systems to achieve efficiencies. Such planning is important for TSA to be able to ensure that it is efficiently allocating its limited resources to maximize the effectiveness of its checked baggage screening operations and is achieving desired results.

From its creation in November 2001 through September 2004, TSA obligated<sup>5</sup> about \$2.5 billion (93 percent) of the approximately \$2.7 billion it had budgeted for Fiscal Years 2002 through 2004 for procuring and installing explosive detection equipment—predominantly to screen checked baggage for explosives—and making associated airport modifications to accommodate the equipment. Specifically, TSA procured and placed about 1,200 EDS machines and about 6,000 ETD machines at over 400 airports, and modified airports for the installation of this equipment. Given the congressional mandate to screen all checked baggage using explosive detection systems by December 31, 2002, later extended to December 31, 2003, TSA worked with a contractor to quickly deploy EDS and ETD equipment to the nation's airports. This response resulted in TSA placing stand-alone ETD and the minivan-

sized EDS machines—usually in airport lobbies—that were not integrated in-line with airport baggage conveyor systems. Some of these interim lobby solutions resulted in operational inefficiencies, including requiring a greater number of screeners, as compared with using EDS machines in-line with baggage conveyor systems. Also, screening solely with ETD machines is more labor intensive and less efficient than screening using the EDS process. TSA officials stated that they used EDS machines in a stand-alone mode and ETD machines as an interim solution in order to meet the congressional deadline for screening all checked baggage for explosives. Officials further stated that they employed these interim solutions because of the significant costs required to install in-line systems and the need to reconfigure many airports' baggage conveyor systems to accommodate the equipment. While in-line EDS baggage screening systems have a number of potential benefits, including streamlining airport and TSA operations and reducing screening costs, these systems are capital-intensive because they often require significant airport modifications, including terminal reconfigurations, new conveyor belt systems, and electrical upgrades.

Since the initial deployment of EDS and ETD equipment, TSA has not conducted a systematic analysis of cost savings and other benefits that could be achieved from the installation of in-line baggage screening systems. However, TSA has estimated—through its limited retrospective analysis for the nine airports that received letter of intent (LOI) funding agreements<sup>6</sup>—that in-line baggage screening systems at these airports could save the Federal Government \$1.3 billion over 7 years compared with stand-alone EDS systems.<sup>7</sup> TSA further estimated that it could recover its initial investment in the in-line systems at these airports in a little over 1 year. One factor that significantly affected estimated savings was the number of screeners required to conduct screening when using in-line baggage screening systems. According to TSA's analysis, in-line EDS systems would reduce by 78 percent the number of TSA baggage screeners and supervisors required to screen checked baggage at these nine airports, from 6,645 to 1,477. This analysis indicates the potential for cost savings through the installation of in-line EDS systems at other airports and provides insights about other key factors likely to influence potential savings. These factors include how much an airport's facilities would have to be modified to accommodate the in-line configuration; TSA's costs to buy, install, and network the EDS machines; and subsequent maintenance costs.

TSA and airport operators are relying on LOIs as their principal method for funding the modification of airport facilities to incorporate in-line baggage screening systems. The Fiscal Year 2003 Consolidated Appropriations Resolution approved the use of LOIs as a vehicle to leverage Federal Government and industry funding to support facility modification costs for installing in-line EDS baggage screening systems. When an LOI is established to provide multiyear funding for a project, the airport operator is responsible for providing—up front—the total funding needed to complete the project. Work proceeds with the understanding that TSA will, if sufficient funding is appropriated, reimburse the airport operator for a percentage of the facility modification costs, with the airport funding the remainder of the costs. The LOI does not constitute a binding commitment for federal funds.

Although airport officials we interviewed stated that they will require federal funding to install in-line systems—and TSA officials stated that additional airports would benefit from in-line systems to achieve efficiencies and for other reasons—TSA officials stated that they do not have sufficient resources in their budget to fund additional LOIs beyond the eight LOIs that have already been issued as of January 2005. These eight LOIs will support the installation of in-line baggage screening systems at nine airports for a total cost to the Federal Government of \$957.1 million over 4 years. The Vision 100—Century of Aviation Reauthorization Act—among other things, provided for the creation of the Aviation Security Capital Fund to help pay for placing EDS machines in line with airport baggage handling systems. The President's Fiscal Year 2006 budget request for TSA provides approximately \$240.5 million for the continued funding of the eight existing LOIs and provides no funds for new LOI agreements for in-line system integration activities.

We reported that with the objective of initially fielding EDS and ETD equipment largely accomplished, TSA needs to shift its focus from equipping airports with interim screening solutions to systematically planning for the more optimal deployment of checked baggage screening systems. Part of such planning should include analyzing which airports should receive federal support for in-line baggage screening systems based on cost savings and other benefits that could be achieved from more effective and efficient baggage screening operations. Also, for airports where in-line systems may not be economically justified, a cost-effectiveness analysis could be used to determine the benefits of additional stand-alone EDS machines to screen

checked baggage in place of more labor-intensive ETD machines currently used at more than 300 commercial airports.

To assist TSA in planning for the optimal deployment of checked baggage screening systems, we recommended that TSA systematically evaluate baggage screening needs at airports, including the costs and benefits of installing in-line baggage screening systems at airports that do not yet have in-line systems installed. DHS agreed with our recommendation, stating that TSA has initiated an analysis of deploying in-line checked baggage screening systems and is in the process of formulating criteria to identify those airports that would benefit from an in-line system. DHS also stated that TSA has begun conducting an analysis of the airports that rely heavily on ETD machines as the primary checked baggage screening technology to identify those airports that would benefit from augmenting ETDs with stand-alone EDS equipment.

*TSA Is Taking Steps to Enhance Screener Training and Measure Screener Performance*

Since we first reported on TSA's passenger screening program in September 2003, TSA has taken a number of steps to expand training available to the screener workforce and to develop performance measures to assess screener performance. With regard to screener training, the President's Fiscal Year 2006 budget requests \$91 million to fully implement TSA's passenger and baggage screener training programs and related workforce development programs at the expected Fiscal Year 2006 screener workforce level. However, as we reported this time last year, insufficient screener staffing and, at many airports, a lack of high-speed Internet/intranet connectivity have made it difficult for all screeners to receive required training and have access to all courses offered.<sup>8</sup> Specifically, we reported that Federal Security Directors<sup>9</sup> at 5 of the 15 category X airports we visited—during our reviews of passenger and baggage screening—stated that it was difficult, if not impossible, to comply with TSA's recurrent training requirement of 3 hours each week, averaged over a 3-month period.<sup>10</sup> The directors stated that because of staffing shortages, they were unable to let screeners take required training because it would affect the director's ability to provide adequate screener coverage.

In May 2004, TSA announced a revised allocation of the 45,000 full-time equivalent screeners among the nation's airports in order to provide more appropriate screener coverage. TSA based the allocation on various factors, including forecasted air travel, hours of operation, baggage screening and checkpoint configurations, types of screening equipment deployed, and actual operating experience. In addition, TSA headquarters officials stated that TSA is factoring training requirements into workplace planning efforts, including a new staffing model currently under development.<sup>11</sup> However, it is too soon to determine whether the staffing model will address TSA's ability to provide required training while maintaining adequate coverage for screening operations.<sup>12</sup> The President's request of about \$2.7 billion for the screener workforce in Fiscal Year 2006 represents an increase of about \$245 million over last year's enacted budget, but maintains the screener staffing level at the congressionally mandated ceiling of 45,000 full-time equivalent screeners.

The lack of high-speed Internet/intranet connectivity at airport training facilities has also limited screener access to TSA training tools. TSA established its Online Learning Center to provide passenger and baggage screeners with online, high-speed access to training courses. However, effective use of the Online Learning Center requires high-speed Internet/intranet access, which TSA has not been able to provide to all airports. In February 2004, we reported that TSA had provided connectivity to 71 airport locations, including training sites with 927 fully connected training computers, and expected to install high-speed connectivity at up to 81 additional airports by the end of Fiscal Year 2004.<sup>13</sup> However, TSA suspended installation of high-speed connectivity at airports in April 2004 when funding was exhausted. Currently, TSA reports that it has provided high-speed connectivity to 120 airports with 1,822 fully connected training computers. TSA plans to continue to distribute new training products using other delivery channels, such as written training materials and CD-ROMs. However, we reported that until TSA provides high-speed connectivity at every airport, screeners at airports without high-speed connectivity will not have access to the full menu of courses available through the Online Learning Center.

The budget request for Fiscal Year 2006 includes \$174 million to complete the installation of high-speed connectivity at the nation's commercial airports. The budget request stated that without these funds, 379 out of 600 (63 percent) of the field sites, including airports, will continue to communicate and provide security-related information over dial-up Internet connections, causing delays and access problems. We believe that the installation of high-speed connectivity at the nation's airports

will significantly increase screener access to available training, thereby assisting TSA in strengthening its screening operations. For example, the budget request stated that without these funds, screeners would not have access to training programs such as “Threat of the Day,” which allows screeners to stay abreast of the most current security threats.

In addition to training, developing performance measures for TSA’s screening program is necessary to assess achievements and make decisions about where to direct performance improvement efforts. In April 2004, we reported that while TSA was taking steps to measure screener performance, it had not collected sufficient data to assess how well screeners performed—particularly with regard to baggage screeners—and had not determined what steps to take to strengthen screener performance.<sup>14</sup> Since then, TSA has gathered additional performance data and has established performance measures and targets for the screening system. We have an ongoing review assessing TSA’s efforts in strengthening screener training and measuring performance. This review will address TSA’s efforts in developing performance measures to assist in the prioritization of security improvements.

*TSA Efforts to Implement a Risk Management Approach for Securing Air Cargo Are Ongoing*

TSA’s Air Cargo Strategic Plan, completed in November 2003, outlines a threat-based, risk management approach for securing the air cargo transportation system. Specifically, the plan identifies priority actions based on risk, cost, and deadlines. The plan also calls for coordinated efforts in four strategic areas—enhancing shipper and supply chain security, identifying elevated risk cargo through prescreening, identifying technology for performing targeted air cargo inspections, and securing all-cargo aircraft through appropriate facility security measures. In November 2004, TSA published a proposed rule that would implement many of the provisions of the Air Cargo Strategic Plan for enhancing air cargo security.

The President’s Fiscal Year 2006 budget requests \$40 million for ensuring the security of air cargo. The \$40 million request will support the 200 authorized air cargo inspectors and associated air cargo screening operations initiated during Fiscal Year 2005. In addition, the request will support the continued development of required programs, training and development of requirements for Indirect Air Carriers,<sup>15</sup> and improvements and maintenance of the Known Shipper<sup>16</sup> and Indirect Air Carrier Program Databases. TSA will also field test the Air Cargo Freight Assessment Program, which will incorporate the Known Shipper and Indirect Air Carrier Program Databases.

TSA’s proposed rule for air cargo security describes a number of actions that must be taken before a comprehensive risk management approach can be applied to securing cargo. One of the key components of TSA’s risk-based approach for securing air cargo is the development and implementation of a system to screen 100 percent of high-risk cargo. This program, known as the Freight Assessment System, is based on several key components. First, the system will use data on known shippers and indirect air carriers who deliver cargo to air carriers for transport. It is important that this data be complete, accurate, and current, so that shippers about whom relevant security information is known can be distinguished from those shippers about whom there is inadequate security information. Second, the system must incorporate criteria for profiling cargo so that it can identify high-risk cargo that must undergo physical screening. Third, effective technology must be deployed to screen cargo identified as high-risk.

TSA is still in the early stages of developing the Freight Assessment System and needs to resolve several issues that could affect the system’s development. First, the principal source of data for prescreening is through the use of its Known Shipper Program. However, carriers who collect this information are not currently required to submit data on known shippers for inclusion in TSA’s centralized database. In May 2004, a TSA official testified that the known shipper database contained only about one-third of all known shippers. There are also concerns about the relative ease of obtaining known shipper status, and the ability for someone to pose as a known shipper by falsifying or counterfeiting shipping documents used to identify the source as a known shipper. Second, the TSA working group charged with proposing criteria for profiling cargo has not yet reported its recommendations to TSA. Any field testing of the Freight Assessment System will require complete and verified data on known shippers, as well as criteria for evaluating risk. Finally, TSA is in the early stages of identifying and testing air cargo security technologies. For example, it has not yet developed plans outlining when these tests will be completed, or determined whether technologies proven to be effective will be deployed.

In addition, TSA’s proposed air cargo security rule estimates the costs of implementing the agency’s proposals for enhancing air cargo security at \$837 million over

a 10-year period. However, industry stakeholders have raised concerns over TSA's projected cost estimates, in part because of the number of air cargo workers the stakeholders estimate to be affected by some of the proposed measures. For example, several stakeholders commented that TSA's cost estimate for conducting the proposed security threat assessments of air cargo workers was low, and that TSA underestimated the number of air cargo workers that would have to undergo an assessment. In addition, air cargo industry stakeholders expressed concern that they would incur approximately 97 percent of the projected cost of the air cargo security procedures described in the proposed rule. We have an ongoing review evaluating TSA's efforts to implement a risk-based approach to securing air cargo, including TSA efforts to target high-risk cargo, and efforts to identify and test screening technologies.

**TSA Has Taken Actions to Strengthen the Security of Commercial Airport Perimeters and Access Controls, but More Work Is Needed**

In June 2004, we reported that TSA had taken a variety of actions to evaluate the security of airport perimeters and the controls that limit access into secured airport areas, but had not yet determined how the results of these evaluations could be used to make systemwide improvements.<sup>17</sup> Specifically, TSA has conducted regulatory compliance inspections, covert (undercover) testing of selected security procedures, and vulnerability assessments at selected airports. These evaluations—though not yet complete—have identified perimeter and access control security concerns. For example, TSA identified instances where airport operators failed to comply with existing security requirements, including access control-related regulations. In addition, TSA identified threats to perimeter and access control security at each of the airports where vulnerability assessments were conducted during 2003. In January 2004, TSA temporarily suspended its assessment efforts to conduct higher-priority vulnerability assessments dealing with shoulder-fired missiles. Although TSA plans to begin conducting joint vulnerability assessments with the Federal Bureau of Investigation, it has not yet determined how it will allocate existing resources between its own independent airport assessments and the new joint assessments, or developed a schedule for conducting future vulnerability assessments. Further, TSA has not yet determined how to use the results of its inspections, in conjunction with covert testing and vulnerability assessments results, to enhance the overall security of the commercial airport system.

TSA has also helped some airports enhance perimeter and access control security by providing funds for security equipment, such as electronic surveillance systems. TSA has further initiated efforts to evaluate the effectiveness of security-related technologies, such as biometric identification systems. By December 2003, responsibility for funding most airport security projects had shifted from the Federal Aviation Administration to TSA. As a result, TSA is developing new policies to determine how to review, approve, and prioritize security project funding. However, we reported that TSA has not yet begun to gather data on airport operators' historical funding of security projects and current needs to aid the agency in setting funding priorities.

Regarding reducing the potential security risk posed by airport workers, we found that, at the time of our review, TSA had not fully addressed all related requirements mandated by ATSA. For example, TSA required fingerprint-based criminal history records checks and security awareness training for most, but not all, airport workers called for in the act. We also found that TSA had not addressed the act's provision that requires airport vendors with direct access to the airfield and aircraft to develop security programs to address security measures specific to vendor employees. TSA said that expanding requirements for background checks and security awareness training for additional workers and establishing requirements for vendor security programs would be costly to implement.

On the basis of our work, we recommended, and DHS generally agreed, that TSA better justify future decisions on how best to proceed with security evaluations, fund and implement security improvements—including new security technologies—and implement additional measures to reduce the potential security risks posed by airport workers. In July 2004, TSA made several improvements in these areas, through the issuance of a series of security directives, including requiring enhanced background checks and improved access controls for airport employees who work in restricted airport areas.

*Continued Partnerships and Risk Assessments Are Needed for Securing General Aviation*

The Federal and State Governments and general aviation industry all play roles in securing general aviation operations. While the Federal Government provides

guidance, enforces regulatory requirements, and provides some funding, the bulk of the responsibility for assessing and enhancing security falls on airport operators. In November 2004, we reported that although TSA has issued a limited threat assessment of general aviation, and the Federal Bureau of Investigation has said that terrorists have considered using general aviation to conduct attacks, a systematic assessment of threats has not been conducted.<sup>18</sup> In addition, we reported that TSA had conducted vulnerability assessments at a small number of general aviation airports, but agency officials stated that conducting these assessments is costly and, therefore, impractical to do for the 19,000 general aviation airports nationwide.

TSA intends to implement a risk management approach to better assess threats and vulnerabilities of general aviation aircraft and airports and, as part of this approach, is developing an online vulnerability self-assessment tool to be completed by individual airport managers. However, we found limitations in the use of the self-assessment tool. Further, at the time of our review, these efforts had not been completed, and TSA had not yet developed a plan with specific milestones for implementing the tools and assessments. Without such a plan, it will be difficult for TSA to determine the proper allocation of its resources to the areas of greatest need and to monitor the progress of its efforts.

TSA has also partnered with industry associations to develop security guidelines that enable general aviation airport managers to assess their own vulnerabilities to terrorist attack, and works through industry associations to communicate threat information. However, industry and state aviation officials we spoke with stated that security advisories distributed by TSA were general in nature and were not consistently received. In part this is understandable because, among other things, TSA relies on other federal agencies for threat information. However, we have found that applying risk communication principles—relaying only timely, specific, and actionable information, to the extent possible—provides organizations like TSA with the best opportunity to achieve desired results.

We also found that TSA and the Federal Aviation Administration have taken a number of steps to address security risks to general aviation through regulation and guidance but still face challenges in their efforts to further enhance security. For example, TSA developed regulations governing background checks for foreign candidates for U.S. flight training schools and issued security guidelines for general aviation airports. However, we found limitations in the process used to conduct compliance inspections of flight training schools.

Because of the importance of securing general aviation operations and to help address associated challenges, we recommended, and DHS generally agreed, that TSA take actions to better assess the possibility of terrorists' misuse of general aviation aircraft, better communicate terrorist threat information, and help mitigate security risks to general aviation operations.

#### *TSA Established a Screening Partnership Program but Needs to Finalize Performance Measures*

In November 2004, we reported on our preliminary observations of TSA's efforts to establish and implement a Screening Partnership Program, a program through which commercial airports can apply to TSA to use private rather than federal passenger and baggage screeners.<sup>19</sup> Beginning on November 19, 2004, TSA was required by law to begin allowing commercial airports to apply to use private contractors to screen passengers and checked baggage. A federal workforce has performed this function since November 2002, in response to a congressional mandate that the Federal Government take over screening services from air carriers after the terrorist attacks of September 11, 2001. A 2-year pilot program at five airports testing the effectiveness of private sector screening in a post-September 11 environment was concluded on November 18, 2004.

In assessing TSA's efforts to implement a Screening Partnership Program, we found that TSA had completed or was developing key policies and procedures addressing program implementation and oversight, and was taking steps to communicate with stakeholders by developing informational guidance and soliciting information and suggestions. However, we found that some airport operators, private screening contractors, and aviation industry representatives identified the need for additional information regarding flexibilities airports and contractors would have to manage the program, liability in the event of a terrorist attack, and costs related to program participation.

We also reported that consistent with risk management principles, TSA was developing performance measures to assess the performance of airports participating in the Screening Partnership Program and individual contractors performing the screening services. However, we found that specific performance measures had not yet been finalized and were not scheduled to be completed until mid-2005. TSA offi-

cials stated that once developed, performance measures for the Screening Partnership Program will be based on measures already developed by an independent consulting firm for the five airports that participated in the pilot screening program. These measures include how well screeners detect test threat objects, such as guns and knives, during screening operations. TSA also reported that it plans to develop performance measures evaluating how well private screening contractors comply with the terms of their contracts, which they intend to become part of a quality assurance plan. GAO has consistently supported program evaluation—including the development and use of performance measures to measure program outcomes—as an important tool in assessing whether programs are achieving intended goals.

The President's budget request for Fiscal Year 2006 includes about \$161 million for the five private contract screening airports. The administration expects contract screening operations to expand beyond the five airports currently using private screening contractors through 2006. To date, one additional airport beyond the five that participated in the pilot program has applied to use private screening contractors. Beginning in May 2005, TSA will begin awarding contracts to private screening contractors. We are continuing to assess TSA's development and implementation of the Screening Partnership Program, to include its development of performance measures to assess screener performance.

*TSA Has Begun to Increase Focus on Passenger and Transit Rail Security*

We have reported on the security of passenger and transit rail in the past, most recently during testimony before this Committee in March 2004.<sup>20</sup> At that time, we stated that following the September 11 terrorist attacks, passenger and freight rail providers implemented new security measures or increased the frequency or intensity of existing activities, including performing risk assessments, conducting emergency drills, and developing security plans. We also reported that—because of a focus on commercial aviation security—TSA initially devoted limited attention to passenger and transit rail security. Since that time, TSA has begun to focus more attention on rail security needs and is in the process of assessing critical passenger rail assets—such as stations, tunnels, and bridges. The Federal Transit Administration also plays a role in rail security, including providing grants for emergency drills and conducting security assessments at the largest transit agencies. The Fiscal Year 2006 budget requests includes \$8 million for rail security to support funding requirements for 100 surface transportation inspectors that will focus primarily on rail security. The budget request identified that the remaining \$24 million of the surface transportation budget will support operational funding requirements, the development and implementation of performance-based standard and regulations, vulnerability assessments for critical assets, and security awareness training and exercises.

We are currently reviewing TSA's efforts to strengthen passenger rail and transit security, including determining to what extent threats and vulnerabilities to rail systems have been assessed, what actions have been taken to strengthen security, and the applicability of foreign rail security practices to the U.S. rail system. Our review, among other things, will determine the extent to which federal rail security efforts are consistent with risk management principles to ensure that finite resources are allocated where they are needed most, and that security efforts are being coordinated to help avoid duplication and support integration. Our review will also identify any challenges involved with implementing measures to improve rail security, including practices used by foreign rail systems.

**DHS Proposal to Integrate Common Functions is Commendable, but Existing Challenges Will Need to Be Addressed**

DHS's Fiscal Year 2006 budget request proposes two key changes in DHS's organizational structure that are designed to achieve synergy and avoid duplication of effort. First, DHS proposes to create an Office of Screening Coordination and Operations within the Border and Transportation Security Directorate that would coordinate a comprehensive approach to several ongoing terrorist-related screening initiatives—in immigration; law enforcement; intelligence; counterintelligence; and protection of the border, transportation systems, and critical infrastructure.<sup>21</sup> Specifically, the Office of Screening Coordination and Operations would consolidate nine screening activities, including six that are currently housed within a single TSA office. DHS expects this consolidation to save administrative overhead costs, thereby enabling the department to use those savings toward accomplishing the missions of the programs. In total, DHS is requesting about \$847 million for the Office of Screening Coordination and Operations. Table 2 provides the budget request for the 6 screening activities that currently reside within TSA.<sup>22</sup>



**Table 2: Fiscal Year 2006 Budget Request for TSA Activities DHS Has Proposed to Transfer to the Office of Screening Coordination and Operations**

<b>Program</b>	<b>FY 2006 Budget Request (\$000)</b>
Secure Flight (including crew vetting)	\$ 94,294
Credentialing Startup	20,000
Discretionary Fee Funded: Transportation Worker Identification Credential	244,722
Discretionary Fee Funded: Registered Traveler	22,500
Discretionary Fee Funded: HAZMAT	44,165
Mandatory Fee Funded: Alien Flight School Checks	10,000
<b>Total</b>	<b>\$435,681</b>

Source: DHS.

DHS identified 11 goals in creating the Office of Screening Coordination and Operations:

- enable consistent, effective, and efficient day-to-day operations through the application of standards and use of common services;
- assist in the development of policy for DHS-wide screening and credentialing programs;
- create an integrated business strategy for DHS screening and credentialing programs that enhances security, facilitates travel, and safeguards privacy;
- reduce redundancy and close mission and technological gaps;
- manage investments of screening and credentialing programs to ensure efficient use of assets;
- remove technological barriers to sharing screening information within DHS;
- enable consistent status reporting of major screening and credentialing programs;
- ensure consistent acquisition/contracting and program management processes/disciplines are applied;
- establish a central clearinghouse to administer registered traveler programs and worker credentialing programs;
- deliver clear and consistent messages to domestic and foreign travelers and workers for increased compliance; and
- work with other federal agencies to improve and coordinate screening standards.

Second, DHS is proposing to consolidate its R&D efforts inside its Science and Technology Directorate.<sup>23</sup> This office will house the current R&D activities that are currently spread across four DHS component agencies—TSA, U.S. Coast Guard, Customs and Border Patrol, and Information Analysis and Infrastructure Protection Directorates. The existing TSA R&D program consists of research and development (Transportation Security Laboratory),<sup>24</sup> next-generation explosive detection systems, and air cargo research, and received a total of \$178 million in Fiscal Year 2005 appropriations.<sup>25</sup> By consolidating these and other R&D programs under a single office, DHS is seeking to maximize the efficiency and effectiveness of its R&D efforts to allow the components to focus on their operational missions and eliminate duplicate management infrastructure. DHS's Fiscal Year 2006 budget request includes \$1.4 billion for R&D.

We applaud DHS's efforts to achieve efficiencies and cost savings, leverage resources and technology, and improve internal coordination and operations. As DHS works toward consolidating screening functions and initiatives within the Office of Screening Coordination and Operations, and the R&D functions within the Science and Technology Directorate, it will be important for DHS to define the interrelationships and commonalities among these programs, explicitly define roles and responsibilities, and identify data needs. Additionally, DHS will need to address the existing challenges that have been identified regarding the programs these offices will absorb. While these organizational changes should assist DHS in providing a solid

foundation from which to manage and oversee its screening, credentialing, and R&D efforts, restructuring alone will not resolve all existing challenges or ensure the successful integration and achievement of DHS's goals. We have recently reported on challenges DHS and TSA are facing with regard to some of these programs, including Secure Flight, the Transportation Worker Identification Credential, and research and development activities. The sections below describe the challenges we identified.

*TSA is in Early Stages of Testing and Implementing the Secure Flight Passenger Prescreening System*

One challenge the proposed Office of Screening Coordination and Operations will face immediately is the continued development of a system to prescreen domestic airline passengers. The prescreening of passengers—that is, determining whether airline passengers pose a security risk before they reach the passenger screening checkpoint—is used to focus security attention on those passengers representing the greatest potential threat. Since the late 1990s, passenger prescreening has been conducted using the Computer-Assisted Passenger Prescreening System (CAPPS I). This system, operated by air carriers, compares passenger information against CAPPS I rules as well as a government-supplied watch list that contains the names of known or suspected terrorists.<sup>26</sup>

In the wake of September 11, concerns were raised over the effectiveness of CAPPS I. In 2002, TSA began developing a second-generation computer-assisted passenger prescreening system, known as CAPPS II, which was intended to provide a more effective and efficient way to prescreen airline passengers. However, the development of CAPPS II faced a number of significant delays and challenges. As we reported in February 2004, key activities in the development of CAPPS II were delayed, complete plans identifying system functionality were not established, and TSA was behind schedule in testing and developing initial increments of the system.<sup>27</sup> Further, we found that TSA had not yet fully addressed seven of the eight issues identified by Congress as key areas of interest, such as privacy concerns, passenger redress, and system oversight. We further reported that TSA faced challenges in obtaining the international cooperation needed to obtain passenger data, managing the expansion of the program's mission beyond its original purpose, and ensuring that identity theft—in which an individual poses as and uses information of another individual—cannot be used to negate the security benefits of the system.

Moreover, in July 2004, the 9/11 Commission advised that improvements to the passenger prescreening system are required, noting that the watch lists used by the air carriers for the current prescreening system, CAPPS I, do not include all terrorists or terrorism suspects because of concerns about sharing intelligence information with private firms and foreign countries.<sup>28</sup> The 9/11 Commission stated that passenger prescreening should be performed by TSA and should use the larger consolidated watch list data maintained by the Federal Government. As a result of these problems and challenges, as well as widespread concerns with CAPPS II by Congress, the public, and other key stakeholders, DHS terminated the CAPPS II program and in August 2004 announced that it would develop a new passenger prescreening program called Secure Flight.

Under Secure Flight, TSA will take over, from commercial airlines, the responsibility for checking passenger information against terrorist watch lists and the CAPPS I rules. TSA expects that Secure Flight, once implemented, will provide a number of benefits over the current airline-operated system. For example, TSA expects that Secure Flight will be more effective than CAPPS I in identifying terrorists because it will utilize an expanded watch list with more information than is currently available to air carriers. TSA also believes Secure Flight will reduce the number of passengers mistakenly identified as being on a terrorist watch list as compared with the current system. TSA is currently testing the ability of Secure Flight to perform watch list matching and applying CAPPS I rules.<sup>29</sup> TSA expects that this phase of testing will be completed later this month. In addition, TSA plans to test the feasibility of using commercial data to improve the ability of Secure Flight to more accurately verify passenger identity. TSA expects to complete commercial data testing in early April 2005.<sup>30</sup> On the basis of these test results, TSA plans to make policy decisions regarding the use of commercial data as part of Secure Flight. TSA also plans subsequently to test additional functionality and the operations of Secure Flight before implementation, regardless of whether it incorporates the use of commercial data as part of Secure Flight. At the conclusion of testing, TSA expects to implement Secure Flight with one or two air carriers in August 2005.

Although TSA reported that it spent approximately \$100 million on the development of CAPPS II, TSA considers much of that cost to be applicable to Secure Flight. This is because Secure Flight will leverage certain capabilities that had been

developed for the CAPPS II program, such as the system infrastructure used to match passenger information against terrorist watch lists. However, in developing Secure Flight, TSA modified the CAPPS II infrastructure to remove certain features that were not authorized for Secure Flight. For Fiscal Year 2005, TSA was allocated \$35 million for the development of Secure Flight. The President's Fiscal Year 2006 budget request includes approximately \$94 million for Secure Flight development and implementation as well as crew vetting.<sup>31</sup> This represents an increase of approximately \$46 million for Secure Flight and approximately \$3 million for crew vetting. These funds are intended to support continued testing, information systems, connectivity to airlines, and daily operations.

As mandated by the Fiscal Year 2005 Homeland Security Appropriations Act (Public Law 108-334, Section 522), as well as in response to congressional requests, we are currently conducting a review of the Secure Flight program.<sup>32</sup> Our review will highlight four key areas: (1) the status of Secure Flight's development and implementation, (2) any challenges to the system's effective implementation and operation, (3) processes in place for system oversight and program management, and (4) efforts to minimize the impact of Secure Flight on passengers and to protect passenger rights. As part of this review, we will examine the future costs associated with the development and implementation of Secure Flight. We will also determine if TSA has addressed the weaknesses identified in our February 2004 report on CAPPS II. We will issue a report discussing the results of our review by March 28, 2005.

*TSA Faces Planning Challenges in Moving Forward with the Transportation Worker Identification Credential*

The Office of Screening Coordination and Operations will also need to address the challenges TSA has faced in developing a Transportation Worker Identification Credential (TWIC). The TWIC program is intended to improve security by establishing an integrated, credential-based, identity management program for higher risk transportation workers requiring unescorted access to secure areas of the nation's transportation system. TSA expects that the Office of Screening Coordination and Operations will leverage separate screening processes within TWIC, such as in establishing watchlist checks on transportation workers and establishing access interoperability with transportation companies, and apply those practices to other screening activities.

In December 2004, we reported on TSA's efforts to issue a worker identification card that uses biometrics, such as fingerprints, to control access to secure areas of ports or ships.<sup>33</sup> We found that three main factors caused TSA to miss its initial August 2004 target date for issuing maritime worker identification cards: (1) TSA officials had difficulty obtaining timely approval of the prototype test from DHS because of competition for executive-level attention and agency resources, (2) extra time was required to work with DHS and Office of Management and Budget officials to identify additional data to be collected for cost-benefit and alternative analyses, and (3) additional work was required to assess the capabilities of various card technologies to determine which technology was most appropriate for controlling access in seaports. Because of program delays, some port facilities, recognizing an immediate need to enhance access control systems, are proceeding with plans for local or regional identification cards that may require additional investment in order to make them compatible with the TWIC system. Accordingly, delays in the program may affect enhancements to port security and complicate stakeholder's efforts in making wise investment decisions regarding security infrastructure.

We also identified additional challenges that DHS will face as it moves forward with developing and operating the TWIC program, such as developing regulations that identify eligibility requirements for the card and instituting a comprehensive plan for managing the project. A documented comprehensive project plan will assist DHS in achieving mutual understanding, commitment, and performance of individuals, groups, and organizations that must execute or support the plan. Without such a plan—which is an established industry best practice for project planning and management—the program's schedule and performance is placed at higher risk. For example, additional delays could occur unless involved parties agree on efforts guiding the remainder of the project, stakeholder responsibilities, and associated deadlines. Additionally, without a plan to guide the cost-benefit and alternatives analyses—another industry best practice—risk is increased that DHS may not sufficiently analyze the feasibility of various approaches to issuing the card, an analysis needed to make informed decisions regarding the program.<sup>34</sup> On the basis of our work, we recommended, and DHS generally agreed, that TSA employ industry best practices for project planning and management by developing a comprehensive project plan for managing the program and specific detailed plans for risk mitigation and cost-ben-

efit and alternatives analyses. As DHS moves forward in developing TWIC, it will be important that it incorporates these best practices to help address the challenges it faces in developing and implementing a maritime worker identification card.

DHS's Fiscal Year 2006 budget request includes about \$245 million for TWIC. This amount is to cover the costs of personnel, contractors, equipment maintenance, software and license updates, background checks, fingerprint processing, and adjudication of results. DHS estimated that the \$245 million will enable it to distribute roughly 2 million TWICs to transportation security workers needing access to high-risk areas of the transportation system by the end of Fiscal Year 2006. Additionally, DHS is seeking authority to recover these costs in their entirety through fees charged to the applicants.

TSA is also exploring the cost-effectiveness of two other program alternatives: (1) a federal approach: a program wholly designed, financed, and managed by the Federal Government, and (2) a decentralized approach: a program requiring ports and port facilities to design, finance, and manage programs to issue identification cards. In February 2005, TSA officials stated that they do not expect to make a decision on which of the three alternatives to implement—the federal, decentralized, or TWIC program—until later in 2005. Officials stated that whichever approach is selected will be known as TWIC and will meet legislative requirements.

*Further Planning, Risk Assessment, and Coordination Needed to Focus R&D Efforts*

As DHS moves forward in integrating its R&D functions into a single office—a commendable goal—it will be important for the department to resolve the existing challenges facing its various R&D programs. Researching and developing technologies to detect, prevent, and mitigate terrorist threats is vital to enhancing the security of the nation's transportation system. In September 2004, we reported that TSA and DHS have made some progress in managing transportation security R&D programs according to applicable laws and R&D best practices.<sup>35</sup> However, we found that their efforts were incomplete in several areas, including preparing strategic plans for R&D efforts that contain measurable objectives, preparing and using risk assessments to select and prioritize R&D projects, and coordinating with stakeholders. We also found that TSA and DHS delayed several key R&D projects and lacked both estimated deployment dates for the vast majority of their R&D projects and adequate databases to effectively manage their R&D portfolios.

The Homeland Security Act requires DHS, through its Science and Technology Directorate, to prepare a strategic plan that identifies goals and includes annual measurable objectives for coordinating the Federal Government's civilian efforts in developing countermeasures to terrorist threats. Similarly, the National Academy of Sciences has stated that research programs should be described in strategic and performance plans and evaluated in performance reports. We are encouraged that TSA and DHS have prepared strategic plans for their agencies, and that TSA has prepared a strategic plan for its R&D program. However, we found that these plans do not contain measurable objectives for tracking the progress of R&D efforts. We recommended that TSA and DHS complete strategic plans containing measurable objectives for their transportation security R&D programs. According to DHS officials, the department is preparing a separate strategic plan for its R&D program that will include more specific goals and measurable objectives. DHS also stated that the Science and Technology Directorate's strategic planning process will include (1) determining strategic goals for the next 5 years, threats, and vulnerabilities, and (2) developing a list of prioritized projects for Fiscal Years 2005 through 2010.

In consolidating its R&D functions, it will also be important for DHS to use risk management principles in making R&D funding decisions, as required by ATSA.<sup>36</sup> Although both TSA and DHS have established processes to select and prioritize R&D projects that include risk management principles, they have not yet completed vulnerability and criticality assessments, which we have identified as key elements of a risk management approach, for all modes of transportation.<sup>37</sup> In the absence of completed risk assessments, TSA and DHS officials report basing funding decisions on other factors—such as available threat intelligence, expert judgment, and information about past terrorist incidents. TSA officials further stated that TSA's Chief Technology Officer receives daily intelligence briefings and that the agency uses threat information to select R&D projects to pursue. However, officials stated that they do not use formal threat assessments to make R&D decisions. In addition, the DHS Inspector General reported in March 2004 that although many senior officials agreed that DHS's Science and Technology and the Information Analysis and Infrastructure Protection Directorates should closely coordinate, staff below them were not actively involved in sharing terrorist threat information or using the information to form the basis for selecting new homeland security technologies. On the

basis of our work, we recommended, and DHS generally agreed, that TSA and DHS use the results of risk assessments to help select and prioritize their R&D efforts.

In moving forward with the proposed integration of R&D functions, DHS will also need to enhance its efforts to coordinate with other federal agencies with respect to transportation security R&D, and reach out to industry stakeholders. ATSA and the Homeland Security Act require DHS to coordinate its efforts with those of other government agencies, in part to reduce duplication and identify unmet needs. Similarly, R&D best practices identify the importance of stakeholder coordination in identifying R&D needs. For TSA and DHS to select the best technologies to enhance transportation security, it is important that they have a clear understanding of the R&D projects currently being conducted, both internally and externally. During our review, we found limited evidence of coordination between TSA and DHS, or between these agencies and other federal agencies, such as the Department of Transportation. Without such coordination, DHS raises the risk that its R&D resources will not be effectively leveraged and that duplication may occur. Further, most transportation industry association officials we interviewed stated that TSA and DHS had not coordinated with them to obtain information on their security R&D needs. We recommended, and officials generally agreed, that TSA should develop a process with the Department of Transportation to coordinate transportation security R&D, such as a memorandum of agreement identifying roles and responsibilities, and share this information with transportation stakeholders.

DHS will also need to address several additional challenges while moving forward in consolidating its R&D functions into a single office, including managing delays in key R&D projects, better estimating deployment dates, and conducting better tracking of its R&D portfolio. During our review, we found that progress on some R&D projects was delayed in Fiscal Year 2003 when TSA transferred about \$61 million, more than half of its \$110 million R&D appropriation, to support operational needs, such as personnel cost for screeners. As a result, TSA delayed several key R&D projects related to checked baggage screening, checkpoint screening, and air cargo security. For example, TSA delayed the development of a device to detect weapons, liquid explosives, and flammables in containers found in carry-on baggage or passengers' effects, as well as the development and testing of a walk-through portal for detecting traces of explosives on passengers. We also found that although many of TSA's projects were in later phases of development, the agency had not estimated deployment dates for 133 of the 146 projects that it funded in Fiscal Years 2003 and 2004. While we recognize that deployment dates are not always predictable, we generally believe that R&D program managers should estimate deployment dates for projects that are beyond the basic research phase because deployment dates can serve as goals that the managers can use to plan, budget, and track the progress of projects. We also found that TSA and DHS did not have adequate databases to monitor and manage the spending of the hundreds of millions of dollars that Congress had appropriated for R&D. For example, for the 146 projects that it funded in 2003 and 2004, TSA was not able to provide us information on anticipated deployment dates for 91 percent, the current phase of development for 49 percent, and the amounts obligated and budgeted for 8 percent that were appropriated tens of millions of dollars in both Fiscal Years 2003 and 2004. We recommended that TSA and DHS develop a database to provide accurate, complete, current, and readily accessible project information for monitoring and managing their R&D portfolios, and a vehicle for communicating R&D need with the transportation industry. In September 2004, DHS stated that TSA had developed a system to track R&D projects' goals and milestones, acquisition, funding, testing, and deployment information.

### **Concluding Observations**

DHS and TSA have undertaken numerous initiatives to strengthen transportation security, particularly in aviation, and their efforts should be commended. Meeting the congressional mandates to screen passengers and checked baggage alone was a tremendous challenge—yet TSA successfully hired and deployed a federal screening workforce of over 40,000 and deployed equipment to screen checked baggage for explosives at over 400 commercial airports nationwide. In our previous work addressing transportation security, we identified future actions that TSA should take to enhance security within and across all modes of transportation. Throughout the course of this work, one theme consistently surfaced—the need for TSA to fully utilize and integrate a risk management approach into its decision making processes. Our work has shown—in homeland security and in other areas—that a comprehensive risk management approach can help inform decision makers in allocating finite resources to the areas of greatest need. We are encouraged that the President's Fiscal Year 2006 budget request discusses TSA's plans to implement a risk management

approach in focusing its resources related to transportation security. However, we recognize that fully integrating a risk management approach into decision making processes is challenging for any organization. Further, in order to fully apply this approach, TSA must also address the challenges we have identified in our work related to program planning, risk assessments, and implementation and monitoring. Without rigorous planning and prioritization, and knowledge of the effectiveness of their transportation security programs, DHS and TSA cannot be sure that they are focusing their resources on the areas of greatest need, are addressing the most critical security requirements, and are ensuring the most efficient utilization of its resources.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other members of the Committee may have.

#### **Related GAO Products Released Since September 11, 2001**

*Aviation Security: Preliminary Observations on TSA's Progress to Use Private Passenger and Baggage Screening Services*, GAO-05-126. Washington, DC: November 19, 2004.

*General Aviation Security: Increased Oversight Is Needed, but Continued Partnership with the Private Sector Is Critical to Long-Term Success*, GAO-05-144. Washington, DC: November 10, 2004.

*Maritime Security: Substantial Work Remains to Translate New Planning Requirements into Effective Port Security*. GAO-04-838. Washington, DC: June 30, 2004.

*Aviation Security: Further Steps Needed to Strengthen the Security of Commercial Airport Perimeters and Access Controls*. GAO-04-728. Washington, DC: June 4, 2004.

*Transportation Security Administration: High-Level Attention Needed to Strengthen Acquisition Function*. GAO-04-544. Washington, DC: May 28, 2004.

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*Aviation Security: Terrorist Acts Demonstrate Urgent Need to Improve Security at the Nation's Airports.* GAO-01-1162T. Washington, DC: September 20, 2001.

*Aviation Security: Terrorist Acts Illustrate Severe Weaknesses in Aviation Security.* GAO-01-1166T. Washington, DC: September 20, 2001.

#### ENDNOTES

<sup>1</sup> EDS operates in an automated mode and use probing radiation to examine objects inside baggage and identify the characteristic signatures of threat explosives. ETD works by detecting vapors and residues of explosives. ETD requires human operators to collect samples by rubbing bags with swabs, which are chemically analyzed to identify any traces of explosive materials. References to "explosive detection systems" include both EDS and ETD systems.

<sup>2</sup> GAO, *Homeland Security: A Risk Management Approach Can Guide Preparedness Efforts*, GAO-02-208T (Washington, DC: October 31, 2001); and *Combating Terrorism: Threat and Risk Assessments Can Help Prioritize and Target Program Investments*, GAO/NSIAD-98-74 (Washington, DC: April 9, 1998).

<sup>3</sup> U.S. Department of Homeland Security, *Performance Budget Overview Fiscal Year 2006*, Congressional Budget Justification (Washington, DC: February 2005); and *Homeland Security Budget-in-Brief, Fiscal Year 2006* (Washington, DC: February 2005).

<sup>4</sup> See GAO, *Aviation Security: Systematic Planning Needed to Optimize the Deployment of Checked Baggage Screening Systems*, GAO-05-302SU (Washington, DC: February 4, 2005).

<sup>5</sup> Obligations are amounts of orders placed or contracts awarded during a given period that will require payment during the same or a future period. An administrative commitment is an administrative reservation of funds in anticipation of their obligation.

<sup>6</sup> In 2003, Congress authorized TSA to issue LOIs—a cost-sharing mechanism between TSA and the airports—to support funding the installation of in-line EDS baggage screening systems.

<sup>7</sup> This refers to the net present value saved over 7 years if received up front.

<sup>8</sup> GAO, *Aviation Security: Challenges Exist in Stabilizing and Enhancing Passenger and Baggage Screening Operations*, GAO-04-440T (Washington, DC: February 12, 2004).

<sup>9</sup> Federal Security Directors are responsible for providing day-to-day operational direction for federal security at airports. The Federal Security Director is the ranking TSA authority responsible for the leadership and coordination of TSA security activities at the airport.

<sup>10</sup> TSA classifies the over 450 commercial airports in the United States into one of five security risk categories (X, I, II, III, IV, and V) based on various factors, such as the total number of takeoffs and landings annually, the extent to which pas-

sengers are screened at the airport, and other special security considerations. In general, category X airports have the largest number of passenger boardings, and category IV airports have the smallest.

<sup>11</sup> In May 2003, TSA hired a contractor to develop a staffing model for its screening workforce. TSA officials reported that the model was completed in June 2004, and all airports now have the capability to use the contractors' standalone software. TSA expects to install the software on its intranet by the end of February 2005, thereby providing headquarters with access to the staffing models used at airports.

<sup>12</sup> The Intelligence Reform and Terrorism Prevention Act of 2004 (Pub. L. 108-458) requires TSA to develop standards for determining aviation security staffing at commercial airports no later than 90 days after its enactment—December 14, 2004. It also directs GAO to conduct an analysis of these standards, which we will initiate once the standards are developed.

<sup>13</sup> TSA defines a fully connected training computer as one that has the network image installed and is connected to the TSA broadband network.

<sup>14</sup> See GAO, *Aviation Security: Private Screening Contractors Have Little Flexibility to Implement Innovative Approaches*, GAO-04-505T (Washington, DC: April 22, 2004).

<sup>15</sup> An indirect air carrier is an entity, such as a freight forwarder, that engages indirectly in the air transportation of property on passenger aircraft.

<sup>16</sup> Known shippers are entities that have routine business dealings with freight forwarders or air carriers and are thus considered trusted shippers, in contrast to unknown shippers who have conducted limited or no prior business with a freight forwarder or air carrier.

<sup>17</sup> GAO, *Aviation Security: Further Steps Needed to Strengthen the Security of Commercial Airport Perimeter and Access Controls*, GAO-04-728 (Washington, DC: June 2004).

<sup>18</sup> GAO, *General Aviation Security: Increased Oversight Is Needed, but Continued Partnership with the Private Sector Is Critical to Long-Term Success* GAO-05-144, (Washington, DC: Nov. 10, 2004).

<sup>19</sup> GAO, *Aviation Security: Preliminary Observations on TSA's Progress to Allow Airports to Use Private Passenger and Baggage Screening Services*, GAO-05-126 (Washington, DC: Nov. 19, 2004).

<sup>20</sup> GAO, *Rail Security: Some Actions Taken to Enhance Passenger and Freight Rail Security, but Significant Challenges Remain*, GAO-04-598T (Washington, DC: March 23, 2004.)

<sup>21</sup> The mission of the Office of Screening Coordination and Operations would be to enhance terrorist-related screening through comprehensive, coordinated procedures that detect, identify, track, and interdict people, cargo and conveyances, and other entities and objects that pose a threat to homeland security.

<sup>22</sup> DHS's Fiscal Year 2006 request for the proposed Office of Screening Coordination and Operations also includes about \$390 million for US-VISIT; \$7 million for Free and Secure Trade, and \$14 million for NEXUS/Secure Electronic Network Rapid Inspection, which are currently part of DHS's Office of Customs and Border Patrol.

<sup>23</sup> The Homeland Security Act of 2002 states that DHS is responsible for coordinating and integrating all research, development, demonstration, testing, and evaluation activities of the Department. Pub. L. No. 107-296, § 302(12).

<sup>24</sup> TSA's Transportation Security Laboratory performs research and development related to civil transportation security.

<sup>25</sup> The budget proposal consolidates the bulk of TSA's research and development programs into the Science and Technology Directorate, resulting in a transfer of \$109 million. TSA will retain \$23 million for operational research and development activities in FY 2006.

<sup>26</sup> CAPPs I rules are behavioral characteristics associated with the way an airline ticket is purchased.

<sup>27</sup> GAO, *Aviation Security: Computer-Assisted Passenger Prescreening System Faces Significant Implementation Challenges*, GAO-04-385 (Washington, DC: February 12, 2004).

<sup>28</sup> *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States* (Washington, DC: July 2004).

<sup>29</sup> In order to obtain data for testing, TSA issued an order in November 2004 requiring domestic airlines to provide passenger records for the month of June 2004.

<sup>30</sup> We have ongoing work assessing TSA's testing of commercial data and expect to issue a report later this month.

<sup>31</sup> The proposal to create the new Office of Screening Coordination and Operations would combine two screening programs that will use the same system infrastructure—Secure Flight and crew vetting. The crew vetting program matches



names of aircraft pilots and flight and cabin crew against terrorist watch lists. Currently, these programs are run by the Office of Transportation Vetting and Credentialing.

<sup>32</sup> This review is separate from our ongoing work assessing TSA's commercial data testing efforts.

<sup>33</sup> GAO, *Port Security: Better Planning Needed to Develop and Operate Maritime Worker Identification Card Program*, GAO-05-106 (Washington, DC: December 10, 2004).

<sup>34</sup> Best practices indicate that plans for activities such as cost-benefit and alternatives analyses should be developed to help facilitate data collection and analysis. These plans typically describe, among other things, the data to be collected, the source of these data, and how the data will be analyzed. Such plans are important to guide needed data analysis as well as prevent unnecessary data collection, which can be costly.

<sup>35</sup> GAO, *Transportation Security R&D: TSA and DHS Are Researching and Developing Technologies, but Need to Improve R&D Management*, GAO-04-890 (Washington, DC: September 30, 2004).

<sup>36</sup> Pub. L. 107-71, § 112(b)(1)(B). Additionally, under the Homeland Security Act, DHS is required to establish R&D priorities for detecting, preventing, protecting against, and responding to terrorist attacks (Pub. L. 107-296, § 302(5)(B)), and to prepare comprehensive assessments of the vulnerabilities of the nation's key resources and critical infrastructure sectors, one of which is transportation (Pub. L. 107-296, § 201(d)(2)).

<sup>37</sup> GAO, *Homeland Security: Key Elements of a Risk Management Approach*, GAO-02-150T (Washington, DC: October 12, 2001).

The CHAIRMAN. Thank you very much.

If there is no objection, I would like to set a time limit of 7 minutes on each Senator, and we'll bounce back for another round, if that is required.

Admiral, I was pleased to talk to you last evening about some of these subjects. And I do thank you for your courtesy of coming and changing your schedule, as I said.

You have an enormous responsibility. This is not just transportation of airline security, it is the total transportation security of the whole country. But we seem to be putting emphasis only on the air passengers to contribute to the cost of this security that we've insisted on putting in place throughout the transportation system. Do you have any plans to put fees on any other portion of the transportation system as we go forward with these plans that you've documented in your statement and Ms. Berrick has commented upon?

Admiral STONE. I have no plans, right now, to assign additional fees. It's my understanding—

The CHAIRMAN. I'm talking about other than airline passengers. Is anyone else going to pay, other than the taxpayer and the airline passengers?

Admiral STONE. In the other modes of transportation, sir? Is that what—

The CHAIRMAN. In terms of putting up the security system we have that covers rail, bus, air, everything—I presume that is what your statement says. That total transportation programs of the United States are subject to your jurisdiction, and you have taxes only on the airline passengers. Now, do you plan on putting fees or taxes on any other person that uses some of those transportation systems?

Admiral STONE. We have no plans to put additional fees on any of those other modal areas, other than those that I understand currently exist.

The CHAIRMAN. Tell me why. I mean, all of them are covered by your security system. Trains are covered by your security system. Boats are covered by your security system. Why should only airline passengers contribute beyond taxpayers for the security system?

Admiral STONE. I think a user-fee approach with all those modes of transportation merits review for the very aspect of this theme that it really has to be a shared responsibility. Right now, the general taxpayer has a share of roughly 57 percent of the aviation screening. And this just adjusts it down to 20 percent. There's always going to be that percentage of sharing. And so, I would agree that each mode of transportation merits review for what type of fees are paid for, both by users as well as the general taxpayer.

The CHAIRMAN. Do you have plans for any additional security measures that apply to automobiles, in general, upon our highways?

Admiral STONE. I do not, sir, for automobiles.

The CHAIRMAN. Is that a subject that's left totally for local and state jurisdiction?

Admiral STONE. Currently, I do not have visibility on whether or not the states and local jurisdictions are reviewing the automobile piece of that. Our responsibilities for highways, though, are very clear. And, therefore, the \$20 million Highway Watch Program, which we work with ATA, American Trucking Association, is the foundation of that. With regard to fees for automobiles in support of that, I have no plans for that.

The CHAIRMAN. Well, let me tell you a little story that I heard in one of the airports. I'll not say which one it was, because I don't want you to get people running out and asking too many questions about it. But one of the security people in an airport that I flew into told me that he had noticed an automobile in their parking lot several times that had a very distinctive license plate. And the person appeared to be doing things erratically and was obviously from the Middle East. He decided to put that license plate up on the Net. And a couple of weeks later, he got a call from a distant city, all the way across the country, saying that they had seen this license plate, wanted to know what did he know about the people that were involved. Well, he told them why he had done it. He just believed the automobile was suspicious in what it was doing. And they tracked that automobile in the other city. And when it came back, he got notice, all along the line, of how that car was coming across the country. And when they finally found it back in its original city, it did do some things that were fairly much out of the ordinary, and they picked this person up. It turned out that was an employee of the airport, and, under questioning, he had not flown, because he's on the no-fly list. But they had tracked him using license plates.

Now, aren't we missing a whole area of security threats by screening only people on airports, only people that get on and off airplanes? We know there was a terrible disaster that came from airlines being used as weapons of mass destruction, but aren't the people who are capable of doing that using other means of transportation now? They're not flying. They're on the no-fly list. Now, don't you have any plans for extending this system of security?

Admiral STONE. We do. In fact, every morning we spend about 2 hours reviewing the report from the Terrorist Screening Center; to use the example you just gave, in which that type of information on suspicious cars, license plate, law-enforcement action—is reviewed by TSA each morning, from an intermodal point of view—trains, mass transit, rail, highway, pipeline security. All of that intelligence in the Terrorist Screening Center is integrated into a 2-hour morning brief where we look at each mode of transportation, what the threats are, and how they interrelate to one another. And so, that very approach of—it's all related, it has to be intermodal, and the Terrorist Screening data bases apply not just to aviation, but need to be looked at across all modes. And so, that morning brief is the centerpiece of what we do, because it gets at that very issue of domain awareness and being able to followup on leads and how they connect to one another.

Ms. BERRICK. And, Mr. Chairman, if I could add to that, GAO is currently doing several reviews looking at other modes of transportation, and the difference between aviation and other modes is that other modes of transportation are inherently open to promote the flow of goods and people. For example, we're looking at rail security. So in looking at rail security, TSA will need to consider different security measures that would be appropriate for that environment. And one of the issues we're looking at is what's being done in other countries to secure their rail systems, and can that be applied to the United States.

You asked earlier about taxes for other modes of transportation. Right now, for other modes of transportation, the transit operators are primarily funding security enhancements. They get some grants, and they also get some assistance from the Department of Transportation. But, primarily, they're shouldering the burden for security improvements.

The CHAIRMAN. Thank you very much. My time's up. I intend to go further in this when it comes around to my time again. It just seems to me that other people, beyond airline passengers, ought to be paying for this security. Taxpayers, obviously. We don't even call these taxes. We call them fees now, right? But they're taxes, as far as the airline passengers are concerned. But there's no such burden on other people who use other forms of transportation, and I think that's wrong.

Senator Inouye?

Senator INOUE. Thank you very much.

I'd like to followup on your questioning. Of the amount raised by this passenger fee, how much do you anticipate raising?

Admiral STONE. The passenger fee, a total for Fiscal Year 2006 would be \$3.7 billion, 73 percent of the screening costs.

Senator INOUE. Of that amount, what is the new fee?

Admiral STONE. The new fee would raise from \$2.50 to \$5.50, the one-way flight, and up to a cap of \$8 for segment flights.

Senator INOUE. Of the amount being raised, how much is being spent for airline security?

Admiral STONE. The \$5.2 billion overall is the fee for aviation security, of which the passenger fee, if enacted, would be 73 percent of that total. The airlines' fee would maintain consistency with this

fiscal year, at 7 percent, and then the general taxpayers' fee would drop to 20 percent of that overall amount.

Senator INOUE. In other words, you're telling us that none of the increase will be spent for other modes of transportation?

Admiral STONE. Yes, sir. I'm saying that this all goes toward the aviation screening bill of \$5.2 billion, and it just adjusts the share between passengers and the general taxpayer.

Senator INOUE. And for the other modes, taxpayers are paying 100 percent?

Admiral STONE. And in the other modes of transportation, as was indicated, there are various fee adjustments, but the TSA does not, in the Department, intend on recommending additional fees at this time in those modes of transportation.

Senator INOUE. So the fees are being paid by the general taxing population.

Admiral STONE. By the general tax population and some degree of user fee, depending on the mode.

Senator INOUE. Your recent reorganization, where you put the maritime, land, and aviation operations into an Office of Intermodalism—

Admiral STONE. Yes, sir.

Senator INOUE.—will this improve maritime and rail transportation security?

Admiral STONE. Yes, sir, I believe it will. We've taken what was previously an organization at TSA that had a block for aviation and then a block called maritime and land, and we combined them and broke them down in accordance with Homeland Security Presidential Directive number 7, which has the modes of transportation—mass transit, rail, highway, pipeline, aviation, maritime, and shipping and postal—in order to give more of an intermodal focus. It also helps stakeholders that are looking at TSA know where to come in, in order to be serviced for their specific questions, be it mass transit or rail or highways.

So we see that this will be a powerful signal of our intent that we are responsible across transportation sectors. We have specificity with regard to those modes, and the modal plans that are coming out on April 1st, which are constructed by threat, criticality, vulnerability, and then the appropriate risk mitigation measure, I think, will integrate extremely well with that new alignment.

Ms. BERRICK. And if I could—

Senator INOUE. Besides sending a powerful signal, will it improve the operations?

Admiral STONE. I believe it will. It really helps us understand the entire domain by having that sort of a realignment and focus on those modes.

Ms. BERRICK. If I could add, Senator, we believe that the intent behind the restructuring, which is to achieve efficiencies and avoid duplication of effort, is a good approach. However, the organizational change alone isn't going to ensure its success. They have to make sure that those coordination and commonalities among the programs are evaluated.

And, also, several of these programs, we've identified existing challenges that will need to be addressed. For example, in inte-

grating the R&D efforts throughout the Department of Homeland Security, certain issues are going to need to be resolved that we've identified in the past. For example, having deployment dates for its R&D efforts, also having just a complete inventory of what all the R&D projects are throughout the Department, which we didn't see. So those issues will still need to be addressed in moving forward with this reorganization.

Senator INOUE. This reorganization will bring about secure—I mean, efficiency, as you said. Will it mean cutting personnel or increasing personnel?

Ms. BERRICK. I don't know what the Department's decisions are regarding personnel, other than the functions are going to be—

Admiral STONE. With regard to the proposed realignments for the Screening Coordination Office, the personnel that are currently engaged in that activity at TSA would transfer into that office and work them with their counterparts that would be coming in from Customs and Border Protection. And so, the bodies stay the same. The attempt to reduce the stovepipe approach, where you have, say, a program like international travel that Commissioner Bonner is working in that fashion today, and then we have Registered Traveler, and there's USVISIT. The Screening Coordination Office will be designed to bring those individuals together under that office and have one seamless program, rather than three stovepiped ones.

Senator INOUE. How much would it cost to bring about this reorganization?

Admiral STONE. For the Screening Coordination Office, it's a transfer of those funds from the respective agencies in there, so there's no additional cost involved. It's the transfer of those bodies and people into the Screening Coordination Office.

And then for the research and development piece, the desire by the Department to integrate the laboratories so that you don't have one laboratory working on the project at the TSA lab and Atlantic City has no visibility on, to integrate that to reduce overlap and duplication, while, at the same time, empowering TSA to task that lab to achieve its mission, is the goal of that realignment.

Senator INOUE. And, Ms. Berrick, do you approve of this reorganization?

Ms. BERRICK. We believe, again, that the intent behind the reorganization is a good one. And, again, the intent is to achieve efficiencies and avoid duplication of efforts. Because there are several screening systems throughout the Department, and several within TSA—six within TSA, specifically. So the intent is a good one, but the organizational change alone isn't going to make—ensure success and that those goals are achieved.

Commonalities among the programs need to be fully evaluated to ensure that efficiencies are achieved. Also, there has to be much coordination. And, again, there were some existing problems with some of these programs before this reorganization was proposed, and those problems will still need to be addressed.

Senator INOUE. And this intent will not address it?

Ms. BERRICK. I believe they're moving in the right direction, and I think the reorganization, in terms of trying to achieve efficiencies

and commonality is a good idea. It's just the implementation that's going to be what's important.

Admiral STONE. Sir, if I may add, and also to make sure, as we go about that, that we do no harm to the momentum that's been achieved in these programs, such as Registered Traveler and international pass, so I think Under Secretary Hutchinson and Admiral Loy have stated that the idea is not to do harm and slow down those programs. We need to move forward aggressively, but integrate them.

Senator INOUE. Thank you very much.

Admiral STONE. Yes, sir.

The CHAIRMAN. Senator McCain?

Senator MCCAIN. I want to thank the witnesses.

Ms. Berrick, from reading your report, it seems to me the area that you emphasize—and, I think, appropriately—is the risk-management aspect of TSA, identifying prioritizing, and managing risk. Is that correct?

Ms. BERRICK. Yes, it is, Senator.

Senator MCCAIN. And, Admiral Stone, would you agree with that?

Admiral STONE. That the key is that we have a risk-based approach, I would agree with that, yes, sir.

Senator MCCAIN. And right now, in Ms. Berrick's view, the GAO's review, that's lacking.

Admiral STONE. I don't agree with that. We have the Strategic Threat Assessment Report, which is a secret no-foreign document that we have all of our programs linked to. I think we have our emphasis and our money going where the threats are.

Senator MCCAIN. Tell me, where's our area of greatest risk right now?

Admiral STONE. I believe the use of an aircraft as a weapon to be able to be delivered anywhere throughout the United States, whether that's to a chemical plant or a nuclear plant or a economic center or a political center—

Senator MCCAIN. That's still our area of greatest risk, even though that's been the area of our greatest investment.

Admiral STONE. I think it's the greatest risk due to the preponderance of threat streams that indicate that, despite our efforts, there's a desire to use a weapon as a delivery vehicle and also, I would add a second to that, an aircraft as a target. So both as a delivery system, as a target, I would list at the very top of our priority list, and that our—and, therefore, our strategy matches the threat and the risk.

Senator MCCAIN. Ms. Berrick, go ahead.

Ms. BERRICK. Thank you, Senator. With respect to conducting risk assessments, we do identify in our statement that TSA is moving in that direction and they've started developing tools to integrate this into their decision-making processes, but we don't think that they're fully there yet.

You mentioned areas where there may be vulnerabilities. We did a review looking at general aviation, and there's 19,000 general aviation airports across the country, and found that although there were some limited assessments of threats, a complete threat assessment wasn't conducted of the general aviation population, and

there were also only limited vulnerability assessments that were conducted to determine, out of these 19,000 airports, which are the most vulnerable and which should we be focused on.

And related to aviation security, we looked at airport perimeter security and access controls, and also identified areas for improvement in conducting vulnerability assessments within the airports themselves. Which airports are the most vulnerable? What should we do to improve access controls to protect the airports?

Senator MCCAIN. How did you view border security, Ms. Berrick, as a priority?

Ms. BERRICK. Border security is another area that we think a risk-management approach should be applied relative to aviation and the other modes of transportation. Until this approach is fully integrated into decision-making processes and analysis, it's hard to determine where the resources should be allocated. So I don't think right now we can answer the question—Should money be going to border security versus aviation versus any other mode?—until this is really integrated into the process and these assessments are done. And this is a very difficult thing to do for any organization that we've looked at, so it's definitely a challenge to integrate that.

Senator MCCAIN. Do you want to speak, Admiral?

Admiral STONE. Yes, sir. I believe the key documents for TSA are the modal plans, the fact that we need to develop and provide to Congress, by 1 April, those modal plans that list each mode—mass transit, rail. Currently the stakeholders now are reviewing those so that we can benefit from their view of how that risk-mitigation plan should be developed. And that truly is the essence of a risk-based plan. If you've got a modal plan that looks at threat, criticality, vulnerability, and concrete steps to mitigate risk that has viable that has buy-in from the stakeholders, that's a powerful roadmap for how to secure transportation. So I believe that document is critical and why we're putting so much emphasis on it today.

Ms. BERRICK. I—

Senator MCCAIN. Well, as a—Ms. Berrick, go ahead.

Ms. BERRICK. I'm sorry.

Senator MCCAIN. Go ahead.

Ms. BERRICK. I just wanted to add that I would agree that that's where TSA needs to start, is with these modal plans. And from that flows other tools, risk-management tools, that they need to develop to integrate those into processes.

Senator MCCAIN. Admiral, one of my disappointments is that I can't identify, as a passenger, any significant improvements with the use of technology in the screening of passengers since TSA began its operations. Time after time in hearings before this Committee, I and other Members urge that we develop technology which will expedite the movement of millions of people every day in and out of airports. And so far I have not seen—now, I know explosive-detection devices have been put in, and I think baggage screeners have been put in, but, as far as the individual passenger is concerned, I've seen very little change, except now I have to take off my jacket, as well as my shoes. So I urge you, again, we've got to develop technology, or the airlines will never fully recover, as long as there is extreme inconveniences that passengers are experi-

encing. And I'll be glad to hear your response to that. But does it concern you that two million people are crossing our border every year in—coming into the United States? Isn't that a security concern?

Admiral STONE. I believe it is. And I know that a lot of people are working real hard at Customs and Border Protection and the Under Secretary for Border Transportation Security to mitigate that risk.

With regard to the issue of—

Senator MCCAIN. Go ahead.

Admiral STONE.—technology, sir, the—I'd just highlight that. The \$28 million, this year, so that we can have portals at some of our checkpoints and expand it in 2006 to get away from the intrusive torso pat-down, the use of technologies—biometrics, iris scan, fingerprinting—for Registered Traveler, and then the Reveal technology, which was recently certified, in that we have \$15 million and they're starting pilots at airports, which is a mini CAT-scan device. Those sorts of technologies, both in Registered Traveler, Reveal, and then the portals, are absolutely critical to easing the flow of people through checkpoints, to accelerate that, and—

Senator MCCAIN. When can we expect to see some of that?

Admiral STONE. The three Reveal pilots should start next month, and then last for 60 days, and then we look at then having that—a list developed of where those airports should be that need that. Because it gets us away from the explosive-trace devices, which are manpower intensive, and gives you higher quality security. So we're going to hear a lot about Reveal-type technologies in the coming months, and how that's our future. RT—today we signed the MOU with Orlando for the private-sector initiative, for how we can roll out Registered Traveler in a more accelerated manner.

Senator MCCAIN. What would be the effect, if any, of privatization of the screeners?

Admiral STONE. For privatization—

Senator MCCAIN. In your view.

Admiral STONE.—of our screening force? I think to do so in a sweeping manner would cause tremendous churn of the entire work force throughout the United States. We saw that churn as we went from private screeners to federalized screeners. So I believe the process, which is more thoughtful, where you provide an opportunity for an airport to decide what's best for them, and then allow them to decide if they want to revert back to a private screening regime, is the appropriate one.

Senator MCCAIN. And you would be setting standards of performance, because originally the reason why we went to—away from private screeners is because of the lack of standards and lack of performance, right?

Admiral STONE. Right. We would be back in the business of having an oversight staff at an airport, much like San Francisco and Kansas City, where the Federal Security Director and his or her staff oversee the standards at that airport.

Senator MCCAIN. I thank the witnesses. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Dorgan?

Senator DORGAN. Mr. Chairman, thank you very much.



We all understand, I think, that transportation security is not optional, it's a requirement. The 9/11 attack, terrorist attack in this country using aircraft, and last year's devastating terrorist attack in Spain using the rail system, we all understand that this is not an option, it's a requirement. The question is how to do it.

And I want to talk to you just a little bit about the fees. The way the fees have been applied, and I think would be applied, I think, are unfair, rather, to people in my part of the country, in rural areas. When Senator Boxer would fly from her—a California constituent—fly from Los Angeles to Washington, DC, they'll pay the two-and-a-half-dollar fee, but every North Dakotan who flies from North Dakota to DC will pay that twice, because they're using two segments. There is no nonstop service from Bismark to Washington, DC, or Fargo to Washington, DC. So we've constructed a fee that is fundamentally unfair, in my judgment, to people in rural areas, because they have to use more segments to get where they're going. Would you agree with that?

Admiral STONE. In that scenario that you described, for user fees and how we've constructed it, I would agree that there's a greater fee for those that are put in a position where they have to fly with segmented flights, yes, sir.

Senator DORGAN. And there is a greater fee, despite the fact that when they get to their connection point—in North Dakota's case, it's almost always Minneapolis—they don't place any burden on security there because they've already been screened through security at the airport origin, Bismark or Fargo or one of the North Dakota cities. So they're charged twice, because there are two segments, despite the fact they impose no additional burden on the security system at the point where they transfer. Do you agree with that?

Admiral STONE. I would agree with that, the way you've described it, yes, sir.

Senator DORGAN. And so, this unfairness will be exacerbated by a proposed increase in the fee. Do you agree with that?

Admiral STONE. Exactly. Those that are traveling in the manner that you describe will have a higher fee to pay as a result of this adjustment, yes, sir.

Senator DORGAN. So I don't know that—whether Senator Stevens was trying to make that point, but it seems to me, whether you're in Alaska or whether you're in North Dakota, or perhaps Arkansas, where you don't have many nonstop flights to the major hubs, we're always going to pay more, always perhaps double or triple the fees that are paid by people that are traveling from one large city to another, because they're going nonstop. They'll pay one fee. And we're going with one or two transfers, and we'll pay two or three fees. And so, I made the point when the fee was originally established, but increasing the fee will increase the unfairness for folks who live in our part of the country, rural areas, rural states. And so, I don't think much—it makes much sense to recognize an unfairness and then see if we can exacerbate it with an increase in the fee.

So, I mean, we have to pay for all this. I agree with my colleague, Senator McCain. One way or the other, security is not an option, it's a requirement. And we have to pay for it. The question

isn't whether, it's how. But, frankly, I don't like the notion of paying for it in a way that always, inevitably overburdens the folks in rural areas, where you don't have nonstop flights.

So, Ms. Berrick—

Ms. BERRICK. Yes.

Senator DORGAN.—your assessment of that?

Ms. BERRICK. I would like to let you know, Senator, that we think it's worthwhile to do an assessment of these fees. And, in fact, GAO has an ongoing review right now looking at the cost of providing security when the airlines had that responsibility, to help do this assessment. And we're going to be publishing a report in April of this year summarizing the results of that review, just to let you know that that's going to be coming forth.

Senator DORGAN. All right. Well, I just want to make the point on fees, that there's a basic, inherent unfairness that exists, and the last thing we ought to do is exacerbate that with these proposals.

I want to ask another question. I think it was a year or a year and a half ago, we had a Committee meeting that was closed, and we were presented secret material at that point. And perhaps the Chairman or the former Chairman can help me with this. I don't know whether it was the GAO or the Inspector General that provided us the results of an investigation of airport screening. It was done in secret. It has, to my knowledge, not been leaked, even after the Committee hearing. But it was an investigation at certain airports of these screening capabilities that existed. And most of the Members of this Committee walked out of that briefing just shell-shocked by what we had learned. It was unbelievable to me. And I, of course, will not, and cannot, disclose the results.

But you, undoubtedly, know those results. I assume you've studied that.

Ms. BERRICK. Yes.

Senator DORGAN. Was that an Inspector General or a GAO report?

Ms. BERRICK. It was both of us, actually.

Senator DORGAN. OK.

Ms. BERRICK. We were both involved in that.

Senator DORGAN. So you will recall the results. And I want to know, has anything changed since then? Because, if not, we've got real serious trouble here. That investigation provided information that, as I said, was just shocking to me.

So where are we, from that point until now, Ms. Berrick?

Ms. BERRICK. In terms of the actual undercover testing, we also agree that that's a very important area, in terms of measuring performance on how well the screeners are doing. So we're continuing to look at it.

There have been some structural changes, in that TSA is conducting more of this testing. The Internal Affairs Office, who does this testing, has been testing more airports than what they've done before. And, in summary, we've seen some improvements, but it hasn't been dramatic. In terms of the results—

Senator DORGAN. The only way we can determine the capability of the screening procedures is to test it and attempt to foil it in the kind of investigations that have been done. And I'm just asking, is

there a qualitative analysis or a qualitative assessment about the improvement from then until now? Because if there is not measurable improvement—and I think that's what you're suggesting—I think we've got real serious trouble here.

Ms. BERRICK. There are different ways to measure the performance of screeners. One is through this undercover testing. There's also a re-certification program that TSA requires each screener to go through every year to retest their skills. So that also provides data. There's also a system called the Threat Image Projection System, where it flashes images of threat objects on a screen to see if the screener will detect it. And there's also some other initiatives.

So I think, in looking at performance of screeners, you have to look at all of those, collectively. The undercover testing is one indicator, and it's important, but there is some others, as well.

Senator DORGAN. Mr. Stone, do you want to comment? However, if I might say this, that the testing that was done was done in a way that is designed to try to foil the system, a passenger who, by design, wants to bring a weapon onboard. That's the purpose of that kind of testing. And the fact is, the results were quite shocking. And so, I understand about improving screeners, looking at the monitor, and all that, but I'm much more interested in the undercover investigations in which they're trying to test by trying to foil the system and bring a weapon onboard. Obviously, that's where aviation security really counts, is making sure we get those folks and understand who they are and screen them out.

Mr. Stone?

Admiral STONE. I couldn't agree more, Senator. The issue of those tests is to look at what are the causal factors. It's not just exhortation in the workplace, telling screeners to do better and work harder. Much of it is the technology. If you're going to be able to detect a certain type of explosive, you need to learn from what your covert testing is telling you, and then make those investments. And so, that translation between what is the covert testing saying are the vulnerabilities, and what are you investing, is the key to it. And then the other piece, on those things that you can remedy, through training, through the Threat Image Projection System, with which we've had a 6 percent increase, and we measure it daily, know how our screeners are doing on those X-ray images that we measure every day the number of airports that are inspecting 100 percent of bags electronically, so we don't have equipment and people sitting out in an airport that aren't doing that, that are mitigating it and using alternative screening procedures. Every day, that report comes in now, it's analyzed, what are the causal factors? And we've got a dramatic change in the last year over our ability to ensure that 100 percent of all passengers are being screened, 100 percent of all bags are being electrically checked, covert test scores are being translated into programs.

And we'd like to provide a brief to the Committee, at the appropriate time, on the last year, where we've gone on both security issues, as well as covert testing.

Senator DORGAN. Mr. Chairman, I wonder if I might make a request. It's been, I think, a year and a half, or perhaps 2 years now, since we had that analysis. I'm wondering whether the Committee

might not want to request a new type of testing, undercover testing, and see if we can compare the qualitative change in 2 years. Has there been a change, or hasn't there been a change?

Ms. BERRICK. And if I could add, Senator, also, we are going to be publishing something. GAO will be publishing something within the next month that details the results of TSA's covert testing efforts. That would provide data over the year since they initiated the program til today on what the changes have been.

Senator DORGAN. Will that be classified?

Ms. BERRICK. It will be.

Senator DORGAN. I would hope we'd have a hearing on that.

The CHAIRMAN. I think even the fact that we may hold other types of tests ought to remain classified, Senator.

Senator Boxer?

Senator BOXER. Thank you, Mr. Chairman.

I want to talk about port security for a minute. We know that the U.S. Coast Guard has told us that the ports need \$5.4 billion over 10 years to pay for upgrades. And what we've got here in this budget is \$600 million. And that \$600 million is not only for port security, but for rail security and for energy facilities.

I am stunned that this purports to be a budget that takes care of homeland security. How can you possibly defend that type of a number here, when we just about have enough to do a year's worth of port security, and then we're throwing in rail and energy facilities?

Admiral STONE. The state and local government coordination and organization that's been set up in preparation to ensure that that \$600 million is appropriately vetted through all the modes of transportation, including maritime. TSA's role in that is to be the intellectual capital to go and review that, to see what are the risks and how should those be racked and stacked within that organization. We believe that that approach is a sound one, that you want to make sure that the entity responsible for transportation security is providing the intellectual capital to vet where that 600 million should go. We believe that's a sound approach.

Senator BOXER. Well, with all due respect, Mr. Stone—and I really do respect you, and I think you're working so hard to do the right thing—that was a really convoluted answer to a simple question, which is, is this enough money to deal with it? If you trust the Coast Guard—I assume you trust the Coast Guard—and they say they need, essentially 5.4 billion, 500 million a year, just to meet the needs, and you haven't even thrown in there the rail security and the energy facilities security—and we know our nuclear power plants are sitting ducks at this stage. We worked so hard in this Committee to get some bills to the floor, which I understand the Chairman—our new Chairman is interested in trying to push them through the Senate, because a lot of the bills just sat at the desk there—but I want to ask you, again—you gave an answer that said, "Well, we have a committee, and they're going to stack these projects in priority."

Admiral STONE. Right.

Senator BOXER. Do you believe, in light of the fact that the Coast Guard said that they need 500 million for port security alone, that

600 million—that's supposed to take care of port security, rail security, and energy facilities security—is a large enough number?

Admiral STONE. I thought your—

Senator BOXER. Yes or no?

Admiral STONE. I believe that that number is appropriated, based on risk, in that the modal plan that comes out on April 1st from the Coast Guard, which is working with us on maritime modal plans, will show that, based on risk assessment, the money is going to the right place to mitigate risk. There's not enough money in the world, probably, to drive it down to zero, but I believe that that—

Senator BOXER. Well—

Admiral STONE.—approach is right.

Senator BOXER. OK. We're spending a billion a week in Iraq. A billion a week in Iraq. And now our biggest concern is a terrorist attack, which we should be concerned about. We've got cells in this country. And we're spending a billion a week in Iraq, and we are spending 600 million on rail, port, and energy facilities security. I mean, it just doesn't make sense to me.

I want to ask you about grade separations. I'm sure you read the terrible thing that happened when a mentally ill man caused a tragic train wreck in Glendale. People were going to work. They died. Because we have these horrific issues with grade crossings. He parked his car right on the track, he was going to commit suicide, then he ran out of the car, and a disaster ensued. We have so many of these unsafe situations across America in every single state of the union, plenty of them in California. Where can we go, what program can we tap, for solving these grade crossing problems, either by blocking them or funding them to make grade separations? So if we can't afford that, to at least block the right of way to cars. Where can I tell my people to go to look for Federal funds? Because, you know, the terrorists are always going to look to the weak link.

Admiral STONE. I'm happy to look at that and have your people talk to TSA and our railroad node—we work very closely with the FRA—and find out where that—

Senator BOXER. Is there a program for—

Admiral STONE. For grade separation—

Senator BOXER.—for grade—

Admiral STONE.—crossings?

Senator BOXER. Yes.

Admiral STONE. Not that I'm aware of. But if there is a way that's linked to a terrorism nexus as a result of some sort of threat stream, we'll be happy to sit down and—

Senator BOXER. Good.

Admiral STONE.—talk through that.

Senator BOXER. OK. I'd love to meet with you a little bit more—

Admiral STONE. Sure.

Senator BOXER.—on that.

And the last question I had, Mr. Chairman, what transit grants now—because you did a lot of reshuffling—can be spent on canine teams? Because I think those are quite effective. Canine teams.

Admiral STONE. Yes. The canine team transit grants, you're asking for specificity—

Senator BOXER. Yes, where would they go—where would our people go? Our airport people, our rail people—what particular—

Admiral STONE. We've got—

Senator BOXER.—grant program—

Admiral STONE.—we have a special branch. Canine is their sole function in life. They work for our Chief Operating Officer. It would be an outstanding place to go to find out how we can help mitigate risk and partner with those that need canine resources.

Senator BOXER. Is there a special grant program for these—that funds these canine—

Admiral STONE. I'm not aware of any specificity on that, unless you are, on—

Ms. BERRICK. Right. I would add that it could come out of many different grant programs, because canines are used for many different sources. They're used on rail systems to sniff for explosives, they're used with air cargo. So it could come out of many different sources.

With respect to your question on safety with rail crossings, I would recommend that FRA, which is the Federal Railway Association within the Department of Transportation, have a safety responsibility related to rail. But there is a close intersection between what the Department of Transportation does and FRA does and what TSA does, because safety and security intersects in many areas, and sometimes they could implement a safety measure, and it could have a negative impact on security. So there has to be close coordination between both groups.

Senator BOXER. Well, Mr. Chairman, if I could—oh, he's gone.

I would just say to my colleagues that this terrible situation that occurred on a grade crossing should be a wake-up call to all of us, because all of our states have these unsafe situations, where the cars can just park right on these rail crossings. And the fact that this case was a mentally disturbed individual is one issue, but it just shows a tremendous vulnerability here.

I think it's safety and it's anti-terrorism. And so, we should pool our resources. And hope that, as we go along with legislation, Mr. Chairman, we can take a look at these grade crossings, because all someone has to do, a terrorist, for example, is park a car there and leave, and we've got a crisis of major proportions that unfortunately, wreaked havoc on us in California.

Thank you very much.

Senator INOUE. [presiding]: Thank you very much.

Senator Nelson?

Senator BEN NELSON. Thank you, Mr. Chairman.

Admiral Stone, you mentioned risk assessment, and you said the greatest risk that we still have, as it relates to aircraft is a flying bomb, a targeted effort to fly an airplane and create some sort of mass destruction. I thought that securing the cockpit door—we're talking about commercial airlines now, and not general aviation—I think might apply to general aviation—but how can that be the concern today, with the locked cockpit door, without access to the controls? How can that be? How can that still be the number-one security risk that we're trying to plug, through airport security,

where you've got to take off your coat, take off your shoes? Maybe you can explain that to me.

Admiral STONE. When you look at the threat streams and see the desired intent to conduct those sorts of operations, and then you look at the criticality of it, and you do the assessments, and say, well, how critical would that be if that were to happen?

Senator BEN NELSON. Oh, no, I think it would be very critical if it were to happen, but the question is, haven't we taken steps to prevent that from being a logical extension of a plane as a bomb?

Admiral STONE. Yes, sir. So the vulnerability piece, we've greatly reduced through the layered security approach and hardened cockpit doors, federal flight-deck officers, FAMS, increase security regimes in our nation's airports. So we've greatly reduced the risk of that. However, when asked, well, what do we believe is still the risk that we face that we need to be mightily prepared for? That elevates it to the very top, based on the threat and the criticality.

Senator BEN NELSON. But I hope we're not putting a lot of our emphasis into security to deal with something that has been largely thwarted by previous security measures. Because it seems to me checking the boarding pass twice—I don't know what that does to deal with the major threat that you're concerned about.

Ms. BERRICK. If I could add, there's two pieces to this, or several pieces, but two major, one is threat and one is vulnerability, and somewhat independent, but then they come together. You can do an assessment of threats, and the threat can still be there. I think where your question is going is actually how vulnerable is the aircraft if we have hardened cockpit doors, if we have Federal air marshals, if we have screening? When is enough enough? And—

Senator BEN NELSON. Yes, because more of the same at more cost doesn't necessarily make me feel safer flying on the airplane.

Ms. BERRICK. And that's, I think, where the risk-management approach comes in, that you have to assess these threats and vulnerabilities and then decide, based on the threat and the measures that we have in place, should we be putting more money here or other places?

Senator BEN NELSON. Well, I quite agree with you. I come from the insurance business, so I do understand risk assessment, cost-benefit analysis. And I don't see the relationship, taking off the coat, showing the boarding pass twice to an airport personnel at the beginning, going through the line, showing it as you walk through the security. Maybe you can explain to me how that isn't just a cost, how that relates to better security—maybe the vulnerabilities have been addressed, but how does that contribute to making me safer?

Admiral STONE. I'd be happy to, Senator. The second threat that I talked about, as using the aircraft as a target, relates to what happened in Russia just a few months ago. And taking off the jacket was deemed as a risk mitigation—

Senator BEN NELSON. But I go through the magnetometer—

Admiral STONE.—so that you can see whether or not a person has something that looks bulky around them. In fact, as a result of having folks remove their jackets, now what we're finding is packets of cocaine strapped under the armpit. Every day, I get the report. In other words, there's been a number of things we have not

observed as a result of not being able to have in place taking off the jackets and coats. So it's been enlightening to us about this issue, since those Russian aircraft were downed, what we've found through torso pat-downs, having jackets taken off. And so, we believe those are appropriate measures for us, because of the threat of the aircraft as a target, not only as a weapon.

Senator BEN NELSON. Yes, but it may not be a security issue, it may be a drug issue. I'm not saying we ought to turn our eye away from that, but it hardly seems a justification for a fare increase, in effect, through this additional money. More costs should result in better security, and I'm not sure that that's the case.

Can you explain to me why we have to show the boarding pass to a person at the front of the line, and then have to show it walking through the security, or is that classified?

Admiral STONE. No, sir, I can explain that. I think there's an area for major improvement on—

Senator BEN NELSON. I would hope so.

Admiral STONE.—because the airline hires those employees, the ticket-checkers in the lines, and then you're showing that to a TSA employee at the checkpoint. We're proposing right now, and looking at, how we might be able to relieve the airline of that responsibility so that we can have a trained TSA screener look at that ID and then train that screener in the screener passenger observation technique that's currently being used up in Portland, Maine, as well as in Providence, Rhode Island, where we look at behavioral characteristics while they're checking that, and do a better job of that. So there is an opportunity for us there to reduce some of the pressure on the airlines for hiring that individual and raising the bar on security. And we know that the verification-of-ID piece is a vulnerability for us; thus, Secure Flight and the desire to do commercial data base testing to see if that adds value; thus, Registered Traveler, to see if we can get more people to volunteer to identify themselves—

Senator BEN NELSON. Well, I agree with you. It seems to me that every time we do something that doesn't add to security, there's a cost associated with it, and now we want to raise the cost. I would feel a little bit better about your trying to raise the cost if you came in and said, "Here's what we've done to bring down the unnecessary procedures that add to the cost." I think you'll probably bring those down, but I can almost guarantee you won't come back in and ask for a cost decrease.

Admiral STONE. Yes, sir. If I could add, there's no cost increase in this budget. The issue of the fees is just the reapportionment of what percentage did passenger/user pay, as opposed to the general taxpayer. The cost remains the same.

Senator BEN NELSON. But the broad base of cost isn't going to go down unless you streamline the process.

I see my time is almost out.

One final thing. As you say about preferred travelers, I want to make sure that this comes across right. If we're going to do risk assessments, is there a way to assess risk so that the people who represent less risk will get a different kind of treatment without it being egalitarianism, where you've got to treat everybody the same, because, if you don't, then it's not fair to other people? It's



not about fairness here, it's about risk assessment. Is there a way that you're truly working to do that? Because I've been hearing about it for 3 years, I see nothing about it. I'm not looking to get unfair advantage. I just don't want us to spend our money doing something that doesn't make sense.

Admiral STONE. I believe the Registered Traveler Program gets at that issue of—

Senator BEN NELSON. When's it going to happen?

Admiral STONE. Today we signed the MOU in Orlando, Florida, which is the sixth airport, which is the MOU that heads us down the road of how we can capitalize on the private sector to be able to accelerate that program. So it's at the very high end of list of things we need to get on with and get done, so you'll be hearing more about that from us.

Senator BEN NELSON. Yes, maybe that will reduce that overall cost. I'm hoping that will happen.

Ms. BERRICK. If I could add one thing.

The CHAIRMAN. Ms. Berrick, we do have to move on.

Senator BEN NELSON. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Pryor?

Senator PRYOR. Thank you, Mr. Chairman.

I'd like to followup, if I may, Admiral Stone, on a question raised by Senator Inouye a few moments ago, and he talked about TSA with the new fee structure. Is that going to raise—what, \$1.5 billion?

Admiral STONE. The difference between the \$5.2 billion is the overall cost. And so, it reapportions what percentage the passenger pays, versus the general taxpayer.

Senator PRYOR. And how much will that raise? How much will the additional—

Admiral STONE. It shifts the burden for the user, from this year, \$1.7 billion; to \$3.7 billion in 2006. So you'd go from 36 percent user to 73 percent. And then for the general taxpayer, this year it's \$2.6 billion; it'll go down to \$1 billion. And so, it'll go, for the general taxpayer, instead of paying 57 percent of that, it'll go down to 20 percent. That's the adjustment. The airline percentages stay roughly the same, at 7 percent.

Senator PRYOR. OK. Well, there are a number of groups and associations here in Washington that have sent us a letter, and one of the things, in the letter, it talks about—it raises an additional 1.5 billion from passengers and airlines. But, if I can quote the letter, it says, quote, "It will do nothing to improve security or the efficiency of the agency," end quote. I'd like to hear your comment on that.

Admiral STONE. I think that's misleading, in my view, that that's an additional generation of \$1.5 billion. The amount stays the same. It's just a question of who's going to pay that, the general taxpayer or the passenger/user? And the amount that we're looking at having appropriated to us for aviation security goes to programs that there's tremendous value added, of mitigating the risk of what we see as two of the top threats that this nation faces, the use of aircraft as a delivery vehicle and the use of an aircraft as a target. And so, we believe that the statement that you're not going to be

getting any more for that, you'll be getting 5.2 billion worth of aviation security at a very high end.

Senator PRYOR. And what you're committing to the Committee is that every dime you raise to the—those fees will go right into airport security.

Admiral STONE. Yes. That \$5.2 billion goes to aviation screening security.

Senator PRYOR. OK.

Admiral STONE. Yes, sir.

Senator PRYOR. I'd like to change gears here and ask you about the explosive-detection system. We have a number of small airports in Arkansas. I know a lot of Members of the Committee have a number of small airports. We have a couple of, you know, larger airports, by our standards, where a majority of the passengers go through theirs, but they are central air service, airports, et cetera, out around the state. And I know other Senators have similar situations. But when I look at your budget, and I see that most of these smaller airports do not have an EDS system—is that correct?

Admiral STONE. That's correct.

Senator PRYOR. And I'm not sure I see the dollars in the budget to get them a system without a pretty hefty local match. Is that correct?

Admiral STONE. That's correct, sir.

Senator PRYOR. And it just seems to me that a terrorist could enter the system through a rural airport just as easily, or maybe more easily, than he could through one of the larger airports. And I just question the wisdom of that, where we're putting the burden on the smaller airports with lower volume of traffic. They can't generate the amount of revenue locally in order to provide for this system, yet they're not getting the assistance from the Federal Government. Could you comment on that?

Admiral STONE. I think the issues for smaller airports is why this Reveal-type technology is critical, because we can then reduce the number of these explosive trace devices, which are personnel-intensive, and have a higher quality of security at much less cost than the more expensive inline systems.

Senator PRYOR. And what's the time frame on those?

Admiral STONE. The pilots start next month, and go for 30 to 60 days. Upon evaluation of those pilots at three sites, then we look at that and determine the rollout for how that would be able to be sent out to smaller airports.

Senator PRYOR. Looking at the budget, I'm afraid that we're creating a system of haves and have-nots. And, like I said, I think a threat could enter the system just as easily at a rural or smaller airport than one of the larger airports. So I would just caution you to try to keep your eye on that ball, if at all possible.

And I know that there's been some discussion about the cap placed on the number of screeners. I would like to ask, first, how in your view, Admiral, how is the morale among the screeners at the airports?

Admiral STONE. I think it varies from airport to airport. So I think I would give it as a good, overall; but, in some airports, very poor. And we've got leadership issues where we've—

Senator PRYOR. Are you addressing those? Are you addressing those issues?

Admiral STONE. Aggressively.

Senator PRYOR. OK. And the reason I ask is because I've had a number of occasions where I go through airport screening, and I tell them what I do for a living, and, you know, they just pour out their heart and soul to me. And, I'll tell you, I just sense that, at some airports in particular, there's serious morale problems.

Admiral STONE. I would agree, sir. And that focus on finding out, through our ombudsman program, through screeners, through IG reports, and going after that aggressively—because if you do not have a strong leader that cares about people, that airport will not be operated properly.

Senator PRYOR. Now, you put a cap on the number of screeners. Is that right?

Admiral STONE. We have a 45,000 full-time equivalent cap on the number of screeners that we hire.

Senator PRYOR. OK. And has that been a good cap? Is that arbitrary? Does that make sense?

Admiral STONE. Right now, we have a new model, called the Regal model, that we're briefing the Department of Homeland Security on, which is the model that was sent to each Federal Security Director to tailor it to his or her airport and provide us that. We're currently in the process of giving briefings and answering questions about that model to make sure that it doesn't have assumptions in it that are in error. But we believe that that 45,000 FTE number is one that needs to be revisited because of growth of airports. When you look at Boston Logan opening up a new terminal, Houston Intercon, as we go across the nation, we need to make sure that we're planning ahead on what needs to be done to meet those needs, while at the same time reducing our personnel requirements through technology in the workplace. So getting that model right is a high priority for us.

Senator PRYOR. And my last question might be considered a two-part question. It's about general aviation. And Transportation Security Administration Access Certificate—TSAC—

Admiral STONE. Yes.

Senator PRYOR. I've had a number of folks—companies contact me and say that they would like to participate in that, they'd like to see you move forward on that. So I'd have a question there about what's the timeframe on that. And, second, getting general aviation flights back into Reagan National Airport. We seem to get some calls out our offices about that, as well. So could you comment on both of those?

Admiral STONE. Certainly. The approach at TSA is to look at three components. We're big believers in opening and maintaining access, maintaining an appropriate level of security, and then respecting privacy and freedoms. When you look at the questions that you asked about general aviation airports, the Transportation Security Access Certificate, we believe, provides enhanced access while maintaining appropriate security. And so, we're working with the MVAA and others to ensure that we have a game plan with them where individuals who volunteer then to become TSAC certified will then be able to have access.

At general aviation at Reagan, we also have met with the Secret Service, and with DHS. We're planning on giving briefings to the new DHS leadership on a plan for a phased approach at Reagan, where we look at the threats. We believe this is a good time for us to lay out that plan and seek approval from DHS for phased approach at Reagan. We pledge to keep this Committee fully advised on how that planning ensues.

Senator PRYOR. Thank you.

The CHAIRMAN. Thank you very much, Admiral.

Senator Burns?

**STATEMENT OF HON. CONRAD BURNS,  
U.S. SENATOR FROM MONTANA**

Senator BURNS. Thank you, Mr. Chairman.

You know, I want to associate myself with Senator Dorgan, when he was talking about those fees in rural areas. We pay a higher fare, too. You can fly roundtrip between here and San Francisco twice what it costs me to fly one way from Great Falls, Montana. And yet you want more fees. What are you going to spend this \$1.5 billion for?

Admiral STONE. It's the same amount that currently is being collected from the general taxpayer, Senator. There's no increase in this amount. It's \$5.2 billion. It just changes the proportion of what the user pays, versus the general taxpayer.

Senator BURNS. In other words, you get no more money—

Admiral STONE. We do not, sir.

Senator BURNS. I want the Committee to remember when we put this whole thing together. We offered a series of amendments that wouldn't have created the TSA in the first place. We'd have put it in the Justice Department. And there was a reason for that. Because they had screeners and they had security people that they could go to, and we could immediately get it into place. That's No. 1. No. 2, they also had a computer system up. Now you've got a big old computer system that we've paid how much for?

Admiral STONE. A computer system for—

Senator BURNS. Well, for your—don't you have references to people and passengers and all these things?

Admiral STONE. We do.

Senator BURNS. You had to set up a separate computer system for that, didn't you?

Admiral STONE. We have a performance management information system, yes, sir, to make sure that we're standard space and meet Congress' intent to being held accountable for meeting metrics, yes, sir.

Senator BURNS. Well, but, basically, the system was set up in order to access—to find and search out these people that want to do bad things to this society.

Admiral STONE. The Terrorist Screening Center.

Senator BURNS. And we set up a completely different system, and we didn't have to do that. We already had it in the Justice Department. And so, anytime that you say "increase fees," it, sort of, catches—it, sort of, catches my attention right away. And I don't see—we ought to be looking for some efficiencies in screening these people. There has to be a better way than what they're doing now.

I don't know why you're jerking out all the tickets. It's kind of like Senator Nelson, I don't see that we're just—we're just not doing a very good job at that.

And how does—do you have any assessment on what this will do to smaller markets?

Admiral STONE. Our assessment, on the surveys that we had, do not indicate a dramatic impact on that. In other words, I've gotten—briefings have been given to me that show that smaller markets are not negatively impacted disproportionately to larger markets. But I'm happy to review those and make sure that we—

Senator BURNS. It's gotten—I mean, I don't know who's doing your reports, but it's got to impact rural markets a lot more than it—than the larger markets or the hubs. Because if you're at the end of the spoke, you're the one that's, sort of, closest to the ground. And it looks like we're picking up a disproportional part of that. And I'm also getting some disparity in figures on the percentages of how much the airline passengers are paying with regard to the total cost of the system.

Most of the questions have already been answered, but I'm just—I just sit and assess, you know, and I'm going to have some—we're going to look at the airline industry and have some listening sessions. We're going to bring stakeholders together. We're going to find out what these—how it's working. I think your airline employee system of security—I'm not real sure that that's been fully explored or handled in this case, because I know we have some people that are working on the tarmac and on the flight line that probably couldn't pass a security screening.

Admiral STONE. But you—

Senator BURNS. So—

Admiral STONE. Oh, I'm sorry, Senator.

Senator BURNS. Go ahead.

Admiral STONE. I was just—

Senator BURNS. Would you like to comment on that?

Admiral STONE.—because I know how important that is. We have 1.3 million airport workers, and we've worked hand in glove with Triple-AE, and other stakeholders. Those are vetted through our Office of National Risk Assessment, those names. For the last year, that's been a high priority, to have fidelity to that, to make sure that there's linkages to terrorist data bases, to see if we've got a vulnerability in an airport. I just wanted to reassure you that that continues to be a high priority. I see, every week, the numbers of airport workers that have been vetted through that process to make sure we keep our eye on the ball on that.

Senator BURNS. Also, on this percentage of what the general—what money comes out of the general treasury or from the general taxpayer, they've got a stake in this too. Not only the airlines. You can't have the passengers pay the total fee because they are the ones at high risk, because they were a very small part of what happened on 9/11 in New York. So I think the general public also has an obligation of some financial responsibility of security, even if it is airlines.

So, thank you, Mr. Chairman. I got most of my questions answered.

Thank you very much for coming. I have a couple I might submit to you. I might write you a letter.

Admiral STONE. OK, Senator. Thank you.

The CHAIRMAN. Senator Lautenberg?

**STATEMENT OF HON. FRANK R. LAUTENBERG,  
U.S. SENATOR FROM NEW JERSEY**

Senator LAUTENBERG. Thanks, Mr. Chairman. And the—I would ask unanimous consent that my statement be included in the record as if read, my opening statement.

The CHAIRMAN. Yes, sir, it will be.

Senator LAUTENBERG. And I listened—I'm glad to see Admiral Stone here on the job. I don't know whether you look back and regret, but—

Admiral STONE. Not at all.

Senator LAUTENBERG.—to the good old days of being somewhere on a ship or down in the sea or somewhere, where it was easier. Well, you've got a huge task, and I reviewed something the 9/11 Commission said. I listened to something Senator Inouye earlier said and I compare the two. The Commission said, over 90 percent of the nation's \$5.3 billion annual investment in the TSA goes to aviation to fight the last war. Now, that's not a very encouraging statement when we see what we've got ahead of us. But I think they're largely right, and we need to be ready to fight, heaven forbid, a war in the future. And we're not assured yet that we are doing so.

Rather than strengthening things like rail security or port security programs, they're being kind of chopped away at and spread all over the Department of Homeland Security. Now, at Newark Liberty Airport, in my home state, very busy airport, and others, we're seeing the effects of not having enough screeners. Now, I think you reduced the force by about 6,000 screeners in 2003, if I'm—

Admiral STONE. In 2003—

Senator LAUTENBERG.—correct.

Admiral STONE.—yes, sir.

Senator LAUTENBERG. What I'm going to show you here is a knife similar to the one that was discovered after a woman had gone through screening at Newark. And she then discovered the knife in her bag and said to her sister, who was accompanying her, "Oh, my God, I forgot to leave this knife home." I don't want to make any jokes here, it's too serious, but she was given the knife by her brother because she was going out on a blind date in New Jersey.

[Laughter.]

Senator LAUTENBERG. And it doesn't tell you—

The CHAIRMAN. Is that all you need there now?

[Laughter.]

Senator LAUTENBERG. I haven't tested the sharpness of this, but—anyway, the fact that, after all these years and all these expenditures and the effort that goes into the training—and you know that Newark is a place where we've been short of screeners and trying to push to get it built back up, and that something like this could go through. They ran it through a second time, and discovered the knife image very clearly there. The first time, appar-

ently, the bag wasn't even screened, just passed through. So when we look at these things, you see the breaches.

Mr. Chairman, I would have been on time this morning if I wasn't shut down at New York Airport, LaGuardia Airport, when the fellow ahead of me was the last one that they would take on the flight, saying that I had arrived at the gate too late. And I watched this guy turn in his ticket and go in, and they refused. Now, Senator Pryor said something about the response he gets from screeners and so forth, how they unburden themselves, and I get some of that, too. Most of the time, I get ignored.

[Laughter.]

Senator LAUTENBERG. So there I was this morning, trying to get here, but it almost made up for the 35 minute wait I had to go through security in Washington—Reagan National Airport last week. We're just not able to keep abreast of these things. And we worry, in our area, about the target appeal for terrorism that goes from Newark Airport to the Port of New York, and they say it's the most susceptible, most interesting target for terrorists in the entire country. And we have to do our evaluations more carefully on the fact that these grants ought to be given according to risk. This is a little apart from the subject at hand today.

And so, what I want to do, Mr. Chairman, in order to expedite things, I just want to be sure what we're talking about when we look at the funding. We're going to increase our revenue flow by a billion-and-a-half dollars a year. Where—exactly how is that going to be parceled out? What part of that's going to go to screeners. Do we know?

Admiral STONE. There's not an increase, Senator. Our budget's \$5.2 billion. And so, whether we change the proportions from the general taxpayer to the passenger, the budget is \$5.2 billion.

Senator LAUTENBERG. Right.

Admiral STONE. So all it does is change—

Senator LAUTENBERG. So I may have—

Admiral STONE. Yes, sir.

Senator LAUTENBERG.—misused the terminology. But the fact of the matter is that this is a fee—

Admiral STONE. Yes, sir.

Senator LAUTENBERG.—to increase the revenue. And we have a fairly astute Chairman here, and he knows a fee when he sees one, he knows a tax when he sees one. And a fee is only a tax when you have to pay it. Otherwise, it can be some abstract thing. But that is a tax increase of some significant proportion. And we thought that we had covered so much of this. With Senator McCain's view on technology, we've been testing things at Pomona Airport, you know, the FAA laboratory in New Jersey, for such a long time. And yet we get to a situation here where we're relying on people to do these jobs, we're relying on training programs, we're relying on directives. And we get a glitch like this. And I don't know whether we'll ever be able to deal fully with it, because we are, after all, human beings with frailties. But the effort has to be picked up.

And one of the things, Admiral Stone that is—has been talked about, and that is, moving this to private hands. What's the status of that?

Admiral STONE. Right now, we have what's called the Screener Partnership Program, or otherwise known as "Opt-Out," where we've provided protocols for an airport to decide whether or not they would like to submit for transition from federalized screeners to privatized screeners. November 19th, we met the deadline to have that information out. We've only had one airport approach us on that. That's Elko, Nevada, 12 screeners. We're continuing to work with airports to discuss the program. And so, that opportunity is there. I think it's the right approach, to let airports choose for themselves. We're very proud of both our five privatized airports, as well as the 440 federalized airports. The standard's the same, and we're ensuring that our leadership maintains that. And that's the current state of the Screening Partnership Program.

Senator LAUTENBERG. Well, we know what a hard job it was to get the private companies to do their work effectively, especially since rates were negotiated, then, principally by the airlines. And I think, frankly, I'd rather keep it in government hands. It is working, most of the time. We have to button up the difference, but, on balance, it's a pretty good crew out there. People work hard, they try their best. Whether they're sufficiently populated is our problem, not their problem, that they have enough people to do it.

Ms. BERRICK. Senator, if I could—the time is out. I don't know if I can comment on the 45,000 screeners. The Intel Reform Act is—mandated GAO to look at that screening cap, so we will be starting that within the next month, looking at that, looking at TSA's allocation across the airports.

A couple of problems that we've found due to staffing was that, because of staffing, screeners couldn't receive all the training that they needed, because they were needed to man the checkpoints, or there weren't enough screeners to operate the explosive-detection equipment. So there are some negative impacts of not having enough staff, and that's one of the things we'll be looking at.

Senator LAUTENBERG. Good.

Admiral STONE. If I could mention, on the knife, I got—just to reassure the Committee, the way this—these sorts of incidents take place—and they happen at many airports—the process is, that gets reported to TSA. An image of what the screener saw on this knife is provided to the leadership group to look at what the screener saw, how did they miss that. The ability of our screeners, when you see these images, to detect every single knife certainly is not there. That's for the layered approach. But we do, though, is look at every single incident, every morning, that takes place, look at the causal factors and what we're doing to remedy it.

Senator LAUTENBERG. Thank you, Mr. Chairman.

[The prepared statement of Senator Lautenberg follows:]

PREPARED STATEMENT OF HON. FRANK R. LAUTENBERG,  
U.S. SENATOR FROM NEW JERSEY

Mr. Chairman:

The Transportation Security Agency (TSA) is most identified with aviation. But "transportation" encompasses much more than simply aviation. And as we focus on aviation security, we must not overlook major problems with port and rail security.

As the 9/11 Commission stated, "over 90 percent of the nation's \$5.3 billion annual investment in the TSA goes to aviation—to fight the last war."



These are haunting words. But the 9/11 Commission is right—we need to be ready to fight the next war—and we are not.

Rather than strengthening and coordinating rail security and port security programs, they are being chopped up and spread all over the Department of Homeland Security.

And even after this Committee took the initiative to identify port security and rail security as priorities, the Administration has gutted the Office of Maritime and Land Security.

I certainly hope that the Department of Homeland Security and the TSA will recognize that we need to place more focus on non-aviation transportation security.

But as we work to increase security measures on these other modes of transportation, our aviation security system still needs a great deal of improvement—of course—still must effectively secure our aviation system.

We need to be sure that screeners have the tools they need to do their jobs effectively. And we must make sure that there are enough security and screening personnel in high-traffic areas.

At Newark-Liberty Airport in my home state, and in other busy areas across the nation, we are seeing the effects of not having enough screeners.

Just this past Saturday, at Newark, a woman was able to get a steak knife through security. And last year, there were reports of screeners letting baggage go unchecked in order to keep the lines moving.

So even with long delays for travelers, our security efforts are falling short.

And equipment needs are not being met. Airports across the country need in-line explosives detection equipment to keep baggage moving. As long as people are forced to manually carry their checked baggage to the screening equipment, delays will continue to plague the system.

Mr. Chairman, given these needs, I understand the need for additional funding for transportation security. But the budget burden needs to be shared. That is why I am concerned that the President is seeking a significant tax increase on airline passengers. The President wants to increase sales tax on families who travel and small business people, while the average millionaire is getting a \$100,000 tax cut this year. It makes no sense.

These are some of the issues we need to address. I look forward to hearing from the witnesses on TSA's budget for Fiscal Year 2006.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Lott?

**STATEMENT OF HON. TRENT LOTT,  
U.S. SENATOR FROM MISSISSIPPI**

Senator LOTT. Thank you, Mr. Chairman, for having this hearing. And thank you, Admiral Stone, for the job you're trying to do. I do think a lot of progress has been made over the years. We gave you a real challenge and put markers on it, and you've tried to meet all of those.

Having said that—that's a nice, pretty softball; here comes the low, fast, inside fastball—you're going to have to do more with less. You know, 5.56 billion is too much. You're going to have to use more common sense. I think you can do what you need to do with fewer people. You're going to have to go with innovation. I mean, simple—little, simple things, like the frequent flyer type—I don't know what you call it—but, I mean, how long does it take to make a decision? We've been yapping about that for a year. Get on with it. That's one of the things that—you know, I mean, it's amazing, this stuff at the Reagan National general aviation, that has been going on, to my own personal knowledge, for 3 years. I was told, by the head of Secret Service, in 2000 and—I can't remember what—2002, I guess it was, "By May, we'll have that resolved." Now we've got a chicken-and-egg deal, "Oh, well, it's Secret Service." "No, it's TSA." "No, it's somebody else." Just do it. Quit fumbling around with it. That's the kind of thing that costs money.

Now, I certainly am opposed to the new fees. I don't think you've made a case for them. And I'll do everything I can to shoot them down. I think I'll have a lot of help in that.

Now, you say, "Well, if we don't get the fees, it just means that the taxpayers pay for it." Yeah, well, maybe. Unless we can find ways to spend less, overall. So it may add to the deficit, but maybe we can reduce the number. But I don't think you've made a case for more money. I think you all are too fat, and I think you're wasting money all over the place. And that's why I think you need to do more with less.

And, beside that, who's supposed to pay these fees? Is it the passengers, or is it the airlines? The answer is, well, the passengers. But the airlines say, well, they have to eat it.

Now, if you're going to go with these kinds of fees, maybe someday we're going to have to come up with a way where the passengers pay these security fees separately, I think they do that in other parts of the world, and get the airlines out of it. Make sure that the passengers know they're paying a security fee, and that—and they have to pay it. And don't pass it on to the airlines.

Now, you know, I have airlines that have said, "Yeah, that sounds good, but, you know, technologically how would you do it?" You'd have to have machines, I guess, to do that. But you've got to think about something, some way to deal with this.

If you're going to have fees, more fees, less fees, whatever, I'd like for passengers to know what they're paying for. They don't think they're paying for it now. They think the airlines are just eating it. I don't—but—so I think if you're ever going to—even the fees you have, assuming you're not going to get the new fees, we need to come up with a way for—where the passengers pay these fees separately. Maybe we can't do it. And if we don't do it, you're not going to get more fees.

You got any reaction to any of that?

Admiral STONE. Well, the—I thought the wisdom of that, of having a 2.5 fee and establishing that, yes, a fee is good, and that that money then can be used directly for aviation security, was—my comment would be, very wise for Congress to have established that. And now all we're doing is saying that the general taxpayer today is paying 57 percent of that, and the user is only paying 36 percent, the airlines, 7. Let's leave the airline right where they're at, at 7 percent, and just pass the burden from the general taxpayer to the user who's actually benefiting from that, but keep it 20 percent for the general taxpayer, because there is a national security piece to it.

Senator LOTT. Is there some way, technologically, we can do that, get it out of the price of the airline tickets and get it onto the passenger?

Admiral STONE. I'm not aware of that, no, sir. But I'll be happy to make sure that I find out.

Senator LOTT. If we don't do that, they don't know they're paying it. It just adds more burden on the airlines.

Admiral STONE. We see that the airline is just a pass-through to the passenger, and don't concur with the airlines saying that the fact that they say it's 7 percent between 2005 and 2006. It really is just taking it from the taxpayer and putting it on the user.

Senator LOTT. Well, if we're going to—if the user's going to pay more, there needs to be a way for them to do it. You know, the only person in aviation that's really got a good deal these days is the passengers. They're doing great. You know? They've got nice planes, good transportation, and a low, low, low price for their tickets. They're doing great. And the airlines are slowly losing altitude. Or maybe fast losing altitude. So I think you need—ask somebody to take a look at how could we make sure the passengers pay this fee, if there's going to be one, and that they know that that's what they're doing. I want them to know. And then if they don't want to fly because they don't want to pay the security fee, fine. But I'd like for them to have that option.

Admiral STONE. Yes, sir.

Senator LOTT. Mr. Chairman, since I'd like to hear the next panel, I'll stop at that point.

Thank you very much, both of you.

Admiral STONE. Thank you, Senator.

Ms. BERRICK. Thank you.

The CHAIRMAN. Senator, that raises an interesting question about the next panel. And I did have a discussion with the next panel. We still have—I still have some questions for this panel, but we can submit them for the record, if that's what you'd like to do. But we have had a request now from the Air Transport Association, Airline Pilots Association, the Travel Industry Association, and Interactive Travel Services Association, and Regional Airlines Association, Air Travelers Association, and the National Business Travelers Association to listen to them with regard to these fees. So the question I would just, if you'll permit me, Admiral and Ms. Berrick, but let me ask the people who are the next witnesses whether they would prefer to appear this morning or appear with a panel of those people I just mentioned, at a later date.

Ms. Goodwin, Mr. Barclay, Mr. May, what do you say?

Mr. MAY. I'm happy to go with the judgment of the Committee. We're perfectly prepared to show up at a later date, Senator.

Senator LOTT. We know what their answer's going to be. It won't take long to say no.

[Laughter.]

The CHAIRMAN. That's true.

Well, I believe we'll proceed with the other hearing, then. But I do want to say I am going to submit some questions. I'm not sure but what we're—our screening that's taking place now is really driven so much by the past and not really in tune with the future.

Now, for instance, I saw a display of a fellow with 52 cards that sit about five feet away from a person holding a big carrot, and he sliced off a piece of that carrot just by throwing the cards. I saw another person take a credit card and cut through what would be the thickness of a person's neck in 2 seconds, much faster than a knife could do it.

We seem to be really zeroing in, How can we pick up knives? Has any knife been the cause of an attempted hijack since 9/11?

Admiral STONE. Not that I'm aware of, no, sir.

The CHAIRMAN. But we're spending a lot of money to get them, aren't we?

Admiral STONE. We sure are, sir. In the wake of the box cutters—

The CHAIRMAN. Are they the threat now? Isn't the threat now chemicals and substances and the ability to deal with trying to use a plane as a weapon—notwithstanding the fact that there are air marshals and they can't get through the door to the pilots, hasn't the system changed now? Do we really need to spend more money trying to pick up knives and fingernail files?

Admiral STONE. I would agree with you, the threat's changed, and that the focus on box cutters and knives and the regulations pertaining to that should be revisited.

The CHAIRMAN. Well, I'm going to end this. But I've got to tell you, in my state, you know, we only have one main road, and we have a railroad. No one on the road and no one on the railroad pays any fees, but every time you get on an airplane, you pay a fee now. As a matter of fact, in most instances, to get in from the rural areas, you'd have to get on two, maybe three, planes to get to Anchorage. Now, there's a maximum they have to pay in 1 day, as I understand it. You're going to increase that maximum by three dollars.

Admiral STONE. Yes, sir.

The CHAIRMAN. So those of us that don't have trains and roads and buses and taxis, who commute from Kenai, in Alaska, which is about 50 miles south of Anchorage, they commute back and forth. They pay this fee twice a day. If you commuted across the river up there in New York or New Jersey, you wouldn't pay any security fee, yet you're a great deal more of a risk to the nation's security than you are if you're traveling from Kenai to Anchorage and back every day for work.

I think this fee system is very burdensome on people in rural areas. And for that reason, I hope to have another hearing on the whole subject of fees. But, right now, I want to thank the two of you for what you've done, and coming today.

I do think we have some other questions we have to ask you. For instance, I don't see anything in this proposal to fund the letters of intent that were issued for baggage screening devices. And there's a whole priority list, as I understand it. Our airport in Anchorage, the tenth busiest airport, we're 15th in the security list. Little questions like that, I'd like to have some time to ask you.

What are we doing with regard to the situation where a woman gets on a—I saw this—a woman's getting on a plane in Sitka, going 25 minutes to Juneau, elderly lady, a grandmother, obviously, with three kids. Her name popped up, so she goes through all of this stuff and she's going to be in a plane less time than it took to go through the screening process. Now, shouldn't there be some differences for intrastate travel in a state like mine? You don't search people that are getting on buses. You don't search the people getting in taxis. Yet we use airplanes for taxis, and we're searched every time we get on a plane.

Now, I think that this whole system is not sensitive to the situation of the passenger. It's just one size-fits-all. You know, you can go up to Nome, two planes a day, you've got two shifts a day, and they're going to search those people going on the planes and—as a matter of fact, the people getting off have been searched, too. And

they're just going within their own state and couldn't be a threat to anybody's economy or security.

I really think this thing needs really an intensive look. And we intend to continue these hearings. We intend to dig into this and find out why—why do we all have to wear the same pair of shoes to get on an airplane in different parts of the United States? And why don't the people who are the greatest risk, the ones that don't fly, the no-fly people—they're in our communities—how are we going to ferret them out?

This is why we insisted on keeping the jurisdiction over this TSA. Our jurisdiction covers all means of transportation, yet it seems that your main focus is airline transportation, primarily because of what happened on 9/11. And that is a serious, serious thing, but we've done everything we can to prevent that from re-happening. But I don't see what we're doing to prevent something even worse from happening, in terms of chemical substances, biological substances, and, really, the protection of massive areas, as opposed to imposing fees on people who use commuters every day just to go back and forth in smaller states, to make their living.

Do you have any final statement, my friend?

Senator INOUE. One short question. How does our security system compare with the security systems in Europe and in Asia? Are we better? Worse?

Admiral STONE. I have a view of that, which is that we have the best security system in the world, that the criteria we use, for instance, on our—

Senator INOUE. So, in other words—

Admiral STONE.—checked bags—

Senator INOUE.—in other words, the aircraft coming in from Britain is not as secure as the one that goes to Britain.

Admiral STONE. We don't grant equivalency for passenger screening, for instance, from the UK to the U.S. In other words, they can't land in the sterile area and then board a flight from New York to Denver without going through our passenger screening. Those bags are also re-screened, whether it's from France, the UK, Japan. We believe our screening systems that we use, as well as our passenger screening, set the mark on where they should be. And so, we're committed to—

Senator INOUE. But the plane coming in from Paris could be loaded with explosives.

Ms. BERRICK. There are different procedures between what the U.S. employs and what other foreign countries do, and I think there are things that we can learn from what other countries are doing, because they've been dealing with terrorism for many years, and aviation is an area—rail security is also an area—and there are differences in how passengers are pre-screened, in terms of their names being matched against terrorist watch lists—

Senator INOUE. Is our system much more efficient than the other systems?

Ms. BERRICK. I don't think the assessment has been done to answer that question. There are differences between the two systems.

Admiral STONE. I would agree. But from an efficiency point of view—

Senator INOUE. Who spends—

Admiral STONE.—there is a lot to be learned.

Senator INOUE.—more money on it?

Ms. BERRICK. I don't know the answer to that question, in terms of funds spent.

Senator INOUE. Thank you.

The CHAIRMAN. Thank you very much. We appreciate your time. The Committee will be sending you some questions. I apologize for cutting you short.

Admiral STONE. Thank you, Mr. Chairman.

Mr. BERRICK. Thank you, Mr. Chairman.

The CHAIRMAN.—pursuing some of these items in Subcommittee to surface transportation, their security problems.

We now have—the next panel of witnesses, if we will—oh, they're right there. If they say they want to testify. Do you want to testify today, Chip?

I want to ask, again, the airline people, the Association of Executives and the Port Authorities—it was my intention to convene another hearing. Do you want to be heard today?

Mr. BARCLAY. Mr. Chairman, Jim May has already left, so—

The CHAIRMAN. Good.

Mr. BARCLAY.—I think we'd better go with another day.

[Laughter.]

The CHAIRMAN. We'll convene another day of hearings. Thank you very much.

[Whereupon, at 11:44 a.m., the hearing was adjourned.]

## A P P E N D I X

### PREPARED STATEMENT OF JEAN GODWIN, EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL, AMERICAN ASSOCIATION OF PORT AUTHORITIES

Good Morning. I am Jean Godwin, Executive Vice President and General Counsel for the American Association of Port Authorities (AAPA). I thank you for inviting us to testify before your Committee on the Port Security Grant Program and the FY06 proposed budget. AAPA is an alliance of the leading public ports in the Western Hemisphere and our testimony today reflects the views of our U.S. Members. AAPA has had a long history of involvement with the Commerce, Science and Transportation Committee, including passage of the Maritime Transportation Security Act (MTSA) and the Coast Guard reauthorization legislation, which both serve as authorizing legislation for the Port Security Grant program.

The Port Security Grant program was established after 9/11 to provide much-needed help to port facilities to harden security to protect these vital ports of entry from acts of terrorism. Since its inception, the program has given out \$565 million in grants for 1,200 projects, with Congress providing an additional \$150 million in FY05. Overall only one-sixth of all projects have been funded, showing the great need for this program. Through four rounds of grants, funds were provided to coastal states, including the port-dependent states of Alaska and Hawaii. But its value to this nation is not just to coastal states. With 95 percent of our overseas trade flowing through our ports, all states and all citizens would be impacted by a shutdown of our seaports.

The Port Security Grant program has also been subject to numerous reorganizations, some of which are expected to be highlighted in the Inspector General's report to be issued today. Originally the program was housed in the Maritime Administration, then it moved to the Transportation Security Administration (TSA) and, as part of last year's budget, the Administration moved the program to the Office of State and Local Government Coordination and Preparedness. As part of this move last year, the Department agreed to keep the program as a separate entity and to keep TSA, Coast Guard, MarAd, and Customs involved in the management and selection of these competitive grants.

In FY06, the Administration proposes yet another change—elimination of the port security grant program, and creation of a broad grant program to protect facilities in the critical infrastructure plan. This runs counter to the intent of this Committee. Last year, this Committee included a provision in the Coast Guard reauthorization bill to update the authorization of the program. The Act maintained that there would be a separate program specifically for port security to be based on the MTSA.

The new Targeted Infrastructure Protection program would lump port security into a program with trains, trucks, busses and other public transit and ties these grants to the goal of protecting critical infrastructure based on relative risk, vulnerability and needs. This move would pit an underfunded border protection program against underfunded domestic transportation protection programs. AAPA has great concerns and encourages your Committee to voice opposition to this new structure.

Our economy, our safety and our national defense depend largely on how well we can protect our seaports. According to the 9/11 Commission Report, opportunities to do harm are as great, or greater, in maritime as they are at airports. Ports are also the only industry within this new Targeted Infrastructure Protection program that has a statutory mandate to comply with—the MTSA—and the only one for which there is a congressionally authorized grant program, which was also created by this Committee. A separate line item is essential to ensure that ports continue to be a targeted priority in our country's war against terrorism. Cargo doesn't vote and it is often not fully recognized for the value it provides to this country in state and federal infrastructure plans. While critical infrastructure protection is important, using it as the sole criteria for making decisions on funding for port security is a bad idea.

We must focus on protection at all seaports since ports serve as an international border and an incident at one would surely impact all ports. The MTSA has a system established to identify risks and vulnerabilities, and while some may question

some of the DHS decisions on certain grants, the overall criteria of tying the grants to the MTSA is one that AAPA supports. This was not done in the first few rounds because the MTSA was not in effect yet. We urge DHS to refocus the program on the MTSA, while including a cross-check to the critical infrastructure plan and to keep this as a separate program, like the firefighter grants.

We also urge this Committee to take a leadership role in advocating for stronger funding for the current port security grant program in the FY06 Appropriations process. The Coast Guard has estimated that ports would have to spend \$5.4 billion over a 10-year period to comply with the new MTSA. AAPA urges a funding level of \$400 million in FY06. There is still much to be done to continue our progress in securing America's ports. Adequate federal funds will help us avoid an infrastructure crisis in the future.

Ports are currently planning for a huge increase in trade in the future. Industry analysts predict that within the next 15 years, that the approximately two billion tons of cargo that U.S. ports handle will double. But ports are also challenged by the new security mandates of the MTSA and the need to continue to make improvements. Therefore, ports are using current dollars to pay for security, rather than capital investments needed to handle the future growth in international trade. We need the Federal Government to provide its share of these improvements now, so that our ports are secure today and will be able to meet the challenges and opportunities of accommodating the world trade needs of tomorrow.

Finally, AAPA would like to voice its strong support for the Transportation Worker Identification Credentialing (TWIC) program. We urge increased funding for this program and encourage DHS to make the necessary policy decisions to implement this program quickly. The MTSA required all ports to control access to their facilities, but our U.S. member ports are still waiting for the TWIC requirements before installing new technologies.

Thank you for inviting us to testify on this critical transportation security issue. Ports stand ready to do their part in protecting America. We urge your Committee to voice your support for a strong appropriation in FY06 for a separate line item for the Port Security Grant Program.

Thank you. I would be happy to answer any questions.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO  
HON. DAVID M. STONE

#### **Transportation Worker Identification Credential (TWIC)**

*Question 1.* What is the current status of your efforts to develop and implement a biometric maritime Transportation Worker Identification Credential program?

Answer. The Transportation Security Administration (TSA) continues implementation planning for the Transportation Worker Identification Credential (TWIC) by focusing on: (a) lessons learned from the current Phase III-Prototype to refine requirements further; and (b) developing, in conjunction with the Coast Guard, a rule to implement the TWIC program for the maritime mode in accordance with Sec. 70105 of the Maritime Transportation Security Act of 2002.

The National Maritime Security Advisory Committee (NMSAC) met for the first time in March 2005. That committee agreed, as a matter of priority, to assist federal regulators in the development of the TWIC rulemaking. Since this Committee is regulated under the Federal Advisory Committee Act, they may advise TSA during the rulemaking process. A task statement has been delivered to the Committee with a 30-day deadline for comments. NMSAC comments will provide consolidated recommendations and concerns from a board group of maritime industry stakeholders including: port officials; port facilities; shipping operators; shore side and maritime labor; offshore maritime industry; small passenger vessel operators. The NMSAC recommendations will be considered during the drafting of the NPRM.

*Question 2.* What steps have been taken to resolve issues with stakeholders, such as how to share costs of the program, eligibility requirements, and policies for adjudicating card applications appeal and waiver requests from workers denied a card? If the program is moved out of TSA to a new organizational home within DHS, what assurances can you provide that the TWIC program will not be further delayed?

Answer. TSA recognizes the need to develop partnerships across the transportation industry to communicate program objectives and progress and to establish a forum for industry feedback. In accordance with the Department's policy of stakeholder outreach, TSA is consulting with industry partners and affected stakeholders during the execution of various phases of the program.

TSA is evaluating opportunities for reciprocity where current identification and vetting programs exist and collaborating with a myriad of stakeholders and port se-



curity officials facing investment decisions. TSA is developing standards-based technical specifications for smart card readers, as well as developing interfaces and technical specifications to facilitate integration with commercial physical access control systems. Additionally, TSA is actively seeking cost-effective and efficient options for providing identity management services by identifying and leveraging existing capabilities in both the Federal Government and private sector.

Notably, TSA is partnering with the State of Florida to meet the requirements of the Florida Uniform Port Access Credential (FUPAC). The TWIC prototype serves as the identity management system for Florida's 12 deepwater ports, allowing them to comply with Florida statute. This federal-state-industry relationship helps demonstrate TSA's commitment to work with our stakeholders to deploy an effective solution.

TSA has developed a comprehensive stakeholder communications plan that includes the following channels:

- *Online Materials:* External stakeholders can access the TWIC Stakeholder Brief, a Frequently Asked Questions document, and other materials via the Internet at <http://www.tsa.gov/public/display?content=09000519800276d6>.
- *TWIC E-mail Address:* The TWIC program receives email via the e-mail address posted on the TWIC website ([Credentialing@dhs.gov](mailto:Credentialing@dhs.gov)). Messages primarily inquire about the TWIC program status, participation requirements and opportunities, and timeline. TSA's response directs the requester to the TWIC website where the information is listed or, if necessary, a specific response is drafted and approved at the appropriate level before being transmitted to the requester.
- *Integrated Process Teams (IPTs):* IPTs are comprised of government and program office support personnel with industry and business process expertise. The teams maintain a local facility focus and presence to ensure prototype sites receive the necessary support during the various phases of the program.
- *Direct Stakeholder Outreach:* Since early 2002, TSA has conducted selected industry and government events, conferences, and symposiums to reach a broad cross section of national-level stakeholders, with interactive presentations, panel discussions and listening sessions.
- *National Maritime Security Advisory Committee (NMSAC):* The NMSAC responded to its first task statement in June 2005 by providing a comprehensive set of recommendations in response to key questions on TWIC implementation in the maritime mode. The industry input is well aligned with the TWIC implementation currently being considered for the rulemaking.
- *Public Meetings:* During the TWIC maritime rulemaking process, TSA and the Coast Guard intend to hold public meetings to address important stakeholder concerns such as eligibility criteria as well as a waiver and appeal process. TSA recognizes the sensitivity of these issues and potential impact to the current labor force and will continue to consider stakeholder input as proposed rulemaking proceeds. Additionally, the rule will be subject to a public comment period during which stakeholders can provide TSA additional feedback.

The President's FY06 budget proposes that TWIC will align with the newly formed Office of Screening Coordination and Operations (SCO). Consolidating screening within the SCO is expected to bring improved rationalization and integration of screening assets as well as greater efficiency and effectiveness in the Department's ability to screen multiple populations. Implementation of SCO will not effect the current TWIC schedule Credentialing and biometrics programs, such as TWIC, have been recognized as critical to DHS' mission as they will enable identity verification of individuals accessing sensitive areas of the transportation system. This capability is crucial in enabling our critical maritime infrastructure (facility and vessel owners and operators currently regulated under the MTSA) to make adjustments in screening processes in order to maintain maximum security.

*Question 3.* What are the Department's plans for expanding the TWIC program beyond our ports to other transportation sectors and facilities? How will the TWIC program work for transportation sectors that already have specific ID or background check requirements?

*Answer.* The initial implementation plan for the TWIC program focuses on maritime workers as the primary TWIC population. TSA will be able to use its experience with the prototype and with implementing TWIC at ports to develop a risk-based approach to determine how to leverage and interact with identification and background check processes and information in other transportation modes.

TSA announced the award of the TWIC Phase III Prototype on August 10, 2004, for a total of \$12.3 Million. The prototype is scheduled to last for 7 months, or

until March 10, 2005. According to TSA's August press release, TSA is supposed to issue between 150,000 and 200,000 cards to transportation workers at over 40 sites, including all 14 deepwater ports in the State of Florida.

*Question 4.* The March 10 conclusion of this prototype has passed. How many TWIC cards has TSA issued, and at how many sites?

Answer. The period of prototype activities was extended to June 30, 2005 when the contract modification discussed in our response to Question 7 below was issued. As of June 3, 2005, approximately 15,000 workers were enrolled and 7,000 TWIC cards were produced at 26 prototype locations. The secure credentials for Florida port workers will be produced and issued once the necessary identity vetting and threat assessments are complete and the new card production facility is up and running.

*Question 5.* How much has TSA actually expended on this project?

Answer. As of May 31, 2005 approximately \$16.2M was spent to conduct the TWIC Phase III-Prototype.

*Question 6.* How much has TSA's contractor received to date?

Answer. As of May 31, 2005, the Prototype contractor, BearingPoint, received \$11,002,231.

*Question 7.* The total announced value of the contract on August 10, 2004 was \$12 Million. Have additional change orders been added to this original task? What were they and how much were they for? What is the total value with all change orders of the contract?

Answer. Change orders totaling approximately \$12M were issued to satisfy unanticipated requirements. These requirements included: TSA compliance with Homeland Security Presidential Directive 12 (HSPD-12); procurement of standards-based biometric readers; obtaining card production and system hosting services; and extending the contract's period of performance to ensure continuity of operations for Florida and our East and West Coast stakeholders. The total cost of the contract (base plus modifications) is \$24,546,183.

*Question 8.* It is my understanding that many of the TWIC phase III Prototype sites were very eager to get the cards issued to their employees. What has become of security at all the sites that have not yet been stood up for the TWIC prototype?

Answer. With or without TWIC, facilities are required to implement security measures, including the control of access to their facility in accordance with 33 CFR Subchapter H and their Coast Guard approved Facility Security Plans. The TWIC is a high assurance identity credential that can be used in local facilities to enhance security for providing physical access to secure areas. As the TWIC becomes available to MTSA regulated facilities and vessels, the level of port security will be enhanced as a result of enabling biometric identity verification for the port worker population.

#### **Office of Maritime and Land**

*Question 1.* In the most recent re-organization of TSA two weeks ago, I see you consolidated the functions of the Office of Maritime and Land and Aviation Operations to what is now known as the Office of Intermodalism. Exactly how many re-organizations has the agency undertaken since it's inception into the Department of Homeland Security? How will these changes improve non-aviation transportation security?

*Question 2.* Can you explain how this reorganization plan and the changes to TSA purposed in the President's budget proposal will result in stronger non-aviation security initiatives? Will funding and staff dedicated for non-aviation security increase or decrease under the new reorganization? How will the Department ensure continuity and accountability for non-aviation security under the DHS's new organizational structure?

Answer. TSA recently realigned its organizational structure to provide better support for surface transportation security activities. This structure realigns our functions ensuring our success in meeting the strategic goals of the Department of Homeland Security and is consistent with the Department's overall efforts to conform with Homeland Security Presidential Directive-7. TSA's Maritime and Land Security program is included in the President's FY 2006 Budget request. TSA's security efforts for all non-aviation transportation modes, including rail, mass transit, highway, postal and shipping, pipelines, and maritime (in close partnership with the Coast Guard) going forward will be covered by a new appropriation category titled "Surface Transportation Security." Operational staffing and funding that were previously under the Maritime and Land program are included within this appropria-

tion. Staffing levels for surface transportation security staff and rail inspectors would be maintained at FY 2005 levels under the FY 2006 request.

An Assistant Administrator for Intermodal Programs has been designated to assume programmatic responsibility for staffing, training, equipping, and managing programs for all transportation modes (aviation, rail, mass transit, highway, postal and shipping, pipeline, and maritime).

#### **Transportation Security Grants**

*Question 1.* How will the consolidation of transportation infrastructure grant programs improve compliance with the statutory requirements of Maritime Transportation Security Act of 2002?

Answer. A consolidated Targeted Infrastructure Protection Program (TIPP) will allow greater flexibility to the Secretary to allocate funds according to the greatest risk so that we may best enhance the ability of the owners and operators of key transit systems and port assets to prevent and respond to large scale incidents.

In FY05, the Office of State and Local Government Coordination and Preparedness (SLGCP) provided \$315 million through several initiatives to enhance the security of the Nation's transit systems, railroads, ports, and highways. For FY06, TIPP will build on these enhancements by shifting to a discretionary approach for all program elements. In coordination with other DHS components and other federal entities (including IAIP, TSA, Coast Guard, and the Maritime Administration (MARAD)), the \$600 million requested in the President's FY06 budget for an integrated, discretionary grant program will enable SLGCP: (1) to better supplement State, local, and private sector infrastructure protection efforts based on threat, vulnerability, and criticality; (2) to further enhance the linkages between critical infrastructure protection and regional planning efforts; and (3) to ensure that the program is consistent with applicable laws and regulations, such as the Maritime Transportation Security Act (MTSA).

#### **Airline Passenger Fee Hike**

*Question 1.* I have many concerns about the TSA plan to raise security fees on airline passengers, but clearly the additional \$1.5 billion it is intended to bring forth is central to the Administration's effort to increase homeland security spending across all federal government agencies by \$1.4 billion in FY06. If the Congress does not support this change, what steps will TSA and DHS take to address the funding shortfall? Will agency programs be cut?

Answer. The sharing of aviation screening costs between industry, passengers, and government is essential to ensure that there is sufficient funding for existing and emerging threats to the integrity of the aviation security infrastructure. The proposed increase is intended to shift the burden of paying aviation screening services from the general taxpayer to the airline passenger. The Department will work with Congress to ensure that security priorities are met.

#### **Explosive Detection System (EDS) Letters of Intent (LOIs)**

*Question 1.* It appears the \$250 million requested for EDS is still only enough to pay off existing LOIs and do perhaps one or two small pilot tests. How do we clean up the operational mess in airport lobbies plus provide more cost effective and secure checked baggage security solutions if we continue to fund at only a maintaining level for airport construction?

Answer. The President's FY 2006 budget reflects the Department of Homeland Security's most critical needs and includes funding which supports the eight existing Letters of Intent (LOI) airports. TSA is currently developing a long-term plan to determine the appropriate level of in-line system integration activities for LOI and non-LOI airports. TSA has also engaged in intensive research and development initiatives to identify and certify improved explosives screening technologies that should increase throughput and detection capacity, and potentially reduce infrastructure and space requirements. This could reduce the need for in-line systems and/or the present high cost of those systems. TSA will continue to work with non-LOI airports and air carrier officials to ensure that TSA can use equipment already in place to maintain 100 percent electronic screening during ongoing terminal construction projects.

In addition, TSA is developing a schedule to replace explosives trace detection (ETD) systems with EDS pursuant to Section 4019 of the Intelligence Reform and Terrorism Prevention Act of 2004. With the recent certification of the Reveal GT-80 system, TSA is developing a strategy for determining the cost effectiveness of deploying these smaller, less expensive units to those airports that are currently using ETD equipment primarily.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN D. ROCKEFELLER IV  
TO HON. DAVID M. STONE

TSA's budget request includes an increase of \$15 million to pay for passenger screening activities at the five pilot airports that use private security firms. Ever since we set up the federal screening workforce, I have heard an endless stream of statements from our House counterparts and OMB that said the private sector could do it better and cheaper. Yet, this substantial increase for FY06 would appear to invalidate these claims.

*Question 1.* What is TSA getting for its extra \$15 million? Will these airports get additional screeners or services? Or is this funding to cover exactly the same services you were getting last year?

*Question 2.* If you are getting the same level of services for \$15 million, what was the contractors' explanation of why they needed the increase?

Answer. In directing TSA to establish a contract screening pilot program (PP5), the Aviation and Transportation Security Act (ATSA) required that the level of screening services and protection provided at the PP5 airports be equal to or greater than the level provided at an airport with federal screeners. Similarly, contract screeners must receive compensation and other benefits that are not less than the compensation and other benefits provided to federal personnel. In accordance with these requirements, TSA strives for a level playing field between airports with private contract screeners under PP5 and the Screener Partnership Program (SPP) and airports with federal screeners. Consequently, as each airport considers whether to continue with federal screening or to apply for the SPP, it can base its decision on its own preferences and criteria rather than considerations of security, resources, or level of service.

The additional \$15 million requested is reflective of the increased cost of providing screening services at the levels required under ATSA for the PP5 airports. In particular, the request was necessary to meet unanticipated inflationary increases of screener wages, health care, uniforms, state-mandated workers compensation costs, and consumables. It is not funding services in addition to those provided in previous years except where consistent with changes in the Standard Operating Procedure made effective throughout the Nation's commercial aviation system.

In FY 2005, a reprogramming increase of \$23M was made to support the cost of providing PP5 airports with the level of screening required for all commercial airports under ATSA. This reprogramming supported increased insurance premium costs for worker's compensation; terrorism and health insurance premiums; ATSA-guaranteed screener pay parity; and operational requirements relating to flexibilities granted to contractors in the areas of recruitment, hiring, and training.

Since the authorized spending for FY 2005 is \$152.65 million with the reprogramming, the FY 2006 budget request of \$146.15 million represents a \$6.5 million decrease. The reduction is due in part to the normalization of workers' compensation costs now that the PP5 airports have three full years of operating history. It is anticipated that the FY 2006 funds requested will be sufficient to cover anticipated costs.

*Question 3.* If TSA is not getting anything more for its money, please tell me how private screeners are less costly at the same time you are paying more for their services.

Answer. TSA believes that it is getting value added from conducting the private screening pilot program at the five airports. The private screening companies were awarded "cost plus award fee" contracts to provide them maximum operating flexibility to create and implement innovations and operating efficiencies. This contractual arrangement also meant that TSA reimbursed contractors for costs incurred in developing initiatives to improve or streamline operations. Some of these initiatives are currently being studied by TSA to determine their applicability to federalized airports. TSA has regarded the private screening pilot program as a unique opportunity to continuously operate, evaluate, and innovate, whereby lessons learned are incorporated into operations not only at pilot airports that utilize private screeners but throughout the system. Notably, TSA learned in part from the PP5 program that strong FSD management is a key factor in driving good screener performance regardless of whether the screeners at a particular airport are federal screeners or private contract screeners. As a result, TSA has empowered FSDs all across the country with greater tools and flexibility to manage operations at the local level, and FSDs are now more intimately involved in the recruiting, hiring, assessment, and training of screeners.

*Question 4.* Finally, if Congress does not appropriate this \$15 million, will the funding be transferred from other TSA activities?

Answer. \$15 million is necessary to maintain existing airport operations at their current level. A decrease in funding would have a severe impact on operations at each of the PP5 airports. TSA would be forced to either reduce screening operations or look for other flexibilities that may be available to fund these activities

#### **Aviation Security Fee**

*Question 1.* Do you believe that transportation security costs should be borne only by those who use the services?

Answer. TSA has implemented a passenger and an airline fee as mandated by Congress in the Aviation and Transportation Security Act (ATSA). Prior to the attacks of September 11, air carriers were responsible for aviation security, and air carriers and passengers shared these costs directly. In enacting ATSA, Congress intended not only for the Federal Government to assume direct responsibility for aviation security but also for the costs of providing such services to be shared by industry, users (passengers), and the Federal Government. The proposed increase in the passenger security fee, TSA proposes will better allocate the fee burden among industry, passengers, and the Federal Government to reflect the workload imposed on TSA by the direct users of the aviation security system. The net effect of the increase and decrease in fees would be to raise security fee collections from about \$2.6 billion annually to about \$4.1 billion annually. This amount would recover almost all of the funding associated with TSA aviation screening costs. There would still be over \$1.4 billion of TSA costs funded by general taxpayers.

*Question 2.* Why didn't the Administration propose any fees on any other mode of transportation? Should these modes—ports, shippers, rail, etc who are asking for more and more federal resources for security be asked to pay for some of their security needs?

Answer. With the exception of certain credentialing and vetting programs, TSA does not currently collect fees for surface transportation security measures. Unlike aviation where TSA has a Congressionally-established role in providing direct security services and fees are collected, TSA's role in security for surface modes is more indirect and largely accomplished through developing standards and regulations and providing oversight. The regulated parties implement the actual security measures in compliance with the standards established by TSA. Therefore, the industry and its customers will most likely incur the cost of such security measures through direct expenditures to comply with standards, as opposed to incurring them through fees.

There are currently several areas in which TSA has—or will have—a more hands-on role that warrant—or will likely warrant—implementation of user-fees. Pursuant to a provision included in the Department of Homeland Security Appropriations Act, 2004, the Department may charge reasonable fees for providing credentialing and background investigations in the area of transportation. TSA anticipates collecting fees to administer credentialing and background check programs for alien flight school student pilots and HAZMAT truck drivers. TSA also anticipates that existing fee authority could be applied to transportation workers under the transportation worker identification credentialing program and to volunteer passengers under the Registered Traveler program.

As future specific security measures are implemented in non-aviation modes, TSA will consult with Congress regarding appropriate fees to recoup the Federal funding attributed to the effort. In general, fee authority is conferred only to the extent that fee collections are necessary to fund specifically identified services provided by the Federal Government. An agency is generally not permitted to collect fees in amounts that would exceed the cost of providing those services.

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#### RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO HON. DAVID M. STONE

*Question 1.* What aviation security screener personnel functions are being performed by Federal Security Directors and which functions are being performed by offices at TSA headquarters, or by contractors to such offices? Does TSA have plans for empowering FSD's with further personnel-related authority (staffing, hiring, firing, etc.)?

Answer. TSA implemented Next Generation Hiring (also known as de-centralized or local hiring) to enable Federal Security Directors (FSDs) to directly influence the hiring process while maintaining systematic, consistent, regulatory-compliant employment practices. Under this model, the FSD at each airport has the power to establish individualized strategic hiring plans, recruit and interview its own can-

didates, make formal job offers, swear in and orient new employees to federal employment, and provide them with initial and recurrent training.

To support this effort, TSA established Local Hiring Centers (LHCs) in 20 cities across the country. The LHC serves as a key resource in supporting an airport in meeting its hiring needs in a timely and efficient manner by filling in where airport resources are not available to conduct the steps in the hiring process. Introduced at the end of calendar year 2004, TSA is already realizing the benefits of this approach to hiring. Airports are reporting that candidates who accept positions are more committed to their employment with TSA as evidenced by an increase in Entry-on-Duty (EOD) Show Rates (i.e., the percentage of new hires who are scheduled to report for duty who actually do report) and a decrease in Quick Separation Rates (i.e., the percentage of new hires who resigned within one month of EOD).

Also, in 2004, TSA gave FSDs the authority to take disciplinary actions without first obtaining approval from Employee Relations staff at Headquarters. This authority was launched with training, toolkits, and workbooks providing guidance to ensure all disciplinary decisions are made with full adherence to TSA policy, including merit principles and considerations of fundamental fairness (i.e., without regard to favoritism, nepotism, political affiliation, race, color, religion, national origin, sex, reprisal, marital status, age, disability or sexual orientation) and with proper regard for employees' privacy and constitutional rights.

TSA Headquarters continues to provide coordination and facilitation of the entire screener on-boarding process. Activities include providing technical direction to recruitment, hiring, and training contractors; providing and maintaining data management systems and information; coordinating and overseeing the conduct of Phase I Assessment computerized tests, medical evaluations; background investigations (including criminal history and financial credit checks); and certifying candidates as being technically qualified. TSA Headquarters also continues to oversee contractor activities of those phases of the hiring process at airports that have chosen not to utilize Next Generation Hiring.

At this time, TSA does not have any plans for additional delegation of personnel authority to the local level.

*Question 2.* Is TSA still using the same contractor for hiring screeners that failed to initially conduct criminal background checks on a number of screeners, leading to later discovery that 85 felons were employed by TSA?

Answer. TSA no longer contracts with NCS Pearson for hiring screeners. In December 2002, the contract for recruiting and assessing screeners was awarded to CPS Human Resource Services, and a contract for hiring and conducting personnel transactions was awarded to Accenture. Since neither company provides the background investigation services, TSA has now contracted with a separate company, Kroll, to conduct the background investigations.

Kroll provides TSA with the full preliminary background checks, consisting of a review of a fingerprint report which is done through the Office of Personnel Management (OPM), a credit report, and a National Crime Information Center check. When a case file is complete, the results from Kroll and OPM are posted on a secure website. This information is available to be adjudicated against current TSA suitability standards in order to make an initial decision regarding the person's suitability to be a TSA employee. This determination occurs before any candidates are certified as "qualified" by CPS and before a job offer is given by Accenture. This initial investigation prevents an individual with an objectionable record from attaining employment with TSA. A full investigation is later completed with OPM following employment with TSA.

*Question 3.* Has TSA committed to funding an in-line explosive detection system at Newark Liberty International Airport? If so, when will it be functional and what will the federal share of the costs be? If not, does TSA have any plans for funding the project at Newark Liberty International Airport?

Answer. TSA is developing prioritization criteria that will identify the airports that are the highest priority for receiving an in-line system. When the prioritization criteria are developed, TSA will generate a list of candidate airports. Once the list is generated, TSA will be able to estimate total costs. Additionally, TSA has approved \$10 million in Other Transaction Agreements (OTA) funds for Newark Liberty International Airport.

*Question 4.* What steps has TSA taken to acquire security cameras in checked baggage areas and address instances of baggage theft and damage in areas out of public view?

Answer. The President's Fiscal Year 2005 budget included an estimated \$14,000,000 for Electronic Surveillance Systems (ESS) at airport checked baggage screening (CBS) areas. TSA, in partnership with selected airports, generally pur-

chases and installs ESS equipment with the understanding that airports maintain the ESS equipment after installation.

*Question 5.* What efforts is TSA making to improve security of airport access and control of secure areas? Is the Administration committed to funding projects like the “secure area tracking pilot project,” a demonstration project concerning technology to track and monitor hazmat vehicles and fuel trucks in secure areas, at Newark Airport?

Answer. TSA is committed to improving airport access and control of secure areas and has generated a draft guidance package to comply with 49 U.S.C. 44903(h)(5) (as amended by Section 4011(a)(2) of the Intelligence Reform and Terrorism Prevention Act of 2004). This package is consistent with ongoing Administration and DHS direction on government-wide biometric standards as required by Homeland Security Presidential Directive-12 (HSPD-12). It is also consistent with all relevant biometric standards agreed to by the National Institute of Standards & Technology (NIST), the American National Standards Institute (ANSI), the International Standards Organization (ISO), and the Radio Technical Commission for Aeronautics (RTCA) standards related to airport access control systems.

Per Congressional direction, TSA has developed the Biometrics Guidance document, and it is currently undergoing DHS-wide review. The guidance document will provide vendors and airports performance expectations for technologies developed to support airport access control systems. Vendors will be able to submit their technology products to TSA for evaluation and TSA will then publish the results of these evaluations through the issuance of a qualified products list (QPL). In addition, airports will be able to use the QPL to determine what products will best meet their needs. TSA will continue to support an evaluation process in order to continually update the QPL with the latest technology solutions.

In addition, per Congressional direction, TSA is also continuing work on the 20-airport access control pilot program. TSA has completed the first 10 pilot projects and has initiated 5 additional projects. Project design plans for the remaining 5 airports are nearing completion and will be announced once they are finalized. TSA is currently preparing a report that will capture the technology performance data gathered during the first 10 pilot projects. The completed report will be made available to industry so the data may be used in the decision-making process when selecting potential access control solutions to meet their needs. The report will be updated with the information gathered during the remaining 10 projects once they have concluded.

TSA does have an ongoing R&D project in partnership with the Port Authority of New York and New Jersey, which includes the development and evaluation of technology that tracks fuel trucks operating within Newark International Airport’s (EWR) secure area. The project includes technology that tracks the vehicle, validates the identity of authorized operator, and ensures that the vehicle is operated only in authorized areas. An alarm is sent to the control center if a vehicle is taken into an area for which the vehicle is not authorized even if it is operated by an authorized driver. This alarm allows law enforcement to respond immediately.

TSA has also awarded \$1.67 million for EWR to purchase and deploy a state-of-the-art video surveillance system for detecting and tracking persons and vehicles that breach the airport perimeter. The surveillance system will string together images taken at various angles by different cameras to create a single picture with an unrestricted view of the impacted area.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DAVID VITTER TO  
HON. DAVID M. STONE

The nation depends on Louisiana’s port system, which is the largest combined port system in the United States, carrying nearly 500 million tons of waterborne commerce annually. That is over 20 percent of all waterborne commerce in the United States. So, with an important port system in my state, I am very concerned with the proposal to combine all the different infrastructure protection grants into one combined Targeted Infrastructure Protection. I am fearful that without a dedicated funding source for port security, ports may be short-changed when competing with other different infrastructure systems.

*Question 1.* Can you provide any assurances that our nation’s port system will not be under-funded if the Congress accepts this proposal?

Also, ports and other forms of transportation infrastructure have vastly different needs and each have a very different set type of security threats. For example, the security treats to rail transit are not that similar to the threats to waterborne commerce.

*Question 1a.* How would a combined program be able to be efficiently administered with so many vastly different types of infrastructure competing for the same funding source?

Answer. DHS is committed to providing the resources needed to secure our Nation's critical infrastructure, including seaports and port facilities. The Targeted Infrastructure Protection Program (TIPP) at the Office of State and Local Government Coordination and Preparedness (SLGCP) proposed in the President's FY 2006 budget would consolidate grants to protect critical national infrastructures such as seaports, mass transit, railways, and energy facilities into a single, comprehensive program based on need, risk, and consistency with national priorities. TSA will continue to provide SLGCP with subject matter expertise for transportation security. TSA realizes that the challenges regarding port security are specific to that mode just as other modes of transportation have their own unique needs. Accordingly, TIPP would allow DHS to allocate funds to areas where intelligence indicates the greatest risks exist.

The President's FY 2006 budget request represents an increase of approximately \$235 million above the FY 2005 appropriated level for all infrastructure protection, including port security, mass transit security, and buffer zone protection efforts among others.

In addition, under the SLGCP's Urban Areas Security Initiative (UASI), the President proposes to provide over \$1 billion in 2006 funds to urban areas at greatest risk of a terrorist incident. The UASI Program provides financial assistance to address the unique planning, equipment, training, and exercise needs of high-threat, high-density urban areas, and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism.

Another \$1 billion would be awarded to States under the State Homeland Security Grant Program (HSGP). These funds may be used to support homeland security and emergency operations planning, equipment, training, and exercises as determined on the basis of risk, need, and consistency with national priorities.

Both UASI and HSGP funds could be used to supplement TIPP funds in the protection of critical infrastructure.

Other DHS programs also target port security, including:

- The Container Security Initiative (CSI) screens cargo before it reaches the U.S. Currently there are U.S. Customs and Border Protection (CBP) inspectors in 36 international ports of trade working alongside our allies to target and screen high-risk cargo before it reaches our shores. The President requested \$138.9 million to continue to support CSI in FY 2006.
- Customs and Border Protection (CBP) Targeting Systems aid in identifying high-risk cargo and passengers. The 2006 budget includes a total of \$28.3 million for these system initiatives, a \$5.4 million increase.
- The Customs Trade Partnership Against Terrorism (C-TPAT) creates partnerships along the entire supply chain, from the factory floor, to foreign vendors, to land borders and seaports. The 2006 budget includes an increase of \$8.2 million, for a total of \$54.3 million for G-TPAT. The increase will enhance our ability to conduct additional supply chain validations.