

**DEPARTMENT OF HOMELAND SECURITY
APPROPRIATIONS FOR FISCAL YEAR 2004**

THURSDAY, MAY 1, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.
Present: Senators Cochran, Stevens, Byrd, and Murray.

DEPARTMENT OF HOMELAND SECURITY

U.S. SECRET SERVICE

STATEMENT OF W. RALPH BASHAM, DIRECTOR

U.S. COAST GUARD

STATEMENT OF ADMIRAL THOMAS H. COLLINS, COMMANDANT

OPENING REMARKS OF SENATOR THAD COCHRAN

Senator COCHRAN. The Subcommittee will please come to order. Today the Subcommittee on Homeland Security of the Senate Appropriations Committee continues its hearings on the President's budget request for fiscal year 2004 for funding the Department of Homeland Security activities.

This morning we will hear from two agencies that have been transferred to the new Department, the United States Secret Service and the United States Coast Guard.

We are pleased to have as our witnesses this morning the Director of the U.S. Secret Service, W. Ralph Basham, and the Commandant of the United States Coast Guard, Admiral Thomas H. Collins.

We will begin with the Secret Service. The Secret Service was established, as we know, in 1865 with very few officers and the responsibility for preventing the circulation of counterfeit currency.

Today the Secret Service continues to curtail counterfeiting while protecting our Nation's leaders and securing America's financial infrastructure from cyber crime.

We have a copy of your written testimony, Director Basham, which we appreciate very much. It will be made a part of the record in full, and we would encourage you to summarize it or discuss the high points and make any additional comments that you think would be helpful to the Committee's understanding of the budget request for the Secret Service.

I thought we would go ahead with an opening statement and then recess the hearing because we have a vote that is scheduled on the Senate floor at 10:15. One way we could do this is to have the Commandant of the Coast Guard make an opening statement as well, if that is all right with the Admiral.

So let us proceed now with the Secret Service. You may proceed, Mr. Director.

OPENING STATEMENT OF W. RALPH BASHAM

Mr. BASHAM. Thank you, Mr. Chairman.

It is a privilege for me to be here today to represent the men and women of the United States Secret Service and our fiscal year 2004 budget request.

Our agency looks forward to forming a strong and lasting relationship with this new Subcommittee, and I deeply appreciate your willingness to allow us to be here to testify today.

We have entered a truly momentous period for the Secret Service. On March 1, 2003, as you stated, our agency was transferred from the Department of the Treasury to the Department of Homeland Security. I would like to share with this Subcommittee our vision for the future of the Secret Service and in particular the role that this agency will seek to carry out in the new Department.

MISSIONS OF THE SECRET SERVICE

The bedrock principle of the Secret Service's dual protective and investigative missions is our focus on prevention. This core philosophy is ingrained in our culture and is truly what makes the Secret Service unique among all law enforcement agencies.

Our focus on prevention began with our original mandate to suppress counterfeiting when the Secret Service adopted the goal of preventing the production of counterfeit currency before it was circulated. Today our agents are trained to detect incidents before they occur, through meticulous advance work and counter-surveillance tactics.

Threat assessments developed by our Intelligence Division identify existing dangers to officials that we protect. Our Electronic Crime Task Forces provide training to hundreds of our local law enforcement and private sector partners, aiding them in efforts to shield critical systems and networks from cyber criminals and terrorists.

We believe that our prevention-based philosophy mirrors that of the new Department. Our common goal is to anticipate and prepare, to take the necessary precautions to minimize opportunities for our adversaries, and to prevent any loss of life or the disruption of the institutions upon which we depend.

The Secret Service has already identified resources, assets, and personnel within our agency that could enhance the efforts of the new Department to achieve its homeland security objectives.

Foremost is our century-old protective mission and mandate to protect the President, the Vice President, visiting world leaders, and other key Government officials, and to coordinate security operations for events of national significance.

An equally important component of homeland security is economic security, including the protection of our currency and finan-

cial payment systems, particularly as fraudulent credit and debit cards and counterfeit checks have become prevalent in the marketplace.

We must also address the vulnerabilities in other critical infrastructures. A serious compromise of these assets ranging from telecommunication networks to energy plants to water treatment facilities could wreak havoc on our economy, law enforcement, health care providers, transportation systems, and emergency services.

The need to secure our critical infrastructure typifies an area where our agency's unique competencies and experience can contribute to the efforts of the new Department. Today, the Secret Service is already discussing with Departmental officials how our expertise can be applied to safeguarding and ensuring the continuity and reliability of physical and technology-based assets throughout our economy and our communities.

ELECTRONIC CRIMES SPECIAL AGENT PROGRAM

Let me introduce one of our special agents who is on the front lines of that effort. Special Agent Cornelius Tate is a graduate of the University of Mississippi with a degree in computer science. He is a 17-year veteran of the Secret Service. He has served in numerous protective and investigative assignments including the Presidential Protective Division. Today, Special Agent Tate is one of 180 members of our unique Electronic Crimes Special Agent Program. Our ECSAP program provides specialized training in the forensic preservation and examination of computer evidence. These ECSAP agents are truly unique, both because of their ability to provide timely, mobile, and onsite examinations, and because they can combine their technical expertise with their investigative skills and experience.

Until recently, Special Agent Tate served as a Secret Service liaison to the Computer Emergency Response Team at Carnegie Mellon University. Today he is providing critical support to the DHS initiatives to coordinate Federal and State efforts to safeguard key assets throughout the Nation such as nuclear facilities and water treatment plants from both physical and electronic terrorist attacks.

SECRET SERVICE PERSONNEL

Mr. Chairman, it has been more than three decades since I began my own Secret Service training, and as you can imagine, a lot has changed over that time. The technology revolution has forever transformed our economy, our culture, and the challenges we face in law enforcement. Our protective methodologies have become vastly more sophisticated, incorporating elements such as electronic surveillance, biometrics, and air space surveillance systems. And of course, we have the ominous and immediate threat posed by global terrorists.

But if there has been a common thread throughout the 138 years of the Secret Service's history, it is truly the unique caliber of individuals who are drawn to our agency. We have always managed to attract individuals with special backgrounds and extraordinary credentials. They join the Secret Service and they remain with our

agency because the position offers something that the private sector cannot—an opportunity to serve their country.

I would like to introduce to you one of our employees who truly embodies that spirit. Sergeant Joseph Wright is an 8-year veteran of the Secret Service Uniformed Division. He is a native of Fort Knox, Kentucky and completed his high school and college in West Virginia. He joined the United States Army as a reservist in 1987 and the Secret Service as a uniformed officer in 1995. Last year, Sergeant Wright temporarily left our agency to serve a year-long deployment with the U.S. Army Special Operations forces in Afghanistan. He was awarded the Bronze Star for his service, of which I know his three children are enormously proud.

Special Agent Tate and Sergeant Wright are members of the United States Secret Service family. Every special agent, uniformed officer, technical specialist, forensic examiner, and administrative staff member contributes to our protective and investigative missions. Our employees represent a diversity of backgrounds, experiences, and expertise, yet they share many of the same ideas and aspirations.

The character and spirit of our people is the undeniable strength of the Secret Service and defines both the history and the future of our agency.

Mr. Chairman, the men and women of the United States Secret Service stand ready to continue to protect our leaders, our infrastructure, and the American people. Our people have the skills, the experience, the training and, most important, the character to rise to any occasion. They have dedicated their careers and their lives to making America safer.

PREPARED STATEMENT

Thank you again for the opportunity to appear before you and this Subcommittee, Mr. Chairman. That concludes my statement, and I am prepared to answer any questions.

Senator COCHRAN. Thank you very much, Mr. Director.

[The statement follows:]

PREPARED STATEMENT OF W. RALPH BASHAM

Chairman Cochran, Senator Byrd, and distinguished members of this subcommittee, it is a privilege to be here today to testify on the fiscal year 2004 budget. Our agency looks forward to forming a strong and lasting relationship with this new subcommittee, and I deeply appreciate the opportunity to represent the 6,100 dedicated men and women of the Secret Service.

Let me begin by expressing my gratitude to the Members and staff of the former Subcommittee on Treasury and General Government. For years, this subcommittee was responsible for the oversight of the Secret Service, and we were tremendously fortunate to have a long line of exceptional chairmen, Senators and staff—many of whom are here today—that provided unwavering support to our agency, our mission and our personnel. The contribution of these individuals to the strength and versatility of the Secret Service today cannot be overstated, and we are grateful for their efforts and leadership.

With me today, Mr. Chairman, are C. Danny Spriggs, Deputy Director; Barbara Riggs, Chief of Staff; Paul D. Irving, Assistant Director for Homeland Security; Stephen T. Colo, Assistant Director for Administration; Keith L. Prewitt, Assistant Director for Government and Public Affairs; Patrick C. Miller, Assistant Director for Human Resources and Training; Brian K. Nagel, Assistant Director for Inspection; George D. Rogers, Assistant Director for Investigations; Donald A. Flynn, Assistant Director for Protective Operations; Carl J. Truscott, Assistant Director for Protective Research; and John J. Kelleher, Chief Counsel.

We come before you today during what is truly a momentous period for the Secret Service. For the first time in the 138 years of our existence, the Secret Service is no longer a part of the Department of the Treasury. On March 1, 2003, pursuant to the Homeland Security Act of 2002, our agency, and all of its functions and assets, were transferred to the new Department of Homeland Security. I would like to share with the subcommittee our vision for the future of the Secret Service, and in particular, the role our agency will seek to carry out in the new department, under the leadership of Secretary Ridge. This is a time of great transition and change for the Secret Service. But we recognize the magnitude of the challenge before us, and the men and women of the Secret Service stand ready to continue their extraordinary service to our country.

The bedrock principle of the Secret Service's dual protective and investigative missions is our focus on prevention. This core philosophy is prevalent throughout our agency's history. The theme of prevention is ingrained in our culture and pierces every facet of the Secret Service. It is the undercurrent of our daily investigative and protective work, and is truly what makes the Secret Service unique among all law enforcement entities.

Our focus on prevention began with our original mandate to suppress counterfeiting, when the Secret Service adopted the goal of preventing the production of counterfeit currency before it was circulated. One hundred thirty-eight years later, our field personnel continue to work closely with paper and ink manufacturers and suppliers to determine if there is any inordinate demand for the materials used to produce quality counterfeit currency.

Prevention has also become an integral part of our efforts today to work with local law enforcement, other Federal agencies, and the private sector to protect our country's critical infrastructure and financial payment systems from intrusion and compromise.

Our agents are trained to detect incidents before they occur through meticulous advance work and countersurveillance tactics. Threat assessments developed by our Intelligence Division identify existing dangers to the officials we are protecting. Our Technical Security Division analyzes and addresses any vulnerabilities in a physical security plan. Our Electronic Crime Task Forces provide training to hundreds of our local law enforcement and private sector partners, aiding them in efforts to shield critical systems and networks from cyber criminals and terrorists.

We believe that our prevention-based core philosophy mirrors that of the new department. Like our agency, the DHS must be prepared to respond to incidents and infiltration. Our common goal is to anticipate and prepare, to take the necessary steps and precautions to minimize opportunities for our adversaries, and to prevent any loss of life or the destruction or disruption of the institutions we depend on.

Following enactment of this historic reorganization legislation, the Secret Service began the process of identifying resources, assets and personnel that could enhance the efforts of the new department to achieve its homeland security objectives.

Foremost is our century-old protective mission and mandate to protect the President, the Vice President, their families, former Presidents and other key government officials, including visiting world leaders and heads of state. The Secret Service is also responsible for coordinating security at National Special Security Events, such as the 2002 Winter Olympics and the national political conventions. An equally important component of homeland security is economic security, including the protection of our currency, critical assets and financial payment systems. Since our inception 138 years ago, the goal of the Secret Service's investigative efforts has been to safeguard our financial infrastructure. Financial crimes have increasingly targeted both American industry and American consumers, as fraudulent credit and debit cards and counterfeit checks have become more prevalent in the marketplace. Even more troubling, stolen identities, false identification documents, and fraudulent credit cards have become the tools of the 21st century terrorist.

Our currency and financial payment systems are primary targets for terrorists and other criminal enterprises, yet our critical infrastructure is equally vulnerable. A serious compromise of these assets, ranging from telecommunications networks to energy plants to water treatment facilities, could wreak havoc on our economy, law enforcement, military, health care providers, transportation systems, and emergency services. Accordingly, Secretary Ridge has made critical infrastructure protection one of the highest priorities of the Department of Homeland Security.

The need to secure our critical infrastructure typifies an area where our agency's unique competencies and experience can enhance the efforts of the new department. Today, the Secret Service is already discussing with DHS officials how our expertise can be applied to safeguarding and ensuring the continuity and reliability of physical and technology-based assets throughout our economy and our communities.

Reflective of the evolving nature of our mission, critical infrastructure protection has become a vital component of our protective methodology in recent years. Advances in technology and the world's reliance on interdependent network systems have demonstrated that we can no longer rely solely on human resources and physical barriers in designing a security plan; we must also address the role and inherent vulnerabilities of critical infrastructures upon which security plans are built. That is why the Secret Service has specialists, stationed in our field offices across the country, who have the experience and expertise to secure critical infrastructures that encompass information technology, telecommunications, emergency services, and other essential networks.

Over time, these skilled personnel in our field offices have built partnerships with the municipalities, private companies, and local law enforcement agencies in the cities and regions we serve. On subjects ranging from physical security to threat assessment to forensic analysis, the Secret Service endeavors to share with our local law enforcement and private industry partners the prevention-based expertise we have developed during the course of our protective and investigative missions. This is clearly evident in the area of critical infrastructure protection and our efforts to aid local governments and private companies in assessing the vulnerabilities of their networks to prevent disruption and compromise. It is also reflected in our affiliation with Carnegie Mellon's Computer Emergency Response Team Coordination Center which focuses on insiders who attack critical information systems.

Within the Department of Homeland Security, the Secret Service is currently assisting the Directorate of Information Analysis and Infrastructure Protection with its mandate to complete vulnerability assessments of identified assets and to develop a comprehensive plan for securing key resources and critical infrastructure, including power production and distribution systems, electronic and financial transmission systems, emergency communications systems, and physical and technical networks that support such systems. We continue to work closely with the Department and are discussing options for further expanding the role of the Secret Service in safeguarding these critical assets.

Mr. Chairman, it has been more than three decades since I began my own Secret Service training. As you can imagine, much has changed for the Secret Service during that time. The technology revolution has forever transformed our economy, our culture, and the challenges we face in law enforcement. Our protective methodologies have become vastly more sophisticated, incorporating elements such as electronic surveillance, biometrics, airspace surveillance systems, and chemical/biological/hazardous material detectors. And, of course, we have the ominous and immediate threat posed by global terrorists, who have demonstrated their zeal to destroy our most cherished symbols and institutions and to harm an infinite number of Americans.

During my initial weeks as Director, I have spent considerable time introducing myself to our employees, both here in Washington and in our field offices. And as I have had the opportunity to reacquaint myself with the men and women of this agency and learn more about their backgrounds, their training, and their experience, I am reminded of the adage that the more things change, the more they stay the same.

If there has been a common thread throughout the 138 years of the Secret Service's history, it is the truly unique caliber of individuals who are drawn to our agency. We have always managed to attract individuals with special backgrounds and extraordinary credentials.

They join the Secret Service, and remain with our agency, because their position offers something that the private sector cannot—an opportunity to serve their country. An opportunity to protect their nation's highest elected leaders. An opportunity to protect their families, their friends, and their communities.

For these men and women, it is more than an opportunity. It is a calling.

The Secret Service is a family. Every special agent, uniformed officer, technical specialist, forensic examiner and administrative staff member contributes to our protective and investigative missions. Our employees represent a diversity of backgrounds, experiences and expertise, yet they share many ideals and aspirations. The character and spirit of our people is the undeniable strength of the Secret Service, and defines both the history and the future of our agency.

FISCAL YEAR 2004 APPROPRIATION REQUEST

The Service's fiscal year 2004 funding request totals \$1,123,951,000 and 6,066 full-time equivalents (FTE), and includes funding for two accounts: the Operating Expenses account, and the Capital Acquisitions account.

OPERATING EXPENSES

The Secret Service's Operating Expenses appropriation request for fiscal year 2004 totals \$1,120,372,000 and 6,066 FTE, a decrease of 45 FTE from this fiscal year's staffing level. The funding increases proposed in this budget include: \$54,056,000 needed to maintain current program performance levels, and cover base pay and benefits annualization costs; an additional \$31,881,000 for the protective effort surrounding the 2004 presidential campaign, and \$33,000,000 for processing of mail going to the White House. These increases are offset by a \$9,000,000 reduction in the base budget reflective of our reorganization into the Department of Homeland Security, and anticipated consolidation savings from integration with Department-wide processes and operations.

CAPITAL ACQUISITIONS

The Secret Service's fiscal year 2004 request for its Capital Acquisitions account totals \$3,579,000, an increase of \$83,000 over the level appropriated for this fiscal year. This increase is needed to maintain current program performance levels. There are no programmatic changes or initiatives proposed for this account.

INVESTIGATIVE PROGRAM

Since 1865, the Secret Service has been safeguarding our currency and financial infrastructure, pre-dating our mission to protect the President by nearly four decades. Securing our financial and critical infrastructures and ensuring the strength and stability of our economy, are central tenets of homeland security. Our investigative mission is accomplished through our vast network of field offices, including 134 throughout the United States and 20 additional offices overseas. Our field offices have developed strong, information-sharing partnerships with the multitude of local police organizations and private companies they work with on a daily basis. These field offices are leading criminal investigations and task force initiatives, but they are also resources for the communities they are serving.

COMPUTER CRIME

For the last twenty years, the Secret Service has been a leader of Federal law enforcement efforts to investigate electronic crimes—an authority that was reaffirmed by Congress in the USA Patriot Act of 2001. As with our protective mission, we continue to focus on preventative measures to shield the American people and our essential networks from terrorists, cyber criminals, and other attackers. We have committed ourselves as an agency to developing new tools to combat the growth of cyber terrorism, financial crime and computer fraud.

The Secret Service's highly-regarded Electronic Crimes Special Agent Program (ECSAP) provides specialized training to select agents in all areas of electronic crimes, and qualifies these personnel as experts in the forensic examination and preservation of electronic evidence and in the protection of critical infrastructure. ECSAP agents are also trained to examine the variety of devices used in many criminal enterprises, including credit card generators, electronic organizers, scanners, computer hard drives, and devices manufactured or reconfigured to intercept or duplicate telecommunications services.

The ECSAP program consists of 180 agents stationed today throughout the country. They have become invaluable specialists, both for our own investigations as well as for our local and Federal law enforcement partners. From June 1, 2001 through June 1, 2002, ECSAP agents completed over 1,400 forensic examinations on computer and telecommunications equipment. The nationwide demand among our local law enforcement and private sector partners for investigative or prevention-based assistance from our ECSAP agents is overwhelming, and we are striving to expand this program and training within our agency's existing resource levels.

Another important component of our strategy to secure our financial and critical infrastructure is the development of the Secret Service's electronic crime task forces. Several years ago, the Secret Service recognized the need for law enforcement, private industry and academia to pool their resources and expertise as part of a collaborative effort to investigate and prevent electronic crimes and protect our nation's critical infrastructure. In New York alone, our task force is comprised of over 300 individual members, including 50 different Federal, state, and local law enforcement agencies, 250 private companies and 18 universities. This task force has made 961 state and locally-prosecuted arrests and investigated an estimated \$960 million in actual and potential losses due to fraud.

The USA Patriot Act of 2001 authorized our agency to extend these task forces to cities and regions across the country. Last year, we launched the initial phase

of this expansion, developing task forces in locations with significant or specialized interests in the financial, banking or critical information sectors, including Los Angeles, San Francisco, Las Vegas, Chicago, Charlotte, Miami, Boston, and Washington, D.C. We have received strong and enthusiastic support for this program from the scores of local law enforcement agencies we work with, as well as our private sector partners, who are all excited about the potential of this exciting new endeavor. These task forces represent a potential means of extending the preventative mission so imperative to homeland security to communities across the country.

Based on our experience, the first line of defense in combating cyber crime is often an agent or officer who is trained in methods of preserving and securing evidence at electronic crime scenes. In recognition of the time sensitivities associated with computer crime, the importance of properly seizing computer-related evidence, and the increasing complexity of cyber-related crime, we continue to see the value in promoting partnerships and training. In the course of investigating electronic crime and developing strategies in search of the best formula, we have found prevention, collaboration, information sharing and timely response to be essential factors in the equation.

Consequently, the Secret Service, in cooperation with the International Association of Chiefs of Police (IACP), recently introduced the Forward Edge training package. Forward Edge utilizes state-of-the-art computer training designed for all law enforcement and provides instruction with regard to securing electronic crime scenes and safely seizing computer-related evidence. Forward Edge includes an 8-hour CD-ROM, utilizing a three-dimensional, interactive training format, to provide the officer or agent with different scenarios involving identity theft, financial crimes, network intrusion, credit card fraud, counterfeiting, data theft and other computer-related crimes. The CD-ROM also provides a field guide that contains practical information, such as an inventory of local computer crime statutes for every state jurisdiction, along with sample search warrants pertaining to the seizure and safe handling of computer-related evidence, drugs and weapons. Each scenario guides the trainee through crime scenes and enables him/her to interact with objects, individuals and situations they may encounter in real life. In fiscal year 2002, the Secret Service completed distribution of 20,000 copies of Forward Edge to local, state and Federal law enforcement agencies.

COUNTERFEITING

Despite the inclusion of enhanced security features in the most recent designs of our currency, counterfeiters continue to take advantage of the latest digital technology to produce reasonably deceptive counterfeit notes. Desktop printers, color copiers, scanners and graphics software provide relatively unskilled counterfeiters with the basic tools to quickly and easily produce counterfeit United States and foreign currency, securities, bonds, checks and other obligations.

Counterfeit currency produced using digital technology, such as computer printers and copiers, accounted for an estimated 39 percent of counterfeit notes passed on the American public in fiscal year 2002. The balance of notes passed in the United States were manufactured using traditional offset printing methods. Despite the fact that digitally-produced counterfeit currency accounted for just over one-third of domestic passing activity, this type of counterfeiting resulted in 86 percent of domestic counterfeit arrests and 95 percent of domestic counterfeit printing operations suppressed by the Secret Service.

Digital counterfeiting presents a continuing challenge to law enforcement due to the widespread availability, ease of operation, and mobility of personal computers. The privacy and convenience of personal computer systems encourages experimentation, and permits the printing of counterfeit currency with considerably less risk and expense than traditional printing methods.

The Secret Service has long believed that the best tool in the fight against the proliferation of counterfeit currency is an educated public. Just as we practice prevention in our protective mission, our proactive approach to investigations is hinged upon the education and training seminars provided to business owners, retail groups, the financial industry, and state and local law enforcement. These counterfeit currency detection seminars provide key sectors of our public with the information they need to effectively protect themselves and their businesses from becoming victims of counterfeiters. In addition to providing training and education, the Secret Service publishes and distributes public education brochures describing the security features used to authenticate genuine currency.

From an international perspective, the Secret Service continues to send instructors to the International Law Enforcement Academies (ILEA), where we provide training to foreign police representatives in the detection of counterfeit U.S. cur-

rency and offer information on strategies useful in investigations of counterfeiting. Last year, the Secret Service offered currency identification training to law enforcement and banking officials from 47 countries.

Our continued presence overseas and the training provided through the ILEAs is paramount in our ongoing efforts to suppress and seize the increasing amount of foreign-produced counterfeit U.S. currency being sold, shipped and trafficked throughout the world. The Secret Service estimates that nearly 50 percent of all counterfeit U.S. currency passed domestically originates overseas. As the continued suppression of counterfeit printing operations and seizures of counterfeit currency in Colombia indicate, that country remains the leading producer of counterfeit U.S. currency in the world. The Secret Service maintains a permanent presence in Colombia through our office in Bogotá. While lacking law enforcement authority overseas, we work closely in an investigative liaison capacity with law enforcement, prosecutors and government officials throughout the region. These efforts include providing training and investigative support aimed at suppression, seizure, deterrence, education, and intelligence-gathering regarding the organized criminal networks involved in transnational counterfeiting. The culmination of these efforts is apparent in the achievements of "Plan Colombia."

Since its inception in May of 2001, Plan Colombia has enjoyed tremendous success. As of last December, the combined efforts of our agents working in cooperation with the Colombian government have resulted in 109 arrests, 26 plant suppressions and over \$92 million in counterfeit U.S. dollars seized in Colombia prior to distribution. Accordingly, in fiscal year 2002, there was a 22 percent decrease in Colombian-manufactured counterfeit U.S. dollars passed on the American public from the previous year.

Increasingly, Colombian counterfeiters have targeted "dollarized" economies. In December of 2001, the Secret Service and Colombian authorities intercepted a package of over \$40 million in counterfeit U.S. dollars intended for distribution in Ecuador, which had previously adopted the U.S. dollar as its own currency. In July of 2002, the Colombian authorities, in cooperation with our own personnel, seized the first counterfeit \$1 coin (Sacagawea or "Golden Dollar") production operation in Bogotá. As of January, 2003, three additional counterfeit \$1 coin plants had been suppressed in Colombia. In each case, the seized coins were intended for shipment and distribution in Ecuador where, according to the Federal Reserve, there are approximately \$10 million in genuine \$1 coins in circulation.

Counterfeiters are keenly aware that the public, banks, and law enforcement in these dollarized countries are less familiar with counterfeit U.S. currency, and the punishment for smuggling, possessing, and passing counterfeit U.S. currency is generally far less than in the United States. Each of these factors decrease risk, lower costs, and thereby increases profits for the counterfeiter. Therefore, a continued Secret Service presence in this region is vital to maintaining both economic stability in these countries and confidence in the U.S. dollar.

In August of 2002, the Secret Service and the Colombian National Police jointly hosted the "International Conference on Counterfeit U.S. Dollars—Production, Distribution, and Criminal Prosecution" in Bogotá. The conference was attended by senior law enforcement officials and prosecutors from sixteen North, Central and South American countries, as well as representatives from Spain, Turkey, EUROPOL, and the Southern European Cooperative Initiative. This historic conference served to improve coordination, build new relationships, and enhance existing efforts within the international law enforcement community. The conference was yet another example of our emphasis on building and maintaining partnerships with foreign law enforcement officials; in this case with a focus on the production, distribution and trafficking of counterfeit U.S. currency.

IDENTITY THEFT

It remains an investigative priority of the Secret Service to promote a public education program and work with law enforcement at all levels in preventing identity theft. Public awareness constitutes our best defense against identity theft and provides guidance to consumers on how they can effectively safeguard their private information. A stolen identity can provide a criminal with the tools and information necessary to establish good credit and obtain things of value through illicit means. Personal information can be used to establish bank accounts, obtain credit or debit cards, or gain unauthorized access to financial accounts or other sources of capital. Not surprisingly, most financial crimes, including bank fraud and credit card fraud, involve identity theft.

The Secret Service hosts identity theft forums involving businesses, civic groups, community organizations and local police departments, and shares our "best prac-

tices” for preventing such crime and protecting consumers. We participate in and organize such events in communities across the country.

In cooperation with the Federal Trade Commission (FTC) and the IACP, the Secret Service is developing an identity crime video and CD-ROM. This project is designed to provide information to local and state law enforcement personnel that will assist them in investigating identity crimes at the local level. The video and CD-ROM will serve as an information and resource guide, providing downloadable materials such as State and Federal identity theft statutes, the FTC’s Victim Assistance Guide and Sample Affidavit, a “Best Practices Guide to Identity Crime,” the local contact numbers for the Secret Service, Postal Inspection Service, FBI and other agencies, and credit card fraud and related information from our partners in the financial services industry. This valuable training tool should be available in the coming weeks, and the Secret Service will be distributing a copy to every police department in the United States.

GLOBAL FINANCIAL CRIME

The professional and effective relationship we have developed with the Colombian government, and the similar success stories we have enjoyed among our other 19 foreign field offices, can be attributed to our long-term commitment to work with the host nation in a cooperative environment. This environment fosters relationships built on trust and mutual respect, and results in the sharing of information and expertise. Where permanent stations are not available, the Secret Service relies on temporary assignments to satisfy the requests for participation in overseas financial crimes and counterfeit task forces. Within the last 2 years alone, the impact of our work through temporary assignments in Lagos, Nigeria, Bucharest, Romania, and Frankfurt, Germany has resulted in the opening of permanent offices.

In addition to the protection of our currency, the Secret Service’s efforts abroad are directed at protecting the integrity of our financial infrastructure through responsiveness and timely assistance at the point of attack. Within our agency’s existing resource levels, the Secret Service will seek to establish additional foreign offices in areas where there is a demand for our expertise, continued requests for partnerships, and in regions that make sense strategically and offer a high probability of a favorable return on the investment.

SECURITY OF IDENTITY DOCUMENTS

The heightened threat of terrorism within the United States reinforces the need to secure, authenticate, and trace identification documents. There are no current uniform standards for identification documents in the United States, and many identity documents today, particularly state drivers’ licenses, were not designed with security in mind. They often include features that are either available on the Internet or can be easily simulated by amateur counterfeiters using widely accessible technologies. With over 300 different, yet legitimate, formats for state driver licenses in use today, it has become nearly impossible for law enforcement to authenticate a questioned document.

The counterfeiting of documents continues even after a change in design or security features. For this reason, the Secret Service’s Forensic Services Division sponsors the Document Security Alliance (DSA), comprised of business leaders from the credentialing and identity document industry. The DSA’s goal is to focus the efforts of this multi-disciplinary group on improving the security and procedures associated with identity documents. This organization has discussed and explored various processes, methods, techniques and technologies that could be used to improve the forensic tracing of fraudulent documents.

Our agency has investigated cases where individuals were in possession of multiple genuine driver licenses, each bearing that individual’s photographs with different biographical information. Subsequent information revealed that state motor vehicle administrators, upon receipt of counterfeit “breeder” documents, issued the licenses. The notion that criminals can generate counterfeit breeder documents, such as birth certificates and Social Security cards, and obtain with little difficulty more secure documents such as passports, throws a spotlight on one of our most troubling vulnerabilities.

The Secret Service maintains a database consisting of over 90,000 counterfeit identity and monetary documents. These counterfeit documents include credit cards, travelers checks, bank checks, Social Security cards, immigration documents, birth records, work identities and drivers licenses. The database was created to allow for link analysis or data mining of records that would not normally be discerned through traditional investigative or forensic approaches. The current system has produced numerous investigative leads and is considered the largest database of its

kind in the world. The ability to collect, analyze and catalogue documents relating to terrorist investigations, and to provide a forensic link analysis in tracking criminals and terrorists throughout the world, is critical. The Secret Service has developed and implemented a Web-based application that provides law enforcement agencies across the country with access to all genuine identification documents used in the United States. Within seconds, law enforcement personnel can request an image file of a specific document along with critical information necessary to examine the document effectively.

The images can be enlarged, printed or used for comparison with the document in question. The application can assist the officer with step-by-step instructions to aide searches without the requirement for specific knowledge in the area of counterfeit documents. The program also provides additional instruction in detecting common defects in counterfeit documents as well as security features in genuine documents. A scanning feature will also be incorporated to allow a document to be submitted to our forensic lab. The anticipated turnaround time for a decision on the authenticity of the suspected document will be less than 60 minutes.

NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

The Secret Service derives enormous professional and personal fulfillment from our relationship with the National Center for Missing and Exploited Children (NCMEC), and continues to provide the valuable analytical, forensic and laboratory support, and other assistance that the Center has benefited from in recent years.

Since the passage of the Violent Crime Control and Law Enforcement Act of 1994, the Secret Service has provided forensic and technical support to the NCMEC, including the use of the Automated Fingerprint Identification System; the Forensic Information System for Handwriting; ink analysis and comparison; traditional handwriting and fingerprint comparison; polygraph examinations and consultation; visual information services such as image enhancement, suspect drawings and video and audio enhancement; graphic and photographic support; and age regression/progression drawings. In fiscal year 2002, the Secret Service conducted 29 polygraph examinations in direct support of the NCMEC's mission. The examinations for these cases involved missing, abused and murdered children.

We also actively support the Center's Operation Safe Kids initiative—a national, community-based awareness effort. We utilize a computer-enhanced application known as the Children's Identification System (KIDS), to acquire a photograph, fingerprints and biographical data of a child that are then printed and provided to his or her parents. This program has been offered at public events throughout the country, and to date, we have fingerprinted more than 35,000 children under the KIDS program.

The Secret Service is also developing a Forensic Investigative Response and Support Team (FIRST). FIRST will be comprised of forensic experts able to respond on short notice to requests for assistance from state, local, or other Federal law enforcement agencies, providing time-sensitive forensic support to requesting agencies in cases involving missing or exploited children. In essence, when the NCMEC is notified by a local law enforcement department of an abduction, the Secret Service will be capable of launching a FIRST team to respond within the first 8 hours of abduction, providing computer, forensic and "real-time" investigative support to a local police department that may lack the resources to respond in an effective manner during that critical period.

PROTECTIVE PROGRAM

Since 1901, the Secret Service has been responsible for protecting our nation's highest elected officials, visiting world leaders and other designated individuals. In addition, our current mission includes reducing threats posed by global terrorists and other adversaries, and providing the safest environment to those participating in events of national significance. We perform this mission by providing continuous protective operations that offer comprehensive security for our protectees and the facilities where they work and live, and, by coordinating, planning and implementing security plans at important events and functions designated by the President as National Special Security Events (NSSEs).

In recent decades, our protective mission has expanded beyond the protection of the President, the Vice President and their immediate families. Today, we are also mandated to provide personal protection to the President-elect, the Vice President-elect and their immediate families; major Presidential and Vice Presidential candidates and their spouses; visiting foreign heads of state or governments; former Presidents, their spouses and children under the age of 16; and other government officials as designated by the President. We also provide security for the White

House Complex, the Vice President's residence, and 519 foreign missions within the Washington, D.C., area.

Mr. Chairman, we have witnessed a decade of well-planned and well-executed attacks, both at home and abroad, against Americans and American symbolic targets. Oklahoma City; Khobar, Saudi Arabia; the U.S. embassies in Kenya and Tanzania; the U.S.S. Cole, and of course, the World Trade Center and the Pentagon in 2001. These tragic events remind us of our vulnerabilities and the changing threats our nation faces each and every day.

The Secret Service continues, as a matter of practice, to assess these threats and evaluate the application of our protective methodologies. We have assumed new responsibilities in the form of additional protective details, and we continue to adjust the depth of coverage to enhance the Presidential, Vice-Presidential, and Former Presidential protective details. Today, the Secret Service provides full-time protective details for 27 individuals, a number that increased sharply following the September 11th attacks.

Our protective mission was further expanded in 2000, when Congress authorized the Secret Service to plan, coordinate and implement security operations at designated events of national significance. This authority was a natural evolution for the Secret Service, as we have led security operations at large events involving the President dating back to our first protective mandate in 1901 and have developed an expertise at planning these events and coordinating security with our local, State and Federal law enforcement partners. Since 1999, the Secret Service has led security operations at 12 NSSEs, including the 2000 Republican and Democratic National Conventions, the 2001 United Nations General Assembly, and, most recently, the 2002 Winter Olympics and Super Bowl XXXVI.

The actual planning and coordination of these events requires an intensive, sustained effort, and the volume of both financial and human resources required to develop and execute a sound physical security plan for a NSSE can be immense. The 2002 Winter Olympics in Salt Lake City, for example, involved an unprecedented interagency collaboration between Federal, State, and local law enforcement, as well as the military, working with the Salt Lake Organizing Committee, the International Olympic Committee, the State of Utah, and other entities. Security for the competition and ceremonies was provided for a 4-week period, 24 hours a day, for an estimated 65,000 daily spectators, including 2,500 athletes in 15 protected venues. These venues stretched over an area covering 900 square miles, slightly smaller than the state of Rhode Island. It was the largest and most comprehensive coordinated security event in the history of American law enforcement.

In addition, the annual meeting of the United Nations General Assembly (UNGA) is held each year in New York City. On average, 50 to 80 heads of state/government attend this event. It is important to note that each year, the UNGA is a manpower and resource intensive effort for the Secret Service.

We consider the protective mission as an evolutionary process, essential to the security of our homeland. We apply that thought process when planning and executing security, and we analyze the actual and potential threats during increasingly complex protective operations. Adapting to changing situations in a changing environment, sound planning on all planes, and employing technology or other applications to our advantage is fundamental to our strategy.

There is also a vibrant interrelationship between our protective and investigative responsibilities. Since 1865, the Secret Service has developed a unique capacity to build strong and trusted partnerships with local, county and state law enforcement in furtherance of our investigative mission. It is important to note that these are partnerships in their truest form. They are built over time, and involve information sharing, open communication, and, perhaps most critical, mutual trust.

Building an atmosphere of trust and cooperation with local police is not only central to our criminal investigations and prevention-oriented partnerships, it is also the keystone to fulfilling our protective mission. For travel outside of Washington, D.C., the Secret Service executes our security plan with the cooperation and resources of the local police in the area, as coordinated by our field office.

The cooperative atmosphere that has already been established between our field office and local law enforcement with regard to our investigative duties breeds successful interagency collaboration during Presidential and other protectee visits. Simply put, there is already a precedence of trust between the parties that need to cooperate and coordinate their efforts, and the Secret Service builds upon that relationship to prepare for and provide a seamless and secure environment for our protectee.

Not only is there a connection between our investigative responsibilities and the protection of the President, but the strength of our protective capabilities is dependent on our investigative mission. Every agent currently assigned to a protective de-

tail began their career in the Secret Service as a criminal investigator in a field office, where they spent considerable time developing their skills and expertise by investigating counterfeit cases, financial crimes, protective intelligence cases or protecting critical infrastructure.

A Secret Service agent is among the most skilled law enforcement operatives in the world, largely due to their investigative training and experience. This extended field training provides an opportunity to apply analytical skills and various investigative techniques while testing their maturity and judgment. These are the building blocks necessary for the transition of our agents into the next phase of their careers—protecting our nation's highest elected leaders. Because of this investigative experience, our protective agents are multi-dimensional, relying on an array of skills and instincts to protect our nation's leaders. We draw upon those individuals who have years of experience in the field, who not only have acquired the requisite skills, but have been tried and tested under difficult circumstances, and have proven decision-making and other abilities that are crucial to protective missions. This investigative experience prepares our agents for the mental and physical challenges faced while planning and coordinating security, while always being ready to recognize and react instantaneously to a threat.

As you can see, Mr. Chairman, our protective and investigative responsibilities are thoroughly intertwined and interdependent. They are the heart and soul of the Secret Service, and complement each other in a manner that is truly unique among law enforcement today.

OFFICE OF PROTECTIVE RESEARCH

INTELLIGENCE DIVISION

The protective research and intelligence programs continue to serve a critical role in support of the dual missions of the Secret Service. Our Intelligence Division coordinates all Secret Service investigations related to direct threats against our protectees and develops threat assessments related to protected individuals, facilities and venues. This process involves the identification, assessment, and management of all information and incidents directed toward our protective efforts, both at home and abroad. The division evaluates risk potential associated with specific and generalized threats; prepares analyses of protectee-specific threats; maintains liaison with other law enforcement and intelligence agencies; plans and reviews the case management for high risk subjects; and, through our National Threat Assessment Center, collaborates in the design and implementation of program evaluation studies and other risk assessment research designed to improve our understanding of violence directed toward public officials.

During fiscal year 2002 and fiscal year 2003, the Intelligence Division supported the development and implementation of the Department of Homeland Security, including the Information Analysis and Infrastructure Protection Directorate and related Working Groups, Sub-Working Groups, and Planning Committees. As the Secret Service continues its transition to the DHS, the Intelligence Division will take on increased responsibilities, including the staffing of the DHS's multi-agency Homeland Security Center (HSC). The HSC provides a 24-hour "watch center" and serves as the Department's single point of integration for information related to homeland security. The HSC is responsible for maintaining domestic situational awareness; detecting, preventing, and deterring incidents; and managing the response to all critical incidents, natural disasters and threats.

In addition, the Intelligence Division will be uniquely involved with the Administration's new intelligence analysis initiative, the Terrorist Threat Integration Center (TTIC). The TTIC will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive threat picture possible.

The Secret Service's active role in these new and enhanced intelligence initiatives will play an important role in the overall mission of the DHS. The Secret Service is committed to full and active participation in the protection of our homeland; and further, it is imperative that our agency always has access to information that is vital to our own protective and investigative missions.

The Secret Service will provide full-time staff for the 24/7 operation of the HSC and the TTIC from within our Intelligence Division. Our personnel assigned to the HSC and the TTIC will be responsible for receiving and disseminating incoming intelligence information, as well as providing DHS with a point-of-contact for Secret Service response capabilities.

The Intelligence Division coordinates Secret Service participation in the Department of Justice-led Joint Terrorism Task Forces (JTTFs). Currently, 58 Secret Service agents participate in JTTF programs in 51 offices. In addition to collaborating

in a combined and coordinated effort, the Secret Service provides and derives the benefits of sharing information on investigative matters that may be related to our protective mission.

In addition to directing and performing such operational activities, the Intelligence Division continues to provide leadership for the Protective Detail Intelligence Network (PDIN), a consortium of Washington, D.C., area law enforcement, security, and public safety agencies with protective and security-related functions. Initiated in 1999 by the Secret Service, the PDIN has emerged as an important forum for sharing intelligence information that affects security planning issues across agencies in the metropolitan area. PDIN meetings include briefings and training concerning significant and designated major security events coordinated by the Secret Service, and they facilitate cooperative partnerships among agencies who share protective and security responsibilities. Through the PDIN, the Secret Service has offered assistance in the preparation of security assessments for incoming Cabinet members and senior Administration officials.

NATIONAL THREAT ASSESSMENT CENTER

As part of the Secret Service's protective intelligence mission, our National Threat Assessment Center (NTAC) continues to gain national attention through its training, outreach, consultation, and research efforts in the specialized field of targeted violence. Its principal goal encompasses the spectrum of threat assessment and targeted violence as it relates to our protective mission. As a natural extension of our protective intelligence methodology, we continue to share our knowledge and depth of experiences with the DHS, demonstrating the utility of Secret Service "Best Practices" for identifying, assessing, and reducing threats to homeland security.

NTAC also continues to support the development of the new Department. NTAC has assisted the Information Analysis & Infrastructure Protection Directorate (IA&IP) in the development of a Competitive Analysis & Evaluation Office (CAEO), providing detailed personnel to ensure that the DHS has an operationally-sound quality assurance function. The purpose of the CAEO is to reduce the risk and consequences of domestic terrorist attacks by ensuring that the IA&IP Directorate's initiatives are tested and are of the highest quality and value. NTAC is also participating in "Red Teaming" exercises with the Department. Red Teaming is a risk assessment technique that tests an organization's methodologies and analyzes the vulnerabilities from the perspective of the threat.

Following the attack at Columbine High School in 1999, NTAC entered into a partnership with the Department of Education and the National Institute of Justice to apply the methodology used in our traditional analysis of targeted violence, in the form of a study designed to examine if similar behavior was involved in school shootings. This study, known as the Safe School Initiative, reviewed 37 school shootings occurring in the United States in the preceding 25 years. The Safe School Initiative was completed in 2000, focusing on operationally-relevant information—information that law enforcement professionals, school personnel, and others could use to try to prevent future school shootings. The Initiative examined the pre-attack behavior and communications of school shooters, to identify information that might be discernible in advance of an attack, and could allow for intervention.

NTAC staff has been able to communicate what we have learned in assessing threats on public officials and our findings in the Safe School Initiative with those with an interest in preventing school and workplace violence. In 2002, NTAC, in collaboration with the Department of Education, completed and published the final product of the Safe School Initiative: the study's Final Report, and a Guide to Threat Assessments in Schools. These materials suggest methods for school administrators, educators, law enforcement personnel, and mental health professionals to conduct threat assessments in their schools.

The Secret Service and Department of Education have thus far conducted 46 Safe School Initiative presentations and 12 day-long training seminars around the country, providing thousands of school officials, law enforcement professionals and others information on how to respond to and manage threatening situations in our schools. NTAC was also involved in other seminars and forums in fiscal year 2002, including 28 Exceptional Case Study Project/Threat Assessment Training Presentations, five Field Protective Intelligence Briefings, and four Threat Assessment Seminars.

Also noteworthy is the Insider Threat Study, a collaboration between the Secret Service and Carnegie Mellon University's Computer Emergency Response Team Coordination Center (CERT/CC) focusing on insiders who attack critical information systems. This partnership seeks to strengthen critical infrastructure protection efforts and provide private industry and law enforcement with information to help prevent insider attacks. The Insider Threat Study uses operational methodology of

previous NTAC studies to examine network compromise incidents committed by insiders, such as current or former employees, and seeks to identify discernible behaviors and communications that could assist in the prevention of future compromises.

NTAC has also proposed the creation of an information-sharing system for agencies with protective responsibilities. This system, dubbed the Targeted Violence Information-Sharing System (TAVISS), would contain a repository of names of subjects with a known or suspected adverse direction of interest towards local, state, and Federal public officials. TAVISS would be directly accessed from remote sites by multiple law enforcement agencies with protective responsibilities for such public officials.

TECHNICAL SECURITY DIVISION

The Technical Security Division (TSD) is responsible for creating a safe and secure environment for Secret Service protectees and the facilities we protect. This includes the responsibility of managing all chemical/biological/hazardous materials countermeasures programs of the Secret Service that safeguard our protectees and facilities, and the mitigation of any threats of terrorism.

As part of its ongoing support mission, TSD identifies and implements ways to improve its detection capabilities in and around the White House Complex, Naval Observatory and other protected locations. Outside of Washington, D.C., chemical/biological/hazardous material support is integral to any protective security plan during motorcade movements or at fixed locations, including all designated National Special Security Events.

TSD has two significant programs of interest that demonstrate the Secret Service's ability to mitigate specific threats: the Radar Airborne Intrusion Detection System (RAIDS), and the Hazardous Agent Mitigation Medical Emergency Response Team (HAMMER).

The RAIDS is a classified network of air intrusion detection equipment that allows the Secret Service to continuously monitor the airspace in the Washington, D.C. area. Segments of the system have recently been upgraded, and, at the recommendation of classified studies, additional subsystems will be incorporated to address existing and emerging threats.

The HAMMER team was developed to provide rapid intervention to Secret Service protective details in the event of a chemical, biological or radiological incident. The HAMMER team consists of TSD personnel trained in hazardous materials identification, mitigation, decontamination, and basic life support. In the event that a hazardous environment incapacitates the protectee's primary medical support, the team can provide basic life support and decontamination prior to patient transport. The team will provide field tests and take samples for transport to remote laboratories for testing and identification. TSD has agreements in place for laboratory analysis of suspect materials. The HAMMER team will automatically deploy when a chemical, biological or hazardous materials release occurs and Secret Service protectees, or one of the facilities that we protect, are affected.

INFORMATION RESOURCES MANAGEMENT DIVISION

The Information Resources Management Division (IRMD) continues to provide an information and communications infrastructure in support of the protective and investigative missions of the Secret Service. The Secret Service's move to the Department of Homeland Security has significantly increased IRMD's role and responsibilities. Management and staff from this division are engaged in many of the DHS Working Groups and Sub-Working Groups, including the CIO Investment Review Group, Technical Reference Model Working Group, Security Sub-Group, Network Sub-Group, Web Management Sub-Group, Directory Services E-Mail Sub-Group, Collaboration Sub-Group, Data Management Sub-Group, Records Management Sub-Group, Geospatial Sub-Group, Wireless Sub-Group, E-Learning Sub-Group, First Responders and Emergency Preparedness, CFO Council, and a Classified IT Technical Team.

In fiscal year 2002, IRMD continued to upgrade and improve system-wide efficiencies in radio, telephone and wireless communications. The priority initiatives include the conversion of Legacy mainframe applications to a Web-based system and upgrading headquarters and field office voice/data capacity. IRMD also completed its test of the Treasury Smart Card Proof of Concept and is in the process of integrating this new technology into the workplace. There are two significant benefits driving the move to smart card use and acceptance: the ability to securely store Public Key Infrastructure certificates (part of an elaborate process to authenticate ones' identity over electronic interfaces such as the Internet), and the ability to use digital signatures to authorize government activities. This program has also been

presented to the DHS Chief Information Officer for potential use at the new Department.

EMERGENCY PREPAREDNESS PROGRAM (EPP)

The EPP is responsible for coordinating the emergency preparedness programs of the Secret Service and concentrates its efforts on operations security, the continuity of government and critical infrastructure protection. The EPP staff coordinates with the White House Military Office, the Emergency Preparedness and Response Directorate and other agencies regarding matters involving the continuity of government and emergency preparedness. Internally, EPP staff coordinates emergency preparedness exercises and provides frequent educational material and training to staff in all areas of emergency preparedness.

In fiscal year 2002, EPP assisted the DHS with the development of the Emergency Preparedness and Response Directorate, and participated in efforts to create an emergency preparedness database to be shared among all agencies in the DHS. EPP has also been involved in the Homeland Council on Domestic Threat Response and Incident Management, and the Weapons of Mass Destruction Management Policy Coordination Working Group.

EPP actively participates in the National Capitol Region Planning Committee Working Group that coordinates emergency preparedness efforts, particularly Federal Emergency Decision and Notification Protocol in the District of Columbia region.

HUMAN RESOURCES AND TRAINING

WORKFORCE RETENTION/WORKLOAD BALANCING INITIATIVE

The House and Senate Appropriations Committees should be commended for recognizing and supporting the priority of the Secret Service to confront the declining quality of life of our workforce caused by excessive overtime, out-of-district travel and other such factors. In fiscal year 2000, the Secret Service began our Workforce Retention/Workload Balancing Initiative with the goal of hiring 682 additional agents during a 3-year period. I am pleased to report that the Secret Service exceeded this goal by more than 60 percent, hiring a cumulative total of 1,098 special agents. In addition, the Secret Service enhanced the quality of life of all of our employees by hiring 545 Uniformed Division officers and 453 support personnel during the same period, far exceeding the original target under the Workforce Retention/Workload Balancing Initiative.

Despite our impressive hiring achievement, we have experienced a higher than normal level of attrition, attributable largely to ongoing retirements and transfers. This attrition requires us to continue our aggressive hiring plan and to reinforce our ranks, whose unique skill set is in high demand both in the government and private sectors. The safety, morale and job satisfaction of our entire workforce are of paramount importance.

For fiscal year 2003, in order to meet our strategic goals of protection, investigation, and providing a responsive support infrastructure, the Secret Service plans to hire 893 special agents, Uniformed Division officers, and support personnel.

DIVERSITY

It is the policy of the Secret Service to attract, develop, retain and maximize the potential of a diverse workforce in a changing and competitive environment. We are committed to this policy. As a means of fully achieving and emphasizing an organizational culture that recognizes the value added by a diverse workforce, the Secret Service has organized its Diversity Management Program under the direction of a Deputy Assistant Director for Recruitment, Employment and Diversity Programs (REDP). Through a coordinated process, the REDP develops and implements recruitment policies with our agency's Recruitment and Hiring Coordination Center, the Diversity Management Program, and the Chief of the Personnel Division.

In support of the Secret Service's initiative to recruit, develop, and retain a diverse workforce, the Diversity Management Program hosts quarterly, interactive training conferences designed to address diversity issues throughout the agency. In fiscal year 2000, the Secret Service contracted with the Ivy Planning Group, a premier management consulting firm, whose skilled trainers have augmented our diversity conferences over the past two years. The Ivy Planning Group assists major organizations within the Federal Government and private sector in becoming more customer-driven by focusing on strategic and tactical planning, marketing and cultural diversity.

Approximately 150 of our employees participated in these training sessions last year. The Diversity Management Program also offered a "Conference on Supervisory Diversity Issues". In support of President Bush's Management Agenda regarding the Strategic Management of Human Capital, this class was attended by "middle" management and focused on issues within the Secret Service.

The Secret Service supports and encourages employee participation in conferences dedicated to minority interests. In addition to our internal diversity training, the Diversity Management Program sponsors employees who participate in the following national training conferences:

- Women in Federal Law Enforcement
- National Organization of Black Law Enforcement Executives
- National Native American Law Enforcement Association
- Hispanic American Police Command Officers Association
- National Asian Peace Officers Association
- Blacks in Government Training Conference

In fiscal year 2002, approximately 120 employees attended the following conferences: the Women in Federal Law Enforcement Conference; the Hispanic American Police Command Officers Association Training Conference; the National Organization of Black Law Enforcement Executives Training Conference; the Blacks in Government Training Conference; and the National Native American Law Enforcement Association Training Conference.

Last year, the Secret Service sponsored 14 recruiting seminars attended by 4,446 potential applicants for Uniformed Division and Special Agent positions. The Recruiting and Hiring Coordinating Center (RHCC) continued its liaison efforts with the Historically Black Colleges and Universities, the Hispanic Servicing Institutions and Women's Colleges by attending career fairs at many of these institutions. Additionally, the RHCC mailed out Special Agent and Uniformed Division officer brochures to each of these institutions highlighting career opportunities with the Secret Service.

The RHCC also ran recruiting "banner" ads on Internet websites targeted towards specific ethnic minority groups, including Hispanic Online, BlackVoice.com, GoldSea.com, and WIFLE, and sponsored recruiting advertisements in several magazines targeted towards various minority groups.

In the past year, the Service has developed a core training course curriculum for our Equal Opportunity Program to lay a foundation for highly-skilled personnel to work in special emphasis programs and provide EEO counseling services. Additionally, we have established collateral duty special emphasis program manager positions for Hispanic, African-American, Asian-Pacific Islander, Native American, Persons with Disabilities/Disabled Veterans and Federal Women's Program constituency groups.

JAMES J. ROWLEY TRAINING CENTER

The James J. Rowley Training Center (RTC) continues to evolve into a world-class education center with experienced staff, enhanced curriculum, and the development of facilities. Emphasis on overall quality and efficient operations has resulted in the enhanced integration of course content and streamlined scheduling of basic, in-service, and external training. With the transition of the Secret Service into the Department of Homeland Security, the RTC envisions an opportunity for circular growth as a "law enforcement university," offering training in physical security, site security, event security, counter terrorism studies, emergency preparedness, threat assessment, and protection of critical financial infrastructure.

The Secret Service recognizes that the mission of our agency is extremely specific in nature and our advanced training cannot be provided anywhere else in the Federal law enforcement community. Physical security, site security, threat assessment and other components of our training are culturally unique to the Secret Service, and the curriculum and facilities we have developed at the RTC have significantly enhanced our ability to fulfill our protective and investigative missions.

During fiscal year 2002, the RTC trained 350 special agents (15 classes), 216 Uniformed Division officers (9 classes), and 26 special officers (2 classes). RTC also completed 23,874 in-service instances and re-qualification visits for the workforce. Review of course content remains a priority. The RTC has completed an evaluation and revision of the Uniformed Division's basic training curriculum review, eliminating duplication of effort at both the RTC and the Federal Law Enforcement Training Center (FLETC).

The "Beltsville Field Office" at the RTC offers the special agent trainee a "virtual" performance-based program, exposing agents to the integration of elements relative to the missions of the Secret Service. This has included team-oriented, practical ex-

ercises in financial investigations, arrest procedures, protective intelligence, and site security.

Strides in proactive protection methodology have produced and introduced new curriculum to address advanced counter surveillance measures and suicide bomber prevention. The canine program continues to explore the potential utilization of dogs beyond bomb detection to performing patrols and detecting personal explosive devices on humans.

To more effectively meet the needs of the workforce, RTC continues to adopt technology-based training. The Center now houses two video-conferencing studios that have been utilized to broadcast legal training, CPR and first aid kit review, computer applications, and program and methodology training to Secret Service students at FLETC and field offices across the country.

Other distance learning techniques are being researched, procured, and implemented, such as custom courseware via the Intranet and Web-based forums, electronic classrooms, and CD-ROMs. Such tools offer training opportunities to all employees anytime and anywhere, without the cost of time and travel.

In the pursuit of academic excellence, the RTC established and continued an invaluable partnership with the Johns Hopkins University as part of an ongoing effort to assure that we develop and maintain the highest quality in our management ranks.

CONCLUSION

Mr. Chairman, the Secret Service is entering a new era. We are proud to be part of the Department of Homeland Security, and are eager to contribute in any way we can to the mission of protecting our citizens, our economy and our institutions. While still in its infancy, it is clear that the new Department will be built on the twin pillars of prevention and protection. These are the very words found throughout our own strategic plan. They have defined the mission and culture of the United States Secret Service for 138 years. It is the hope of each and every employee of the Secret Service that our agency can strengthen the new Department.

On behalf of the men and women of the Secret Service, we stand ready to continue protecting our leaders, our infrastructure and the American people. We know how daunting a mission this is, but I assure this subcommittee that the Secret Service can and will meet this challenge. Our people have the skills, the experience, the training, and most importantly, the character, to rise to any occasion. They have dedicated their careers and their lives to making a safer America.

Mr. Chairman, thank you again for the opportunity to appear before the subcommittee. This concludes my prepared statement. I will be pleased to answer any questions you or the other members of the subcommittee may have.

Senator COCHRAN. Before proceeding to hear from the Commandant, I welcome the distinguished Senator from Washington, Senator Murray. If you have an opening statement at this point, we would be happy to hear from you.

Senator MURRAY. Mr. Chairman, I appreciate that, and I know I speak for many of my colleagues when I say that we never cease to be impressed by the accomplishments of our men and women in the Coast Guard, and I am really proud of the role that the Coast Guard played in Operation Iraqi Freedom and really want to highlight the work of the Port Security Unit from Tacoma, Washington which was instrumental in restoring order when the coalition forces captured the fort of Umm Qasr.

While the Coast Guard may be viewed by some as the fifth military service, the Coast Guard is actually the first military service when it comes to defending our homeland. Over and above its mission to keep our ports and waterways secure, the Coast Guard is charged with missions that no other military service or Federal agency could even begin to contemplate. Their missions include stopping illegal immigrants, protecting the marine environment, ensuring the safety of boaters and shipping operations, and stopping the flow of illegal drugs.

As Admiral Collins knows, I and many of my colleagues in the House and Senate were concerned about the President's plan to merge the Coast Guard into the new Department of Homeland Security. Our biggest concern was that the Coast Guard's non-homeland security missions would continue to be deemphasized. We feared that the potential of catastrophic oil spills and illegal foreign fishing boats regularly encroaching on our U.S. fishing grounds would increase, and when the Department was established, the administration told us not to worry, that our concerns were ill-founded.

Even so, just to be sure, Congress included language in the Homeland Security Act that states explicitly that the capabilities of the Coast Guard to perform its missions shall be maintained intact and without significant reduction once the Coast Guard is transferred to the new Department.

The language also prohibited the Secretary of Homeland Security from substantially or significantly reducing the missions of the Coast Guard.

A great deal of credit goes to our Committee Chairman, Senator Stevens, for insisting on the inclusion of that language.

The Senate Appropriations Committee report that accompanied the 2003 Appropriations Act directed the Commandant of the Coast Guard to ensure that with the historic funding increase it received in that bill, the Coast Guard returns its level of effort in its non-homeland security missions to the level that existed prior to September 11, 2001.

Today, when we look at the actual record as to where the Coast Guard has been focusing its attention, it is clear that we were right to worry about a continuing decline in drug interdiction, fisheries enforcement, marine safety, and marine environmental protection.

Two weeks ago, the subcommittee received the first of the quarterly reports that I mandated as part of that 2003 Act. That reports required the Coast Guard to display its mission hours for each of the quarters since September 11, 2001 as well as the eight quarters that preceded September 11.

Mr. Chairman, I carefully reviewed the figures that were transmitted in that report, and the findings are very disturbing. In the area of drug interdiction, the Coast Guard's efforts over the last year stand 42 percent below the number of hours committed to drug interdiction prior to September 11, 2002. In my own 13th District in the Pacific Northwest, drug interdiction efforts were reduced by 25 percent over that period.

In the area of marine environmental protection, the Coast Guard's mission hours have declined 64 percent below the pre-September 11th levels, and in the Pacific Northwest, that reduction has equaled 82 percent.

In the area of marine safety, the Coast Guard's level of effort over the last year stands 43 percent below the time prior to September 11.

Of particular concern is the Coast Guard's greatly diminished efforts in the area of fisheries enforcement. Nationwide, the Coast Guard's level of effort has decreased a third.

Let us remember that if Coast Guard vessels are enforcing fishing laws in the Bering Sea, they are also able to conduct quicker responses in search and rescue cases.

When looking at this data, it is important to remember that the actual number of hours that the Coast Guard spends operating its cutters, boats, and aircraft has actually increased 20 percent since September 11. So all of these dramatic reductions have taken place at the same time that overall Coast Guard mission hours have increased.

For example, prior to September 11, the Coast Guard spent 12½ of every 100 hours on fisheries enforcement. That number is now down to less than 7 hours. That is a reduction of 45 percent.

In the area of drug interdiction, prior to September 11, the Coast Guard spent 15½ of every 100 hours keeping drugs off our Nation's streets. That number is down now to less than 7.4 hours. That is a reduction of 52 percent.

Many of these same observations were made recently by the GAO in testimony to the House of Representatives, but the GAO used less recent data than I just used. The lesson from all of this data for my colleagues is that when it comes to the Coast Guard, there is no free lunch. Despite a work ethic that is second to none both in the military and the entire Federal Government, and despite the tireless commitment of the thousands of hard-working men and women in the Coast Guard, they simply cannot be everywhere at all times.

With that fact as our backdrop, I hope the Subcommittee will use this morning's hearing to really get to the truth as to what the President's budget for 2004 will or will not pay for when it comes to the Coast Guard and all of its critically important missions.

In the formal testimony that the commandant will present to us this morning, he will tell us that one of the three primary objectives of his 2004 budget is "to sustain non-homeland security missions near pre-September 11 levels."

The GAO, conversely, reviewed the President's 2004 budget and testified that the Coast Guard's 2004 budget request, and I quote, "does not contain initiatives or proposals that would substantially alter the current distribution of levels of effort among mission areas."

Mr. Chairman, last year, this Subcommittee was successful in providing the Coast Guard with an historic funding increase, and that increase was well-deserved and long overdue. This year, the President is proposing yet another historic funding increase for the Coast Guard, and I commend him for that. But I think it is critical that this Subcommittee insist that if this agency's budget continues to grow by 20 percent in just 2 years, we have a right to expect that this agency will return to its work of interdicting drugs, protecting our fishing grounds and our fishermen, and protecting our environment.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Admiral Collins, I am pleased to welcome you to this hearing. We appreciate very much your distinguished service as Commandant of the United States Coast Guard.

The President's request for fiscal year 2004 proposes \$6.77 billion for the Coast Guard, approximately \$700 million more than was enacted in fiscal year 2003, excluding the recently enacted supplemental.

The Coast Guard has significant homeland security and non-homeland security responsibilities including the Integrated Deep-water System, maritime domain awareness, fisheries enforcement, and search and rescue.

We have your written statement, and it will be made a part of the record. We encourage you to proceed to summarize it if you will and make any additional comments you think would be helpful to the Committee as we review this budget request.

Mr. Commandant, you may proceed.

STATEMENT OF ADMIRAL THOMAS H. COLLINS

Admiral COLLINS. Good morning, Mr. Chairman, Senator Murray. It is really an honor and a pleasure to be with you in our first session with this subcommittee.

The Senate has been tremendously supportive of the Coast Guard over the years—"enduring support" I think is the way to describe it. It has clearly enabled us to meet many of the challenges that we have faced over the years to provide for the maritime safety and security of the citizens of this country.

That need has never been so evident over the past year-and-a-half, and the scope and scale of the changes of those 18 months have been absolutely significant and dramatic.

Here at home, the Coast Guard units have been patrolling vigilantly, working side-by-side with our partners in the Department of Homeland Security and other Federal, State, and local agencies to ensure the security of our Nation and the safety of our citizens.

Coast Guard forces have also been valiantly engaged in support of component commanders abroad, in the Arabian Gulf and in the Mediterranean. We employed two high-endurance cutters, eight patrol boats, one buoy-tender, four port security units, and two maintenance support units, many of which, the good news is, will be returning home soon now that the hostilities are drawing to a close.

In the midst of the increased operational tempo that we have experienced in the recent months, I am very pleased to report that we are making excellent progress in becoming an integral member of the new Department of Homeland Security effective March 1. I think the new Department is the right place, at the right time, for the Coast Guard to serve America.

PRIORITIES OF THE COAST GUARD

Throughout the process of this transition, we have remained focused on three main priorities. Our first priority is to aggressively build our homeland security capabilities. Our maritime operations must reflect the changes brought by the increase of global terrorism by increasing the level of effort against it. Over 44 percent of our operating expense budget in this current budget under consideration is devoted to the homeland security mission.

We have designed a full range of concentric maritime security measures, starting overseas and extending to the shores of the United States. We cannot accomplish this without the strength of

relationships that we are continuing to build with our partners in government and industry, both at home and abroad.

The second priority—as we improve our capabilities in homeland security, we must also sustain our full range of missions. The law that created the new Department, as Senator Murray noted, mandates the Coast Guard must remain intact and must be attentive to its full range of missions. We have an obligation to the American public to provide critical services to them without interruption. The fiscal year 2004 operation and expense budget request of \$4.7 billion provides an increase in every one of our missions relative to the fiscal year 2003 levels and continues a multi-year investment plan to significantly enhance our search and rescue program.

Third, we must increase our capacity, especially by recapitalizing and modernizing our aging fleet of cutters and aircraft and communication networks that connect them. The ability to sustain our full range of missions and to build our homeland security capabilities also requires an increase in capacity.

In short, we must improve capability, capacity, and partnerships in the coming years. And due in large measure to the support in the Senate, in 2003 and 2004, we are making real progress and real advances along these lines. The President's fiscal year 2004 budget request reflects steady progress on our objective to balance our full range of missions. Every homeland security dollar directed in our budget will help to distribute a careful balance between security and safety, both of which are important to the prosperity and safety and security of our Nation.

If the budget is enacted, by the end of 2004 we will have grown by 4,100 personnel and increased our overall budget by \$1.6 billion, over a 30 percent increase over 2002. That should come as welcome news to anyone with interest in our capacity and capability to conduct our many missions.

The proposed budget will continue funding for the Integrated Deepwater System, which is an integral part of our strategy for homeland security, as well as the capacity to carry out the entire portfolio of our missions. The Deepwater project will recapitalize the Coast Guard's aging cutters, aircraft, and offshore command and control network to help push U.S. borders out and increase our maritime domain awareness. It is a flexible program, able to meet emerging requirements for all of our missions.

Together with the proposed budget, the fiscal year 2003 supplemental budget request will help to answer concerns about our capacity, and we are very grateful for the Senate support in appropriating those funds.

The fiscal year 2003 supplemental provides \$580 million for our participation in Operation Iraqi Freedom and Operation Liberty Shield. It also provides an additional \$10 million for increasing the security of our merchant mariner documentation, as well as \$38 million for port security assessments. Both of those provisions are integral to our strategy for improving the maritime security of our Nation.

The Maritime Transportation Security Act of 2002, which calls for us to implement a comprehensive security regime for ports, facilities, and vessels in close alignment with international standards, is the central component of our ports' strategy. It is an ex-

tremely important law, both for the security of the global maritime transportation system and for the future of the Coast Guard. We are working aggressively to implement its key components.

Our rulemaking is proceeding on a very fast-paced schedule. We anticipate issuing an interim final rule this mid-summer and a final rule next November. Within our reach is the opportunity to create a robust security regime for our ports and coastal waters.

In the past year, much more than our rulemaking has been fast-paced. The demands of the American public for the missions that the Coast Guard performs every day have continued to grow, and as we strive to meet them, what will remain foremost in my mind as Commandant is the operational excellence of our service to America. That is our ultimate goal. In the end, it is the performance outcome. And I think we have some good news here.

PREPARED STATEMENT

But operational excellence depends not only on careful partnership and teamwork within the Department of Homeland Security. My key message here, Mr. Chairman, is that our operational excellence depends upon having the right capacity and the right capability for the mission at hand. And I look forward to working with you to that end.

Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF ADMIRAL THOMAS H. COLLINS

Introduction

Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's fiscal year 2004 budget request and its impact on the essential daily services we provide the American public.

The President has clearly indicated that protecting the homeland is the government's number one priority and the Coast Guard has a critical role in that effort. The President's National Strategy for Homeland Security (dated 16 July 2002) stated:

"The Budget for fiscal year 2004 will continue to support the recapitalization of the U.S. Coast Guard's aging fleet, as well as targeted improvements in the areas of maritime domain awareness and command and control systems. . ."

To that end, the Coast Guard's fiscal year 2004 budget proposes budget authority of \$6.77 billion and continues our effort to establish a new level of maritime safety and security operations. The Coast Guard's goal is to create sufficient capacity and capability to implement the maritime component of the President's National Strategy for Homeland Security while sustaining the traditional missions the American public expects.

I appreciate your support in the fiscal year 2003 Emergency Supplemental Funding Bill. Coast Guard forces have been fully engaged in support to the component commanders overseas in the Persian Gulf. We have deployed the largest contingent of Coast Guard forces since the Vietnam War, including 2 high endurance cutters, 8 patrol boats, 1 buoy tender, 4 port security units and 2 maintenance support units. We firmly believe that success overseas will bring greater security at home. These deployed assets constitute only three percent of our entire force so we will still be able to strike an appropriate balance between our domestic homeland security and non-homeland security missions through an effective use of risk based strategies to target resources to the greatest threats, increased op-tempo of domestic assets and the use of 11 PC-170 Navy patrol boats.

The Need to Sustain Growth in Fiscal Year 2004

To implement the President's strategy, the Coast Guard must maintain our high standards of operational excellence. A convergence of several significant internal

and external factors has emphasized the need for a continuing increase in capacity and capability for the U.S. Coast Guard to meet America's future maritime needs:

- The move of the Coast Guard to the Department of Homeland Security;
- The need to increase Maritime Homeland Security capability and capacity;
- The need to sustain our performance across all Coast Guard missions; and
- The requirement to quickly implement the comprehensive requirements of the Maritime Transportation Security Act of 2002.

Building Capacity and Capability

Immediately after the terrorist attacks on our nation, the Coast Guard established new port security zones, placed Sea Marshals on inbound merchant ships, conducted additional patrols off the coasts, established Maritime Safety and Security Teams to protect major ports and implemented new procedures to monitor vessel and crew movements within ports and coastal approaches. These increased responsibilities stretched already thin resources nearly to the breaking point and made it extremely difficult to continue serving other missions. To fill in the gaps, we activated nearly a third of our entire Selected Reserve force, and have quickly and effectively deployed the resources requested by the Administration and provided by Congress.

The fiscal year 2004 budget provides for increased capacity that is necessary for the Coast Guard to provide the strength and security our nation requires. To fulfill its responsibility to the American public, the Coast Guard is attempting to use that increased strength to accomplish three primary objectives in fiscal year 2004:

- Recapitalize legacy assets and infrastructure;
- Increase Maritime Homeland Security Capabilities; and
- Sustain non-Homeland Security missions near pre-9/11/01 levels.

Re-capitalizing the Coast Guard

President Bush has asserted that our aging assets and infrastructure must be re-capitalized. In addition to Rescue 21, which is on schedule for completion in fiscal year 2006, the Coast Guard's Integrated Deepwater System will meet America's future maritime needs. Based on the organization's current capacity levels and the required capabilities immediately needed for Homeland Security and the other missions the American public expects, the continued funding of Deepwater is imperative and makes both programmatic and business sense. The Coast Guard is requesting \$500 million for the Integrated Deepwater System.

Several programmatic considerations reveal why the Integrated Deepwater System is so essential for the safety and security of the American public:

- Homeland Security necessitates pushing America's maritime borders outward, away from ports and waterways so layered, maritime security operations can be implemented.
- Maritime Domain Awareness—knowledge of all activities and elements in the maritime domain—is critical to maritime security. Integrated Deepwater System will improve current Maritime Domain Awareness by providing more capable sensors to collect vital information.
- A network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance is required for effective accomplishment of all Coast Guard missions.
- Interdiction of illegal drugs and migrants and protection of living marine resources are important elements of Homeland Security and require capable Deepwater assets.

The Deepwater Program will ensure the Coast Guard can continue to fulfill its mission of safeguarding the sovereignty, security, and safety of our homeland waters. New assets include five 110' patrol boats converted to more capable 123' patrol craft, seven Short Range Prosecutor small boats, the first National Security Cutter (to be delivered in fiscal year 2006), the an increased organization-wide Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance network including a Common Operating Picture, Command and Control System at four shore-based command centers and the establishment of an integrated logistics system.

From a business perspective, the flexible Integrated Deepwater System framework was designed to adapt to changing conditions. The Integrated Deepwater System acquisition will replace or modernize obsolete and maintenance intensive assets that are not capable of meeting the current mission demand. The Integrated Deepwater System will provide the required capabilities the Coast Guard needs to perform an enhanced level of maritime security operations, sustain growing traditional missions and respond to any future crises, man-made or otherwise, that threaten America.

The Rescue 21 project will dramatically improve the Coast Guard's command and control communications network in the inland and coastal zone areas for SAR and all other Coast Guard missions. The improved Rescue 21 system will meet safety requirements for growing maritime traffic, as well as International Convention for the Safety of Life at Sea treaty requirements. It will be also be a critical component of our homeland security operations as it facilitates more effective monitoring and control of coastal assets.

The Challenge of Homeland Security

The Coast Guard is the lead Federal agency for Maritime Homeland Security. As such, the Coast Guard's mission, in conjunction with joint and interagency forces, is to protect the U.S. Maritime Domain and the U.S. Marine Transportation System and deny their use and exploitation by terrorists as a means for attacks on U.S. territory, population and critical infrastructure. The Coast Guard will prepare for, and in the event of an attack, conduct emergency response operations. When directed, the Coast Guard, as the supported or supporting commander, will conduct military homeland defense operations in our traditional role as one of the five Armed Services.

This budget submission is aligned with the Strategic Goals and Critical Mission Areas in the President's National Strategy for Homeland Security. The Coast Guard has developed a Maritime Homeland Security Strategy that implements the maritime component of the President's plan and the fiscal year 2004 budget continues to support those goals. It addresses both event-driven and prevention-based operations through the following Strategic Objectives:

- Prevent terrorist attacks within and terrorist exploitation of the U.S. Maritime Domain.
- Reduce America's vulnerability to terrorism within the U.S. Maritime Domain.
- Protect U.S. population centers, critical infrastructure, maritime borders, ports, coastal approaches and boundaries and "seams" among them.
- Protect the U.S. Marine Transportation System while preserving the freedom of maritime domain for legitimate pursuits.
- Minimize the damage and recover from attacks that may occur within the U.S. Maritime Domain as either the Lead Federal Agency or a supporting agency.

The threats to the security of the United States extend beyond overt terrorism. Countering illegal drug and contraband smuggling, preventing illegal immigration via maritime routes, preserving living marine resources from foreign encroachment, preventing environmental damage and responding to spills of oil and hazardous substances are all critical elements of national and economic security. Every dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment.

Maritime Domain Awareness is the catalyst for effective Maritime Homeland Security and the fiscal year 2004 budget provides the resources to enhance the Coast Guard's ability to receive, fuse, disseminate and transmit intelligence data and leverage our recent inclusion in the National Intelligence Community. It includes new personnel, hardware and software to support the underlying information architecture for Maritime Domain Awareness, funds leased satellite channels and other connectivity solutions for our entire cutter fleet and establishes a prototype Joint Harbor Operations Center (JHOC) in Hampton Roads, VA, to provide surveillance as well as command and control capability for the critical infrastructure in this area.

The fiscal year 2004 request also provides the capability and capacity to conduct layered maritime security operations. Six new, deployable Maritime Safety and Security Teams, for a total of 12 teams, and over 50 Sea Marshals will be added throughout the country to protect our most critical ports. To increase our organic presence in our ports and waterways, we are requesting 43 fully crewed and outfitted Port Security Response Boats, nine 87-foot Coastal Patrol Boats, and the commencement of the Response Boat Medium acquisition, which will replace our aging fleet of 41-foot utility boats. We are standing up Stations Boston and Washington D.C. to increase security and safety in these critical ports where more resources were needed. We will also establish two new Port Security Units, for a total of eight teams, used to support domestic and overseas operations.

Balancing Our Missions

The fiscal year 2004 budget restores the Coast Guard's multi-mission focus to near pre-September 11, 2001 levels. We will utilize performance and risk-based analysis to strike a careful balance between our safety and security. This delicate balance is critical to protecting America's economic and national security by pre-

venting illegal activity on our maritime borders. It will also enable the Coast Guard to maintain its surge capability, which was evident before and after September 11, 2001. One of the Coast Guard's greatest attributes is the innate flexibility to immediately shift mission focus to meet America's greatest threat while maintaining other missions for the American public.

While its primary focus is Search and Rescue, the Rescue 21 project will transform the Coast Guard's command and control capabilities for all mission areas. Coupling this major acquisition with a staffing increase of nearly 400 new personnel at our multi-mission, small boat stations and Command Centers will ensure Coast Guard shore-side command and control networks and response units are properly equipped and staffed for multi-mission effectiveness. We are also requesting funds for the Great Lakes Icebreaker to ensure delivery in fiscal year 2006. The Great Lakes Icebreaker will perform aids to navigation functions as well as break ice to keep this critical commerce route open year-round.

This budget also requests funding to fully train, support, and sustain the Coast Guard's Selected Reserve Force. The Coast Guard increased the number of reservists from 8,000 to 9,000 in fiscal year 2003 and now to 10,000 in fiscal year 2004. The Reserve is significantly more than an augmentation force. It is an integral part of Team Coast Guard and provides daily support of all Coast Guard missions. Today's Coast Guard depends on Reserve personnel for day-to-day activities in addition to a qualified military surge capacity. The Coast Guard Reserve fills critical national security and national defense roles in both Homeland Security and direct support of Department of Defense Combatant Commanders. The Coast Guard Reserve provides the nation's only deployable port security capability and a cost-effective surge capacity for Coast Guard operations, including quick response to natural or man-made disasters, such as floods, hurricane relief, major pollution cleanup efforts, and rapid response to major catastrophes. The Reserve is critical to the Coast Guards efforts to rebalance our mission execution.

The Goal of Operational Excellence

We are facing many challenges in the coming years, not the least of which are the obsolescence of our aging asset fleet; the complexity of recruiting, retaining, and training the talented workforce necessary to execute our missions; and integrating fully into the new Department of Homeland Security.

The President's fiscal year 2004 budget provides immediate capability for our Homeland Security responsibilities and continues to build upon past efforts to restore service readiness and shape the Coast Guard's future. It also demonstrates strong support for both the Deepwater project and Rescue 21. This budget will enable the Coast Guard to maintain operational excellence across all mission areas to meet the America's future maritime safety and security needs.

I close with a quote from the National Strategy for Homeland Security which crystallizes the need for a transformed, multi-mission capable Coast Guard: "The United States asks much of its U.S. Coast Guard and we will ensure the service has the resources needed to accomplish its multiple missions."

The demands continue to grow for the missions that the Coast Guard performs every day. As we strive to meet them, what will continue to remain foremost in my mind as Commandant—even as I sit here before this subcommittee—is the operational excellence of our service to America. That is our ultimate goal.

Operational excellence depends not only on careful partnership and teamwork within the Department of Homeland Security, but it depends also on having the right capacity and the right capability for the missions at hand.

I look forward to working with you to that end.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Senator COCHRAN. Thank you very much, Admiral Collins, for your testimony.

I notice by the clock on the wall that the vote has begun now. We can recess and make that vote in the Senate, and then we will resume our hearing with questions of our panel after that.

The subcommittee will stand in recess.

Senator COCHRAN. The subcommittee will please come to order.

PLAN COLOMBIA

Director Basham, I appreciate very much your overview in your statement about the activities of the Secret Service and the chal-

lenges that you face. In reading your statement, I was attracted to the challenge that you have in Plan Colombia, the work that you are doing in Colombia that is discussed in your opening statement. It goes back to one of your earliest missions as a Service dealing with the integrity of currency, but it is broader than that.

Could you tell us a little bit about the status of that and what your challenges are and how much money we are appropriating or being asked to appropriate in this budget for that activity.

Mr. BASHAM. Mr. Chairman, I cannot give you a specific number at this point with respect to the funding that we are requesting for that activity, but I can tell you that just recently, we were able to recover prior to circulation about \$41 million in U.S. currency due to our efforts there in Colombia.

Colombia continues to represent—

Senator COCHRAN. Was this counterfeit money?

Mr. BASHAM. That is counterfeit currency that is produced there in Colombia which, as you are well aware, supports the drug activity. So that locale continues to represent one of the biggest challenges we have with respect to our international counterfeiting problems.

We have, as you may well know, personnel who are assigned there, stationed there, who work very closely with the Colombian officials to assist them in suppressing the manufacture of counterfeiting.

As you said before, our original mandate was to stop and prevent and protect the financial systems from attacks, and that is the same methodology that we apply there, and that is working with the local officials to identify plants and to suppress those plants prior to the currency getting into circulation.

So we continue to work there. We are putting a lot of emphasis in some of the former Soviet Union countries where we are seeing some activity in the area of counterfeiting, but Colombia still represents one of the greatest challenges. I will get back to you, sir, with the information on what kind of funding we are requesting for that activity.

FOREIGN OFFICES

Senator COCHRAN. I notice also that as you talk about global activities that may threaten the integrity of our national financial institutions and system, you have established offices or representation in some 19 different countries, I think your statement indicated.

To what extent do you see these as permanent facilities or permanent assignments, or are they temporary in nature? What is your expectation with regard to that?

Mr. BASHAM. We are constantly reviewing those foreign offices and the effectiveness of those foreign offices to make sure that we are getting the most out of those resources. On occasion, we will be changing the locations of those offices based upon what we are seeing in criminal activity coming from those countries.

The great majority of those offices are permanent, and not only do they support the investigative mission of the Secret Service; they also support the protective mission of the Secret Service,

which gives us sort of a first insight as to what activities may be going on in these relative to our protective role here.

Senator COCHRAN. Is this role to protect high-ranking Federal officials who may be in those countries?

Mr. BASHAM. Actually, it is not in just the foreign countries but also domestically, working with officials in those countries who may be able to give us some warning signs if there is activity being planned for an assault or an attack on people whom we protect here in the United States as well as having liaison with those countries when our visiting officials go there to get cooperation from those countries to work with us to provide protection for them overseas.

COUNTERFEITING OPERATIONS IN IRAQ

Senator COCHRAN. We recently saw in the press the report of the finding of a lot of money in Iraq, a lot of U.S. currency. There was one press report that I noticed that indicated it could be counterfeit, or it might be valid currency. Are you working with the Department of the Treasury or others in trying to determine something about that currency and whether it is an indication of a counterfeiting operation in Iraq?

Mr. BASHAM. We were involved in the very early stages when that currency was discovered in Iraq. We did dispatch personnel there to look at that currency. It was determined early on that the currency was genuine U.S. currency, and therefore, we have sort of backed out of that issue now that it has been determined.

I believe they are in the process now of just trying to figure out a way of counting the currency in country versus bringing that currency out of the country, but yes, that was early on that we were involved and determined it was not counterfeit.

AL QAEDA INVOLVEMENT IN COUNTERFEIT ACTIVITIES

Senator COCHRAN. Have you come across evidence that indicates that the al Qaeda terrorist network is involved in counterfeiting U.S. currency?

Mr. BASHAM. I do not know that I can say, Mr. Chairman, that there has been any direct connection to the al Qaeda network with counterfeiting. We do know that the al Qaeda network has made attempts to get into other types of financial systems through electronics, through trying to tap into those financial institutions. But in terms of a direct connectivity between al Qaeda and counterfeiting, I do not believe we have made that connection.

Senator COCHRAN. You can furnish that for the record if you have information about it that you think we need to know about.

Mr. BASHAM. I will furnish it.

Senator COCHRAN. We would appreciate that.

[The information follows:]

Due to the sensitive nature of the information requested by Senator Cochran, the Secret Service provided this information to the Senator under separate cover.

Senator COCHRAN. I am going to yield now to my colleagues for any questions that they may have.

Senator Murray, you may proceed to question the witnesses, either Commandant Collins or the Director of the Secret Service, as you please.

Senator MURRAY. Thank you, Mr. Chairman.

I note that Senator Byrd is here, and I am happy to defer if he wants to go ahead of me.

Senator BYRD. Walt Whitman said that the greatest thing upon the earth is woman. You were here before I was, so please go ahead.

Let me say while I am talking that I am sorry to be tardy. We had a vote over on the floor, and rather than attempt to make two runs over here, which you might do at age 35, I thought I would just wait and make one.

Thank you.

Senator MURRAY. Well, thank you very much.

NON-HOMELAND SECURITY MISSIONS

Admiral Collins, earlier, I recited the figures from your own quarterly mission hour report that indicate for the year that ended just 4 weeks ago, your efforts in the area of drug interdiction are 42 percent below the September 11 levels, and your efforts at fisheries enforcement are 33 percent below September 11 levels.

In your formal testimony, you state that the President's 2004 budget for the Coast Guard is built around the goal of returning your level of effort to these and other non-homeland security missions to pre-9/11 levels, but the GAO has reviewed the President's budget and does not agree that the enactment of the President's budget will enable you to get back to pre-9/11 levels.

We need to set the record straight, so I want to ask you if we enact the President's budget in full and provide you with the second year of historic increases for the Coast Guard, will your quarterly mission reports show us that drug interdiction and fisheries enforcement have returned to the levels that existed prior to September 11, 2001?

Admiral COLLINS. Let me equivocate a little if you would allow me. I think it is relative to risk. Part of this accounting that we have had over the last 18 months relative to activity levels—and that is one way to measure mission balance; there is budget allocation, there are activity levels, and there is performance, and I think you have to look at all three—but if you look at activity, clearly, the snapshot was taken in a year, as I mentioned in my opening statement, of momentous change, of dramatic impact, of significant threat, and we were at many periods during the course of that time at orange threat conditions, obviously, and in the immediate aftermath of 9/11, the whole country was ramped up across the board. I would submit that if you looked at the activity level of every police department and every law enforcement organization in this country, you would find a similar spike given the scenario. And then, there were a couple of oranges and then Operation Liberty Shield, which was invoked in conjunction with Operation Iraqi Freedom.

With all of those, it is a very unusual time to be doing this kind of accounting, so to have a spike in the homeland security mission

I think is reasonable, appropriate, and I think a natural thing to do during that timeframe.

Where did they come from? Most of that accounting is from redistributed major cutters from the fisheries mission and from the drug mission and from the migrant mission, and that is where they were taken from. We are maintaining our SAR posture.

With the fiscal year 2002 supplemental, the fiscal year 2003 budget, and the fiscal year 2004 budget, it is a 30 percent increase, and by any standard, I think that is an unprecedented support by the administration and Secretary in terms of moving us up a glide slope that provides us the capability and the capacity to do our job.

I am very happy with the level of support that they provided last year, this year and through the supplemental. I think we are going to close those gaps that we had, and we are going to get near pre-9/11 levels. I think there will still probably be some discontinuities in terms of exact level relative to particularly some of the law enforcement, fisheries, and drug mission in terms of the amount of activity we will be able to allocate, but we will be closing the gaps significantly. These are substantial increases that will allow us to return to normal.

I would also stress that it assumes what we call Maritime Security Condition 1. We have three levels of security built into the International Code of Security for Ports and Vessels, and they are going to be built into our rulemaking that supports the Maritime Transportation Security Act. That is assuming a Maritime Security Level 1. If you go to 2 or 3, or if there is a sustained level of higher state of risk, then we are going to reallocate again. And I think that is what the American people want us to do is allocate our resources to risk.

So I think we are going to be not exactly to levels. We will be approaching those levels at the MARSEC 1.

Senator MURRAY. I agree that we need to allocate our resources to risk, but I also very strongly before homeland security passed, working with Senator Stevens and others, wanted to make it very clear that we cannot reduce our levels of effort in our other missions in order to accomplish this. We need to know what it is going to cost us to make sure that you can do all of your missions.

So let me ask you, because in the past, the Coast Guard and other agencies in the administration have carefully estimated the amount of drugs entering our country and the number of illegal encroachments of foreign fishing vessels into U.S. waters. You have done that to measure the effectiveness of your efforts. So what have you observed regarding the likelihood of drugs entering our country and illegal encroachments on U.S. fishing grounds as a result of your greatly diminished efforts that we have seen in these two missions over the last year and a half?

Admiral COLLINS. To answer that question, Senator, I think you would go to that third dimension of how you look at mission balance. And I mentioned budget, activity level, and performance. Our activity level over the last 18 months, because of the impact of homeland security, certainly our activity levels have been down for counter-drugs, and fish.

The performance has been pretty consistent, however. If you look at our performance in terms of seizure rate, recovery rate—I am

talking about drugs now—or, excuse me, removal rate, and that is both deterrents, those that were thrown over the side, or those we actually seized, we had last year the third highest cocaine seizures in U.S. Coast Guard history—72.2 metric tons—and our removal rate has been fairly consistent between 20 and 25 percent.

So in terms of performance, I think we had a very, very credible performance even in the face of some of our cutters being pulled off that mission. Now, the question is how did you do that, and I think there are a couple of answers to that.

One is tremendous partnering—I mentioned capacity, capability and partnering are key to balancing our mission—tremendous partnering with the United States Navy and with allies. If you look today, we have nine ships in the deep Caribbean and the Eastern Pacific right now, today, doing counter-drugs. And incidentally, we have 18 cutters underway today around the country. Fifteen of those 18 cutters are doing non-homeland security missions—15 of the 18. So as we speak today is an indication of how we are returning back to our normal posture.

But let me get back to drugs, the reasons. We have a partnership with the United States Navy. We have Coast Guard law enforcement detachments on those Navy assets. We have Coast Guard law enforcement detachments on the allied ships, three, and our three vessels. That is a tremendous team, and those law enforcement detachments do not show up in the activity stats, but there is a tremendous outcome from that partnership.

We had a British oiler down in the EASTPAC, allowing us to have a gas station far from anything, so we can get our ships refueled and staying in the game.

So I think with better intel, great partnerships with the countries around the Caribbean Rim, we are getting better at this mission. We are putting metal on target, if you will, and getting great performance outcome.

Having said that, if you had more capacity, could you get even more outcome? The answer is yes. But I think our performance is very, very, very credible, and we have tried to manage the dimensions of our mission so we can ensure the appropriate outcomes.

If you switch to the migrants, if you look at the number of migrants seized over the last 3 years, it is consistent with previous patterns. We have interdicted 2,800 migrants to date in 2003. That will put us in a course above previous levels. We have been interdicting about 4,000.

So we are not abandoning those missions, and the performance is still there.

FISHERIES ENFORCEMENT

Senator MURRAY. What about fisheries enforcement, though?

Admiral COLLINS. Fisheries enforcement is down, clearly. That is one of those areas that we have pulled cutters off of. We maintain minimums in certain areas. For example, the Bering Sea and the enforcement of the Maritime Boundary Line—we have a one-ship continuous presence in the Bering, and we have maintained that. That has not gone down. We have a half-ship presence, as we call it, in the rest of the Alaskan waters, and we have maintained that.

So there are critical areas that we have maintained and other areas we have backed off. Is it where we want to be steady-state? No. We want to return to there, and as I have noted today, again, 15 of the 18 ships are back doing normal business, and nine of them are doing fisheries missions today.

Senator MURRAY. My time is running out, but the GAO did quote Coast Guard office officials stating that the decline in both drug enforcement and fisheries enforcement can be attributable not only to your heightened homeland security requirements but also to the deployment of resources for military operations. I assume some of those ships are going to be coming home, but can you tell me when we expect to see the high-endurance cutters return?

Admiral COLLINS. The exact dates are still up in the air and being decided, but it will be in the near term, not in the intermediate or far term. As to exact dates, there are logistics issues and other issues that we are working out, but they will be on their way home very, very shortly, and they will be turned back into non-homeland security missions.

Senator MURRAY. Thank you very much, Admiral.

U.S. COAST GUARDS WORKLOAD

Mr. Chairman, this is extremely important. We are asking the Coast Guard to do a tremendous amount of work. Obviously, they have been involved in the Iraqi efforts, and they are involved around the world. We are asking them to do fisheries enforcement, drug enforcement, search and rescue. We have given them more money, but I am deeply concerned that the numbers we are seeing coming back are saying that some of the critical missions that we are asking them to do are not taking place, and I think this Committee needs to look carefully at that and make sure that we budget the amount of money for the Coast Guard to do the homeland security jobs as well as all the other missions that we are asking them to do.

Senator COCHRAN. Thank you, Senator Murray.

Senator Byrd.

Senator BYRD. Thank you.

WOMEN

Senator Murray, I mentioned Walt Whitman a little earlier. Walt Whitman said, "Man is a great thing upon the earth and throughout eternity, but every jot and tittle of the greatness of man has unfolded out of woman."

Woodrow Wilson, who was the President of this country, a great President, when I was born, said he wouldn't give the snap of his finger for any young man who was not surrounded by a bevy of admiring females.

Not many of the gentlemen in the audience laughed at that, did they? What is the matter with that crowd out there?

Mr. Chairman, are you taking questions for both witnesses?

Senator COCHRAN. Yes, sir.

Senator BYRD. All right. Very well.

I guess the Secret Service is first, is it not, today?

Senator COCHRAN. Yes, sir. They testified first.

U.S. SECRET SERVICE

Senator BYRD. All right. I welcome Director Basham. You are going to be in for a tough time.

The Secret Service has long been an agency focused on homeland security. Since its creation in 1865, the Secret Service has protected our financial infrastructure and later took on the protective mission to safeguard our Nation's leaders and leaders from other countries.

As the Secret Service is new to the Homeland Security Department, its functions are new to many of the members on this Committee. And I have to say that with the inclusion of myself, although I have been on the Committee—this is my 45th year; I am the grand-daddy of them all when it comes to length of service on this Committee—and my mom used to say, “A self-braggart is a half-scoundrel.”

I was trying to think of that great athlete who said, “It is all right to brag if you have done it.”

Senator COCHRAN. Dizzy Dean.

Senator BYRD. Dizzy Dean, right.

So over the past 5 years, the Secret Service has grown substantially. Between fiscal year 1998 and fiscal year 2003, the Secret Service has grown in size from 4,800 to 6,100 employees, and its budget has grown from \$564 million to just over \$1 billion.

The Secret Service has over 3,000 special agents and nearly 1,200 uniformed officers all across the country, working on protective detail, on financial investigations, and protecting the White House complex and the Vice President's residence.

September 11 resulted in a significant increase in your mission requirements. Protective detail assignments have increased. The number of National Special Security Events has increased. The passage of the USA PATRIOT Act set additional requirements to protect and prevent terrorist attacks aimed at our financial systems.

And today you are presenting a budget of \$1,123,000,000—that happens to be \$1.12 for every minute since Jesus Christ was born. Can you compute that fast? It is pretty easy—reflecting many of those changes, and the Committee looks forward to discussing this request with you now and on a continuing basis as long as it is necessary, as well as your many homeland security activities.

Now, as to the Coast Guard, I welcome the Coast Guard Commandant. The Coast Guard has a long tradition as protectors of our ports and waterways. At no time in its history has the Coast Guard relied on its assets more than it does today. With the expanded mission of homeland security, the Coast Guard has increased patrols, enhanced its port and waterway presence, increased vessel boardings, and pushed legacy assets to their limits.

All of this happened at the same time that the Coast Guard started to modernize and replace an aging fleet. The Coast Guard is also supporting our efforts in the Middle East by providing eight patrol boats, two high-endurance cutters, and a buoy-tender.

Admiral Collins, even with the substantial budget increases provided to the Coast Guard since September 11, many concerns remain about your operational capabilities. Maintaining your non-

homeland security missions at pre-September 11 levels has been a struggle. The Coast Guard's first quarterly report on mission hour emphasis revealed that efforts have decreased significantly in areas such as drug interdiction, marine safety, fisheries enforcement, and marine environmental protection.

The Deepwater Program is approximately \$200 million behind and at current levels could slip to a 30-year program. If the Deepwater Program continues at current levels, the success of the program could be in jeopardy.

In addition, to make room for the high cost of the Deepwater Program, funding for shore facilities and aged navigation projects has been eliminated.

With regard to strengthening port security, the Coast Guard has estimated that it will cost \$1.4 billion in the first year and \$6 billion over 10 years. Although funding for this purpose is not a direct responsibility of the Coast Guard, it is a homeland security priority.

One of the entities folded into the new Department of Homeland Security is entitled the "Transportation Security Administration," not the Aviation Security Administration. Yet, within the \$4.8 billion TSA budget, only \$86 million is requested for maritime and land security activities, while over \$4.3 billion is required for aviation security.

So, Admiral Collins, as the leader in maritime security, the Subcommittee challenges you to work to ensure that port security is given greater emphasis in future funding requests.

For port security assessments which are mandated by the Maritime Transportation Security Act, it took Congressional action and \$38 million in the recent fiscal year 2003 Emergency Supplemental to ensure that these assessments will be completed in a timely manner. Under the President's budget, port security assessments would not be completed until 2009.

Finally, Coast Guard employees do a tremendous job with the resources given to them, but I fear that they are stretched too thin. Secretary Ridge has said that another attack is inevitable. If the Coast Guard were to operate under a Code Orange scenario for an extended period of time, non-homeland security missions could be left unattended.

Admiral Collins, I realize that you are doing everything you can with the resources at hand, but you and this Subcommittee needed to confront these issues head-on. Of course, Coast Guard employees do extraordinary work. They are the lifeblood of our ports and waterways, and millions of Americans depend upon them every day. But the Coast Guard needs the assets and a secure infrastructure to do their job as effectively and efficiently as possible.

Mr. Chairman, do we proceed with questions?

Senator COCHRAN. Senator, I suggest you proceed with questions, and you are recognized for that purpose. I have asked a few of the Secret Service. I have not asked any questions of the Commandant. We have heard opening statements from both of them, and Senator Murray has made a statement and asked some questions.

You may proceed.

Senator BYRD. Very well. Thank you.

NATIONAL VESSEL DOCUMENTATION CENTER

Let us begin with Admiral Collins. Last year, the Coast Guard submitted a so-called competitive sourcing plan to the Office of Management and Budget that listed 99 full-time equivalent at the National Vessel Documentation Center, NVDC, in Falling Waters, West Virginia. Have you ever been there?

Admiral COLLINS. Yes, sir.

Senator BYRD. Well, I was there when we dedicated that function, and there came a heavy rain, a downpour, a huge storm. They had a huge tent there that would have seated several hundred persons. And this huge storm came up, and the winds blew—do you remember how the Bible describes, “and the winds blew”—and several ladies were very kind to my wife, and they ushered her into a side door in the building that was there, so she was taken to safety. I watched carefully because I was concerned—after all, she will have been my best friend and my wife 66 years come 1 month from yesterday.

So there was the wind and falling waters. So the place was appropriately named, you see, Falling Waters, West Virginia. The waters fell that day.

One day, I was over in West Virginia, and there was a drought over in the central part of the State. There had been a drought, and I made a big speech—I do not make many big ones, but this was a great speech—and I came to a point, Mr. Chairman, where I said, “and then the rains came.” And don’t you know that the Creator was cooperating with me that day, and the rain started falling at that moment, and the rain came.

So Falling Waters is the place, Falling Waters, West Virginia.

COMPETITIVE SOURCING AT NVDC

You proposed to convert the NVDC into a Government corporation, which was viewed by many Federal workers as a first step toward contracting out the work of the NVDC. I have serious concerns about the administration’s efforts to contract out what are inherently governmental functions, and I stated those concerns yesterday when Secretary Ridge was before this subcommittee.

The NVDC effectively bestows citizenship on vessels at sea which affects international trade, diplomacy, national security, and a host of issues that fall under the purview of the Federal Government. This is not a function that should be exercised by contractors or Government corporations which operate outside congressional oversight.

I wrote to you last October about this issue, and you replied that the Coast Guard, after discussions with the OMB, was reconsidering the conversion of the NVDC.

Now, in light of the fact that Secretary Ridge in testimony before the subcommittee yesterday said that he was unaware of any underlined—any current plan within the new Department to contract out security services, what are the Coast Guard’s privatization plans with regard to the NVDC, and to what extent are these plans a result of the OMB competitive sourcing initiative?

Admiral COLLINS. Senator, of course, all of our competitive sourcing programs are in support of the OMB and the President’s

Management Agenda. That plan has been in various forms and various things on that, as you correctly note, and initially, NVDC was on that.

The current 2003 plan—and basically, the competitive sourcing plan—is a plan to conduct studies scheduled for completion here in late 2003 and early 2004 contained to three particular areas within the Coast Guard, none of which involves NVDC. There is one in a public works function out of the Coast Guard Academy. There is another study of a public works function at our support center in Elizabeth City, North Carolina, and there is another looking at our retired services, pay services, at our pay center in Topeka, Kansas. And it is basically not huge numbers of people being looked at—42 in the Academy—these are civilian positions—41 at the support center in Elizabeth City, and 36 in Topeka.

So these studies will run their course, and they will determine what the recommendation is after doing the studies. The 2004 competitive sourcing plan is yet to be configured, and it depends on the planning guidance that we get from the Office of Management and Budget on direction from them on putting that together. That will be put together later this summer.

So the news is three studies for those facilities that I have noted and NVDC not a part of that.

Senator BYRD. And what does that mean?

Admiral COLLINS. That means we will wait until the outcome of the studies to see what they say in terms of a recommendation on outsourcing or not. We cannot prejudge what the studies are going to say, but it is for those functions in those commands that I have noted.

Senator BYRD. Are you saying that the jury is still out on the facility at Falling Waters?

Admiral COLLINS. I do not know what the 2004 list is going to look like, and that will depend upon guidance from the Office of Management and Budget and how we configure our list.

Clearly, they have given us some direction on some of the things to extract from the previous inventory of potential studies, and we have done that, and I would suspect they will be consistent with that going forward. But it is yet to be determined at this point.

Senator BYRD. Would you say that the Office of Management and Budget is Mount Olympus in this Administration?

Admiral COLLINS. I do not know if I—

Senator BYRD. Does it strike you that the Office of Management and Budget is all that important in this Administration and that your guidance will down from on high from the ethereal atmosphere of Mount Olympus?

Admiral COLLINS. Certainly I respect the guidance and the direction of OMB regardless of what Administration is at the time. They are involved with management issues, management initiatives, and coordinating that effort through the Federal Government, and we try to adhere as best we can to the guidelines that they give us.

Senator BYRD. Do you feel that the testimony that you are giving in response to this question is parallel with the testimony of Secretary Ridge yesterday on this point, or do you think there is any point of difference?

Admiral COLLINS. Because I was not here at the hearing yesterday, Senator, I—

Senator BYRD. I stated a moment ago what he said.

Admiral COLLINS. Yes, that he was not aware. I do not know what his level of knowledge was. I will take that statement as accurate, sir.

Senator BYRD. So once again, how shall employees at NVDC understand what you have said here before the committee today?

Admiral COLLINS. I think they have to take it at face value. They are not on the study list, they are not on the inventory list, they are not planned for an assessment, and that is the current state.

Senator BYRD. The OMB scores agencies on how well they comply with the President's management agenda. Agencies are encouraged to submit management plans to the OMB and to meet the competitive sourcing targets outlined in the President's budget. The OMB has informed me that these plans, while submitted to the OMB for approval, can be released to the public at the discretion of the agency heads.

This subcommittee is asked to appropriate \$6.8 billion to the Coast Guard to employ 43,450 full-time equivalents. Before we do that, I expect that you would provide this subcommittee with a copy of any management plan or competitive sourcing plan that the Coast Guard submits to the OMB.

Admiral COLLINS. Sure.

Senator BYRD. When do you—when you say "Sure," what does that mean?

Admiral COLLINS. Yes, sir, we would be glad to submit that to you.

Senator BYRD. Very well. When do you expect to submit your next management plan to the OMB, and how soon can you make that plan available to the Appropriations Committee?

Admiral COLLINS. It is my understanding—and I will have to confirm the exact timing of this—I believe, Senator, it is in the late July/August timeframe.

Senator BYRD. Tuesday's New York Times points out that there seems to be a revolving door at the new Department of Homeland Security, with former top Federal officials walking out the door 1 day only to walk in the door another day as a top corporate lobbyist.

With growing concerns about the reach of special corporate interests in this Department and others, I urge you and others in the Department leadership, the top leadership, to find a way to board up that door as you possibly can.

The motto of the Coast Guard is "Semper Paratus"—"Always Prepared." That is kind of like the Boy Scouts' motto, isn't it—"Be prepared."

Admiral COLLINS. Close, Senator.

Senator BYRD. That motto is not "Always Privatized." It is "Always Prepared," not "Always Privatized."

Admiral Collins, the Coast Guard is a key part of the Nation's homeland security network. You and the men and the women under your command have the task of guarding our seaports and coastlines. And this is not a mission that should be driven by a private company's profit margin.

What I am saying is really an admonition to people out here in this room today, probably. This is not a mission that should be driven by a private company's profit margin. This is a mission that should be first, last, and always driven by the security needs of the Nation. While it may be important to receive high marks from the OMB—and I suppose you might gather that I do not have a great deal of love for the current top management of OMB—and to comply with its directives to contract our Government services, it is far more important that the Coast Guard receive high marks from the American people in the protection of this country. And you have received high marks. The Coast Guard stands at the apex of agencies and departments and functions within the Government that people on the Appropriations Committee have great admiration for and confidence in.

I think I will just submit my questions on the Secret Service, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Byrd.

Senator Stevens, welcome.

Senator STEVENS. Thank you very much.

I am pleased to be here with you, Director Basham and Admiral Collins. I have some provincial questions, really, which should not be unanticipated.

INCURSIONS IN NORTH PACIFIC

There has been a significant number of incursions in the North Pacific in the fishing grounds, as a matter of fact, an increasing number of foreign vessels coming across the maritime boundary line. There were in particular incursions of several Russian pollack factory trawlers that I am sure you recall had to be cut off in really hot pursuit concepts with the Coast Guard cutter Rush. I congratulate you for those activities.

UNMANNED AERIAL VEHICLES

However, I am concerned about that, and I wonder if it is not time to look at some high-tech concepts to increase the surveillance and decrease the potential for incursions. For instance, I have suggested the use of Predators to patrol the boundary line and to have on board warning capability to warn foreign vessels that they were now entering U.S. waters, and if they continued, that they would be pursued and arrested.

Those are very inexpensive—they are even less expensive than the Global Hawk; the Global Hawk flies too high in my opinion to have really good aero-surveillance.

Have you looked into that concept? Are we going to go into any new technology to make up for the decrease in effort we have from the Coast Guard in the North Pacific?

Admiral COLLINS. Senator, we have maintained and intend to maintain the one-ship presence up on the boundary line that we have committed to. We have not moved away from that, and we continue to do that, and it is in our plans going forward.

But clearly, you are absolutely right. I could not agree with you more that we can be increasingly effective with the increasing threat on the boundary line with technology. There is absolutely no question about it. And UAVs, I think we have seen around the

planet how effective the UAVs are in other applications, and I think it is a wonderful application there.

As you know, Senator, UAVs are an integral part of our Integrated Deepwater System Project. The national security cutter that we are building has embedded in those two vertical take-off UAVs as part of the design. Now, they are a few years out in terms of production and marriage with that new asset, but clearly, that is recognition in that project of how important UAVs will be for the Coast Guard now and into the future, and we really want to get that capability. It is a terribly important capability, and there is application in fisheries, there is application in migrant interdiction, there is application in counter drugs.

So it is terribly important technology to go after. The current plan, of course, in getting that is our Integrated Deepwater Systems contract. The Predator I understand is a hot commodity, a high-demand commodity, and you have to wait in line in terms of production capacity to get one of these. I know the program manager for those is, of course, in the United States Air Force. But they are a high-demand asset, and currently we do not have funds in the budget to procure Predator other than our Deepwater Initiative, and there is this demand capacity issue associated with it.

But I could not agree with you more, Senator. My opening statement was that we need capacity, capability, and solid partnership to have good mission balance, and part of the capability piece is using technology well, increasing our surveillance capability, and increasing surveillance capability is the heart and soul of our Deepwater project.

Senator STEVENS. Well, respectfully, Admiral, that is half the coastline of the United States, with more than 50 percent of the naturally-produced fish that Americans consume coming from that area, and we have one ship on half the coastline of the United States. We have the highest level of lives lost in any occupation in the country, and we have the greatest impact from foreign sources on the future of our product, of the species that we harvest ourselves.

We have environmental groups now suggesting that we decrease our efforts because we have no way to control the foreign efforts. Now, somehow or other, a plan has to come forward. I am going to ask the committee to request that you present a plan to us for the modernization of the surveillance of these waters, and I think it would be cost-effective.

I do believe that with what we are seeing now in Iraq and other places in the world, the military demand for Predators is going to go down. I assume that we are going to replace the ones that were lost, but I do not anticipate any expanded need for the Air Force or any of the military operations in the near future—and the line is up right now. I think you get a better price for Predators in the next 2 years than you will in the following 10 years, because they have their line expanded for increased production.

I do hope that the committee will support that concept and that it will push you toward having the greatest use in new technology in surveillance of the maritime boundary.

FOCUS ON NON-HOMELAND SECURITY MISSIONS

Second, I asked the GAO to look into the question of the decline in mission hours for drug interdiction, fisheries enforcement, marine environmental protection and marine safety. I am sure you have seen that report. It is my understanding that we all thought that that was the result of 9/11. The GAO report shows that beginning in 1998, the hours dedicated to resource protection started to decline, and they have been on a slippery slope downward ever since.

So this is somewhat related to the marine boundary but not totally. This is a national problem on all of our shores for drug interdiction, fisheries enforcement, marine environmental protection, and marine safety.

I would like to ask is there any way we can balance the demand for these non-defense missions so that there is not a continued decline now? With your new responsibilities in homeland security, it appears that the decline is becoming steeper, and I would like to reverse that or at least level it off.

Can you give us any understanding of what is going to happen to the resources dedicated to these kinds of activities?

Admiral COLLINS. Yes, Senator. Clearly in the 1998–1999 timeframe, or pre-9/11, those resource hour drops were a direct reflection of a decreasing budget. In other words, we had budget cuts as we were laying up ships, if you recall, in those budgets. So there was the pressure of the budgets, and we were getting operational cutbacks, and we were laying up assets. That was part of the pre-9/11 problem.

Post-9/11 clearly is the security demands of the Nation, and all law enforcement agencies across the country, armed services, pulsed into that issue in the immediate 9/11, and so did we—we surged into that area. And we have had a number of Orange alerts, clearly, since then, and they require a ramping up of diversion of our boat hours and ship hours and aircraft hours into that area, so we have done that. We had Liberty Shield, an operational order that was put into effect consistent with and concurrent with our war in Iraq.

So this post-9/11 period, this 18 months, is a fairly unusual period, a snapshot. It is a period of very, very high threat in the homeland security arena, and the Coast Guard surging into that area over time to provide the protection that America needs.

We did in fact have to take those cutters from other missions. They are now back—a good portion of those cutters are back—doing the non-homeland security mission.

I noted earlier, Senator, before you came in, that today, if you took a snapshot, we had 18 cutters deployed this morning around the country, in the Caribbean and Eastern Pacific and through Alaska, and 15 of those 18 are doing non-homeland security missions, and 9 of them are doing fisheries missions.

So the message here is that we have now backed out from Liberty Shield, we are now off of Code Orange, and we are allocating cutters back into the non-homeland security missions as we should. So it is a dynamic process. We are allocating our resources to the risk.

The other good part of the story is that we have through the fiscal year 2002 supplemental, the fiscal year 2003 budget, and the fiscal year 2004 budget, additional capacity that the Senate has provided and the House has provided, so we are building up our capacity to do both. The trend is a good one. We will not be exactly there at the end of 2004 to be exactly at the pre-9/11 allocation levels, but we will be pretty close. So the full intent is to balance our mission, build up our capability and capacity—capacity meaning more people, more assets, capability meaning things like technology and new types of units—to have the kind of mission balance we need in our waters.

So our full intent is to balance, balance, balance, and we appreciate the Administration's support and Congress' support in helping us build up our capacity so we can do that.

RELATIONSHIP WITH THE NEW DEPARTMENT

Senator STEVENS. One of the things we fought for—not only here in this committee but in the Governmental Affairs Committee when I participated in the homeland security bill—was to assure that we would maintain the independence of the Coast Guard. Tell us about the development of the relationship of your service to the new Department.

Admiral COLLINS. I just think it is terrific, Senator. I could not be more pleased with the support of both the Secretary and the Deputy Secretary, the incredible collaboration across all of our agencies in the new Department.

I just think it is again the right place for us to be and the right time for the Coast Guard to serve America. I remain a direct report to the Secretary. I am on a par with the other Undersecretaries in the Department. The Secretary is very cognizant of our full range of missions. I think every time he has come up to testify, he has said, "We need to support the full range of Coast Guard missions," and I commit to that.

So I think terribly supportive of the United States Coast Guard. I think our credibility is very, very high within the organization. We are committed team players, committed to the team's success.

I am very, very pleased with where we are, Senator.

Senator STEVENS. I have just two more questions, Mr. Chairman.

IMPORTATION OF GAS FROM FOREIGN ENTITIES

One item that has just come to my attention is the projection for the increased demand for natural gas from offshore. One of the think tanks up in Alaska has just given me a projection that we will soon see the increase occur on a steady basis and that places like Qatar will be the source of liquefied natural gas that will come more and more to our East Coast.

I know you have the whole concept of your offshore ports and the concepts of deepwater, but are you planning ahead for what is going to be the problem of our country as we see—we are already importing about 56 percent of our oil; if this projection is correct, by 2015, we will be importing 40 percent of our natural gas, and it will be liquefied and coming into the same ports that the oil is coming into. You talk about homeland security and the terrorist

problem, my God, as a matter of fact, there are two novels that have already been written on that, as I am sure you know.

In your plans, are you looking ahead at not only the problems of security but also the problems of handling that much imported gas?

Admiral COLLINS. Yes, sir. Of course, the Maritime Transportation Security Act that was just passed last fall and signed by the President in late November provides an extension of the deepwater ports regime to natural gas. It was heretofore crude. So we presently have two applications for Deepwater LNG, and we are processing that under the terms of the Act. In addition, there are additional ports throughout the country that are moving to that—of course, LNG has been delivered into Boston for some time; Cove Point in the Chesapeake Bay is another area to deliver to and has been recently on a track to be approved; Savannah receives gas, and there are ports in the Gulf. So there are additional ports, and in each case, we have looked through the safety and security dimension. Cove Point is an example. I know that Senator Mikulski was very intimately involved in overseeing the assessment both from a security and a safety perspective of LNG coming into Cove Point.

We did an exhaustive assessment. We partnered like crazy with every stakeholder we could imagine in the area. We looked at it upside down, sideways, and every which way you can, in providing the necessary safety and security provisions, and I think we have that one right, and I think it has been agreed to across the board by almost everyone who looked at it that we have got that right, and that from a safety and security perspective, it is reasonable.

Part of our rulemaking to support the Maritime Transportation Security Act—rulemaking that I mentioned earlier in my statement, the final rule by November—that rulemaking will address offshore dimensions, so we will have as part of that rulemaking from a security perspective how we provide for and what are the regulations associated with security in the offshore.

It is an evolving thing, a dynamic thing, Senator, and you very correctly point out that it is tending to be a growth area, and we are following the terms of the Maritime Transportation Security Act.

Senator STEVENS. Thank you very much.

Thank you for your patience, Mr. Chairman.

That statistic he used that nine of the vessels are dedicated to fisheries enforcement, and one of them is in an area that is half the coastline of the United States, comes back to my original problem. I did go to the Predator factory, I talked to the Predator people, I asked them what the capacity of Predator was. They told me that we could have slings under the Predator that would carry life-saving devices. They told me they could carry buoys that could be dropped to a ship that is obviously sinking so that the follow-on rescue would not have to spend hours trying to find the location. They told me we could have loudspeakers that could be operated from the shore, as I said, to give a warning as people came in. They told me we could have photographic capability on board to take a photograph of them with a GPS marker so that we would have to

have no more proof of the violation after you go back across the line in hot pursuit.

In my judgment, the use of high-technology in the Predator will make up for that imbalance in terms of the assignment of your vessels. So I urge you to get us a plan, but moving forward in that area and using that kind of technology. It will not increase your manpower. It will not increase your costs except in terms of acquisition costs of new technology. And the people who operate those, as you know, could be sitting in San Diego and work on the Predators that are over the waters of Alaska.

It is an entirely new concept of life-saving and protection of our resources that I think we have got to move into as rapidly as possible.

Thank you very much, Mr. Chairman.

Admiral COLLINS. Thank you, Senator. We will take that for action. We are almost as enthused as you are, Senator, about that technology, and I would rather have it sooner than later. I think it is a tremendous force multiplier for us, and we will get busy with our pencils and develop a concept for you.

Senator STEVENS. Thank you.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Stevens. We appreciate your contribution to the hearing.

COAST GUARD DEPLOYMENT OF ASSETS IN IRAQ

In the supplemental, Admiral Collins, you received \$400 million for work in connection with the Iraqi war, and the Coast Guard deployed vessels to the theater. I assume you are in the process now of reclaiming some of those for their traditional functions closer to the United States.

To what extent are you in transition, and do you intend to have other assets deployed to that region in the near future as part of the reconstitution of a government and making available whatever assistance our national interests indicate are appropriate?

Admiral COLLINS. The existing resources that we sent over there, the two high-endurance carriers, the eight patrol boats, the buoy-tender and so forth, will all come back, and there are plans being discussed now with the joint staff on just how and when and what are the logistics associated with those. So we anticipate in the near term, they are coming back.

I think it is likely—and I have talked in a conceptual way with the joint staff on this—that they will ask for us to support some of the maritime security initiative in a post-war setting. In other words, one of the things we have done around the world is to assist other nations in establishing coast guards. We have been doing that since World War II. The Japanese Coast Guard was set up by the United States Coast Guard as part of MacArthur's occupation.

We have been doing that ever since in selected places. We are in Yemen, where we have an advisor establishing a Yemenese Coast Guard. So I think that, yes, in the long-term, the initial assets will be coming back that we sent over, and there is likely to be some assistance that we can provide in establishing maritime security there.

We will probably rotate on a recurring basis in and out. We have, as you may know, Senator, in the last 10 years or so, had Coast Guard presence in the Arabian Gulf to enforce the UN resolution against Iraq in enforcing that embargo. So we have been there for a long time. What the future has in store is under development.

PORT SECURITY ASSESSMENTS

Senator COCHRAN. The supplemental bill also provided funding, \$38 million, for the completion of the port security assessments here in the continental United States. To what extent is that funding available to you to fulfill your responsibilities? Do you have enough money to complete those assessments, and if so, when do you anticipate the completion will occur?

Admiral COLLINS. Senator, we expect the completion no later than the end of calendar year 2004. We are very, very thankful for the support of the House and the Senate for that supplemental increase. That allows us to get those port security assessments on track and done in an expeditious way. It was the right call. We thank you for the support. We are, as we speak, aggressively making the contractual modifications to ensure that the contractor that we have—it is a partnership with Northrop Grumman; they are doing assessments—they can roll those out to ensure we get them done. But the game plan is to get that money on contract, and get them done by the end of calendar year 2004.

Senator COCHRAN. Is there an order of priority? For example, I think about the naval station at Pascagoula on the Mississippi Gulf Coast, and Charleston, South Carolina—I know Senator Hollings has expressed concerns about that—and I have read reports about the challenges in Miami, Florida, with the large numbers of cruise ships that come in there as well as the containers. Are these areas of high priority, and do you foresee that there will be some kind of ranking or assessment of priorities as you proceed to do your work?

Admiral COLLINS. Right, and we will be glad to provide to the committee, Senator, the full list of the 55 ports, in what order we are doing it and what the criteria were for that order. We will be glad to provide that for you.

[The information follows:]

The list of 55 ports has been classified as either For Official Use Only or Secret based on how the list is organized. The Coast Guard will provide the information separately in an appropriate forum.

Admiral COLLINS. We are doing 55 what we call Tier 1 ports in terms of volume, critical infrastructure, and a whole host of other variables, and those are the ones that we will do within calendar year 2004. In addition, we have 47 captains of the port around the country, and they are designated by the Maritime Transportation Security Act as the Federal maritime security coordinators for those areas. Every one of those Captains of the Ports already has used what we call the port security risk assessment tool that was developed in conjunction with our Research and Development Center in Groton, Connecticut and American Bureau of Shipping. It is really a neat tool. Every captain of the port has used it in advance of these studies. So we did not want any dust to settle. We did not want to sit on our hands. We really wanted to have some kind of

baseline assessment, as immediate after 9/11 as we could. So the captains of the ports have been busy partnering with all the stakeholders in the port, using this tool, identifying risk, determining intervention strategy even in advance of the rulemaking. I think it is really a positive thing, and what we are trying to do is do these things in parallel, not in series, and have things fold out so we have a robust position in our ports.

INTEGRATED DEEPWATER SYSTEM

Senator COCHRAN. I know that as a part of your modernization effort the Coast Guard has projected the Integrated Deepwater System to be a 20-year program to replace or modernize aging and technologically obsolete assets of the Coast Guard. That is a very sizeable undertaking and plan.

I notice that some are saying that the funding is not at a level where it should be. Some have suggested \$79 million in additional funding could have been used in this fiscal year to get the program moving.

Do you think that in the 2004 budget request, you have sufficient funding requested for this program?

Admiral COLLINS. We have funding that keeps very, very strong momentum going on this program. Five hundred million in a relative sense, looking over the past number of years for our capital account is a pretty sizeable chunk of money for one, single Coast Guard project.

So I am very pleased that we have the support to move ahead aggressively on it, and of course, the more money you put on it, the faster you get the project done. The project was designed, Senator, under sort of boundary conditions so that all three teams that were competing, three consortia, could have the same planning factors. We said design a system that guarantees the operational output of the system at a certain level, baseline level—98 was the baseline—do it at the lowest total cost of ownership, and do it for a capital cost of \$500 million a year and \$1 billion total operating cost for the system.

Those were the design parameters. All three of them designed to those design parameters and presented those, and we awarded the contract. To keep with that notional design, you would have to get \$500 million a year in fiscal year 1998 dollars, plus project management costs. So if we are below that notional planning, the design of the system has to be morphed, and it is morphed by being stretched.

So that is where we are. We did not get exactly that notional planning level, so the project is stretched a bit. Now, in the Homeland Security Act of last fall, that Act required that we submit a plan, the feasibility of accelerating Deepwater and moving it from a 20-year to a 10-year project. That report has been submitted—it was the first report submitted under the new Department—and that details the feasibility of acceleration and the pros and cons.

MARITIME DOMAIN AWARENESS

Senator COCHRAN. You also have a program called Maritime Domain Awareness, and the request in the budget proposes \$34 mil-

lion for funding of this program. Tell us a little bit about that program and whether you think that is a sufficient amount.

Admiral COLLINS. I think it is a good start. It is, of course, a recurring effort. Maritime domain awareness is a concept. It is saying that for us to be truly effective as a law enforcement agency and a homeland security agency or a fisheries enforcement agency, you have to have transparency of your operating environment; you have to have domain awareness, and you have to have systems that allow you to get that so the scarce ships and planes you do have, you can put them on target, and you can push your borders out and have visibility of what is coming at you from a security perspective. That is sort of the general philosophy of that and I think the central feature of our maritime homeland security strategy that we published last December, and it is the central capability that is embedded in the Integrated Deepwater System.

The \$34 million helps us along the way with that by building communications, connectivity and the like, and building some prototype harbor operations surveillance systems around the country in partnership with the Navy.

So I think it is a good step, and I think the priorities are right there, Senator.

RESCUE 21

Senator COCHRAN. Another program that I found interesting in my briefing papers here is "Rescue 21"—that is also a modernization project—and in the budget request \$134 million is proposed to be spent in fiscal year 2004 developing more cost-efficient towers and receivers for communication purposes.

Tell us what your reaction to this budget proposal is? Is that enough for that program? What do you intend to accomplish in the next fiscal year with that money?

Admiral COLLINS. That project is right on schedule with the funding profile. It is a project that has received a great deal of attention both in the Senate and the House. We are mandated by Congress to finish the project by 2006, so we have direction to not sit on our laurels on this one but to move out in a fast way.

It is on schedule. That money will keep it on schedule. It is a tremendously important project. I see that project itself, Senator, as a subsystem of this MDA concept, because it gives you transparency, it has direction-finding capability in it that we do not have now, so when we get a search and rescue case, we can direction-find on the transmission; it is digital, not analog; multiple channels can be monitored simultaneously; it closes geographic coverage gaps around the country. It is a tremendously important project, and we are very appreciative of the support we have received on the Hill for this project—but we are on track with that one.

SEARCH AND RESCUE EFFORTS

Senator COCHRAN. You mentioned search and rescue. I think \$26 million is in the budget request for search and rescue. Is that sufficient for your purposes?

Admiral COLLINS. Yes, Senator. That is part of a multiyear effort that we began several years ago to continue to reinvest in that. I

think when most people think of the United States Coast Guard, they think of search and rescue first. We like that image, quite frankly, and I think we do it really well. But I think there is a time to reinvest, take our pulse in terms of our readiness posture there, and I think Congress has agreed. And we built this and have continued to invest in our search and rescue function over the last 2 or 3 years. In fact, from 2002 to 2004, if Congress approves the fiscal year 2004 request, we will have added 1,000 billets to the search and rescue mission in the form of additional people at stations, additional people in our command and control nodes, and additional training infrastructure to increase and enhance the professionalism.

So yes, I think we are on target, and it is consistent with where we have been going in the last couple years.

Senator COCHRAN. Thank you very much.

Director Basham, I want you to understand that we have not forgotten you. I know we have had a lot of questions directed to the Commandant of the Coast Guard, but there are some important questions that I have too about the sufficiency of the budget request for the Secret Service and the capacity that you have to fulfill your responsibilities.

FISCAL YEAR 2004 PRESIDENTIAL CAMPAIGN

We have an election campaign coming up. Some candidates are already out campaigning. Isn't that part of your responsibility in the Secret Service, to protect the security of Presidential candidates, and if so, do you have sufficient funding requested in this budget to do that?

Mr. BASHAM. Mr. Chairman, in answer to that, I would say yes, I feel very comfortable that we do have sufficient funding identified in the fiscal year 2004 budget and some actually in the fiscal year 2003 budget to provide that security.

One of the great benefits of our move into the Department of Homeland Security is that we are now going to be able to utilize some of those assets that are in that Department to assist us with that mission. As a matter of fact, we are starting as early as this summer to begin the training of some 2,000 Federal special agents in other departments within the Department of Homeland Security to help us with that mission.

But as you indicated, we are tasked with that responsibility, and there are processes in place which will identify those candidates who would receive Secret Service protection and then determine the time lines for when that would begin and, quite frankly, when it actually ends.

Senator COCHRAN. I notice there is a \$1.7 million request for new equipment to be used in connection with Presidential campaign candidate protection. What kind of new equipment are you planning to buy, and for what purpose will that equipment be used?

Mr. BASHAM. I would like to submit that to you off the record if I could, Senator, but I can tell you that the majority of that would be additional equipment necessary to provide it to the other Federal special agents who will be assisting us, but primarily in the area of technology. I would like to provide that to you later.

Senator COCHRAN. That will be fine.

I notice that you have some reprogramming or reallocation of full-time equivalents—250 positions from the Service's investigative activity—to staff the Presidential campaigns. What happens to the functions that those people normally carry out? Who does that work? Is there a breakdown caused by that transfer of personnel?

Mr. BASHAM. Well, there is somewhat of a temporary pause in the activities in our investigative responsibilities in order to move those assets to our protective mission.

Quite frankly, I think the very thing that makes the Secret Service strong and gives it its strength is our dual mission of protection and investigation, but at times, it also represents our Achilles heel in that we do have to move assets from one of those missions to the other, and a campaign is an example of that.

But over the years, we have had great success in partnering with the other Federal agencies to assist us in that activity.

RELATIONSHIP WITH DHS

Senator COCHRAN. Do you think the Service has been strengthened by the inclusion of the Service in the new Department of Homeland Security? Are you better able to obtain information that is helpful to you in carrying out your mission, or has it become a problem for you?

Mr. BASHAM. I would like to echo the comments of Admiral Collins on that point. The Secret Service feels that it was an excellent move for us to go to the Department of Homeland Security. We, as well as the Coast Guard, were moved over intact, with our resources and responsibilities, to report directly to the Secretary.

What I think is pointed out here is that the very mission of the Secret Service, as I said in my statement, I believe mirrors the mission of the new Department of Homeland Security, and that is suppression and prevention and protection, and that has been for 138 years the methodology and the philosophy of the Secret Service, and I think it fits extremely well within the new Department.

I would also like to say that there has been an early indication that the cooperation now within this Department as a result of this merger is becoming more and more evident as we move along.

CAPITAL ACQUISITIONS

Senator COCHRAN. There is a request for capital acquisitions to be funded at an amount of \$3.579 million. What is the purpose for this appropriation? What are you going to do with this money?

Mr. BASHAM. I am not completely familiar with the \$3.5 million. If I could, I would like to get back to you with that.

Senator COCHRAN. It would be good to know how you plan to spend that money.

Mr. BASHAM. I will.

[The information follows:]

The request for \$33 million in the fiscal year 2004 budget was developed based on limited understanding of the costs associated with the mail screening needs. The Service is currently in the process of studying the mail screening needs of certain high risk Federal Government agencies, such as, Congressional offices, FBI, CIA, and Homeland Security. With this study we will learn the best methods to be utilized to implement a central processing facility in lieu of the current individual mail processing centers for each agency. A full evaluation of methods, operations, technology and other issues related to establishing a fully operational mail facility for

the White House Complex will be established with this study, and a full spend plan will be developed at that time.

REALIGNMENT OF PERSONNEL

Senator COCHRAN. The budget justification indicates that the Service is developing a new hiring plan that will consider such things as the Service's realignment within the Department of Homeland Security. Is there any particular cost estimate that you have developed that is attributable to realignment? What do you mean by "realignment"?

Mr. BASHAM. As we move into the Department of Homeland Security, we are seeing that, particularly in the area of critical infrastructure or key asset protection of critical infrastructure, it is going to require that the Service redesign, and to some extent, it is our training of our special agents and Uniformed Division officers as well as our professional and technical personnel. Because we have been asked to participate in this key asset protection and critical infrastructure protection, it is going to require us to go about our business somewhat differently.

I do not know that we identified a specific number or amount of money that is going to be necessary, but in our Electronic Crimes Special Agent Program which will be dealing in cyberspace, if you will, it is going to require that we do additional training which is quite expensive, but as of this point, we have been using moneys that we currently have to do that sort of training.

NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

Senator COCHRAN. I found it interesting to note that there is an involvement by the Secret Service in the National Center for Missing and Exploited Children. I was not aware of this. Tell us a little bit about that and what the responsibilities of the Secret Service are that you have assumed using your protective expertise to help ensure the safety of America's children as well as our schools.

Mr. BASHAM. Mr. Chairman, we have been involved with the National Center for quite some time to provide them with forensic and investigative expertise and to help and assist in identifying missing and exploited children.

As a matter of fact, we just received within the last few weeks legislation which now actually gives us authority to work with the National Center to further develop this partnership.

But quite frankly, we feel—and we are very proud of that relationship with the National Center and have applied resources toward assisting State and local communities in identifying and in some cases actually finding missing children—but we also found that there is an application of the Secret Service's expertise in protection in identifying and assessing threats, and we have worked with the Department of Education to come up with a training program where we have gone out to various school districts around the country, and we have tried to help them identify possible threats by, whether it is schoolchildren or others, directed toward those schools and have had success in actually thwarting what would have been some very, very disastrous events out there.

Senator COCHRAN. Thank you very much for that information. I have some other questions that I am going to submit in writing for

your consideration. We hope you will be able to respond in a reasonable time. And, Admiral Collins, we have other questions that we will probably submit to you as well, and we hope you will cooperate by submitting answers in writing in a reasonable time.

Senator Byrd.

PORT SECURITY GRANTS

Senator BYRD. Thank you, Mr. Chairman.

You mentioned earlier the signature by the President of the Maritime Transportation Security Act on November 25 of last year. On that day, the President said this, and I quote: "We will strengthen security at our Nation's 361 seaports, adding port security agents, requiring ships to provide more information about the cargo, crew, and passengers they carry."

The Coast Guard has since estimated the cost of implementing the Act at \$1.4 billion in the first year and \$6 billion in the next 10 years. Congress has worked diligently to establish a mechanism for direct Federal grants to assist the ports. Altogether, Congress has provided \$348 million to help ports establish new security measures. Unfortunately, none of these funds—nothing was requested along this line by the Administration. In the most recent competition, ports sent in over \$1 billion in applications for \$105 million of funding.

Just 2 months after signing the Act, the President sent to Congress a budget that did not include any funding for Social Security grants. Yet in his State of the Union, the President said that we have intensified security at ports of entry.

Do you have any comment as to how one might reconcile these statements with the President's request?

Admiral COLLINS. I think clearly, the approach to our rulemaking, which we are approaching aggressively, is that the investment is a shared burden approach. In terms of our budget, you can look at the Coast Guard's budget and see elements within that that represent a Federal investment in the increased security of our ports—the fact that by the end of 2004, we will have 12 maritime safety and security teams around the country, we will have additional patrol boats, additional small boats. Those represent the Federal investment in the security of the ports.

So that just in our budget alone, I think there are significant elements that will enhance the security of the Nation in our ports. The \$1.4 billion and the \$6 billion are estimates of the impact of the rulemaking on the private sector relative to the security enhancements which may be required as a result of the rulemaking, and it is our estimate in terms of—most of that, Senator, is on the vessel aspects of the rulemaking, and then there is the facility aspect of the rulemaking, and most of that estimate, close to \$1 billion of the \$1.4 billion, is on the facility end, the facility impact.

It is a shared approach, and if you look through our budgets, particularly the Coast Guard budget, there is considerable investment in enhancing port security reflected in the additional assets that we are going to bring to bear to the issue.

Senator BYRD. Let me try again. Congress provided \$348 million—that is an easy figure to remember. Do you remember what Andy Gump's license number was? Three-forty-eight. Perhaps you

are not familiar with Andy Gump. That is an old comic strip that I saw a good many years ago when I was a boy.

We provided \$348 million to help ports establish new security measures. I am asking why you might construe the President's request—he sent a budget that did not include any funding for port security grants. Yet in the State of the Union, the President said we have intensified security at ports of entry. So there is a discrepancy here, it seems to me.

What role have you taken in budget discussions to support additional funding for port security based on the new law?

Admiral COLLINS. Part of the discussions, and they are still underway in terms of what it will take to implement the new law from our perspective and under the administrative oversight of the rulemaking, and the rulemaking is going to require plans, facility plans, security plans, which have to be reviewed and approved, and you have got to have capacity to do that. That dialogue is underway, and it is not reflected in the fiscal year 2004 budget. That is sort of an unfunded mandate, if you will, at this juncture in terms of actually administering the rule when it finally comes out—under discussion.

Senator BYRD. Let me try it this way. We provided \$348 million to help ports establish new security measures. None of these funds were requested by the administration. In the most recent competition, ports sent in over \$1 billion of applications for \$105 million in funding.

Were requests made to OMB for additional funding for port security based on the new law? Would you answer that?

Admiral COLLINS. No, because of course, number one, the \$1.4 billion is the estimate of the private sector costs associated with this. Of course, the rule is not even in effect yet and is not even published yet—it does not come out until this summer. The fiscal year 2004 budget was done about that same time, so a lot of these things did not find their way into the fiscal year 2004 budget because of timing for instance, the port security assessments gap that was addressed by the supplemental, so the supplemental addressed that.

So it was a timing issue amongst other things, Senator.

WHITE HOUSE MAIL SCREENING AND PROCESSING

Senator BYRD. I have a couple of questions which I will direct to Director Basham.

You spoke of programmatic budget increases requested. The only programmatic budget increase requested for fiscal year 2004 is \$33 million for White House mail screening and processing. That function has historically been the responsibility of the White House Office of Administration.

The Secret Service has been stretched in recent years to meet many new responsibilities. As a consequence, overtime rates have continued to be high, attrition rates have increased. Given these constraints in your traditional mission, what is the rationale for transferring the EOP mail processing function from the White House to the U.S. Secret Service?

Mr. BASHAM. Senator, I believe the rationale was that the Administration felt that the processing of this mail, or the security

surrounding the processing of this mail, would fall within the purview or the mission of the Secret Service. So what we are currently in the process of doing is a study to make a determination as to what is the best method for processing mail and identifying potential threats, whether there needs to be a Government-wide application of this processing to provide security to not just the White House but to any Government entity that may be threatened through the mail. The Service has agreed to work with the White House to come up with a plan as to how this should be applied.

The Service at this point is providing technical expertise to this issue. We are not actually in the process of processing the mail, and the \$33 million was a figure that was placed there as a placeholder, because we really do not know what the costs are going to be associated with the processing, whether it is going to require a facility, additional personnel, whether there should be contract personnel or Government personnel.

So when we get the results of the study, we will have a better idea as to exactly what requirements there are going to be. But we agree that the Service should not be in the position of having to actually physically do that processing.

Senator BYRD. If it was a placeholder, why was it not \$30 million or \$35 million, rather than \$33 million? What will \$33 million buy?

Mr. BASHAM. We do not have any information as to why \$33 million was identified for that project. It is our understanding that it was merely an amount of money that was earmarked by OMB to do that, recognizing that there were going to be some costs associated with this. So I cannot tell you why it was not \$30 million or \$35 million but yet \$33 million.

Senator BYRD. Would you please provide for the record what the \$33 million would buy?

Mr. BASHAM. What it will buy—yes, sir.

[The information follows:]

The request for \$33 million in the fiscal year 2004 budget was developed based on limited understanding of the costs associated with the mail screening needs. The Service is currently in the process of studying the mail screening needs of certain high risk Federal Government agencies, such as, Congressional offices, FBI, CIA, and Homeland Security. With this study we will learn the best methods to be utilized to implement a central processing facility in lieu of the current individual mail processing centers for each agency. A full evaluation of methods, operations, technology and other issues related to establishing a fully operational mail facility for the White House Complex will be established with this study, and a full spend plan will be developed at that time.

Senator BYRD. In fiscal year 2003, \$9 million was proposed to be transferred from the Office of Homeland Security to the Department of Homeland Security for the purpose of EOP mail processing. What is the status of the \$9 million transfer, and will this funding go to the Secret Service?

Mr. BASHAM. The \$9 million was, I believe, an amount that was assessed across the various agencies on a percentage basis. That happened to be the amount that the Service was requested to put forward from the 2004 budget request.

So I will have to provide you with information as to how that is going to be applied and where it is coming from.

Senator BYRD. All right.

[The information follows:]

This \$9 million was transferred to the Service on March 17, 2003 from the Office of Homeland Security pursuant to section 1516 of the Homeland Security Act of 2002, Public Law 107-296.

This funding will be used to cover the cost of sustaining mail screening for the Executive Office of the President while designing an ideal mail processing facility. It will fund the utilization of an interim facility to handle and process all mail addressed to the White House Complex and screen it for selected chemical, biological, radiological, nuclear, and explosives (CBRNE) contaminants. This screening function is undertaken as a means of facilitating the overall R&D effort. This research is being carried out by the U.S. Army Soldier and Biological Command, Department of Defense.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Mr. Chairman, I thank you. I have a few questions that I will submit also for the record.

Senator COCHRAN. Thank you, Senator Byrd.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE UNITED STATES SECRET SERVICE

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The fiscal year 2004 budget request for capital acquisitions is \$3.5 million. This budget activity covers operational costs at the James J. Rowley Training Center. The budget request for capital acquisitions proposes an increase of roughly \$82,000 above the fiscal year 2003 appropriations level. Will capital acquisition funds also be used to perform facility upgrades to the recently acquired Webster school?

Answer. The \$3.5 million request for capital acquisitions in fiscal year 2004 would be dedicated to operational infrastructure repairs at the James J. Rowley Training Center. In fiscal year 2002, the Service did dedicate \$442,000 to maintain the structural integrity of the Webster School, however, the Service obligated these funds from its base budget, not its capital acquisitions budget. None of the \$3.5 million requested for capital acquisitions in fiscal year 2004 will be used to perform facility upgrades to the Webster School.

Question. The budget request identifies \$1.7 million for security-related equipment to support Presidential Campaign protection. Has the Secret Service worked with the Science and Technology directorate to determine what types of equipment to use to protect against chemical, biological, and other attacks?

Answer. The Secret Service's Technical Security Division maintains technical liaison with other agencies and private industry concerning current and future developments in state-of-the-art technologies to assist in developing concepts, equipment, etc. supporting research and development in the areas of chemical, biological, radiological, and nuclear detection and countermeasures. The Secret Service continues to expand on partnerships with other Federal agencies, universities, and industry to coordinate research and development in the areas of infrastructure protection; investigative support; physical security; explosives detection; and the evaluation, modification and procurement of off-the-shelf equipment. Recently, the Technical Security Division met with the Director of the Science and Technology Directorate of DHS. This meeting fostered a direct interchange with DHS concerning chemical/biological technology requirements and development.

Question. The protection of our nation's critical infrastructure is a fundamental priority of the Department of Homeland Security. What collaborative efforts will take place between the Information Analysis and Infrastructure Protection directorate and the Secret Service?

Answer. The Secret Service Intelligence Division collaborates directly with the Information Analysis and Infrastructure Protection Directorate through the Homeland Security Center. This center is staffed with an Intelligence Division Special Agent on a 24-hour basis to serve as a conduit of information relating to threats against USSS protectees and National Special Security Events. The Secret Service provides immediate notification to DHS through the Center regarding incidents which may adversely affect our nation's critical infrastructure. This information can be compared with that from all agencies under IA&IP to indicate trends in threat behavior, and identify vulnerabilities.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

BUDGET PRESENTATION

Question. The fiscal year 2004 budget justification includes \$1,003,435,000 as the budget estimate for fiscal year 2003. In the fiscal year 2003 budget justification, the fiscal year 2003 estimate was \$1,010,435,000, a \$7,000,000 difference. Was this funding transferred to the Department of Homeland Security? If so, under what authority was this transfer made? If the funding was not transferred, please explain the \$7,000,000 reduction.

Answer. This \$7,000,000 difference was not transferred to the Department of Homeland Security. To maintain 3-year comparability in the President's Budget, these funds were shown in the Departmental Management Operating Expenses account to represent the consolidation of managerial activities at the headquarters level and the savings associated with centralizing these functions in the new Department. The reallocation was made for budget presentation purposes only, with no loss of funding actually occurring in fiscal year 2003.

CONSOLIDATION SAVINGS

Question. Your prepared testimony states that "These budget increases are offset by a \$9,000,000 reduction in the base budget reflective of our reorganization into the Department of Homeland Security, and anticipated consolidation savings from integration with Department-wide processes and operations." The budget justification submitted to Congress doesn't appear to identify this reduction. Has the \$9 million in savings been identified? If so, provide a detailed list of the anticipated savings. If the savings cannot be achieved, what is the impact on personnel and your future hiring plans?

Answer. The \$9 million identified above is made up of \$7 million associated with consolidation of managerial activities at the Departmental level and \$2 million in savings anticipated from integration with the Department-wide processes and operations. The Department of Homeland Security is currently reviewing operations across all entities to ascertain where efficiencies and cost savings can be achieved. One expense area believed to hold the most promise is consolidation of information technology expenses. For example, the buying of Enterprise licenses in bulk for the entire Department, rather than individually for each entity within the Department, is being carefully considered as one means to achieve cost savings.

WHITE HOUSE MAIL SCREENING AND PROCESSING

Question. The only programmatic budget increase requested for fiscal year 2004 is \$33 million for White House Mail Screening and Processing. This function has historically been the responsibility of the White House Office of Administration. What is the rationale for transferring the EOP mail processing function from the White House to the United States Secret Service?

Answer. The Service has a responsibility for ensuring that any potential threat to the safety and security of the White House is eliminated. This includes any threats that could arise from the delivery of mail addressed to the White House.

Question. What responsibilities will the Secret Service have with regard to White House Mail Screening and Processing?

Answer. The Secret Service is responsible for screening of all threats to those whom it has been directed to protect. The mail is just one aspect of this process. Secret Service employees check mail addressed to the White House for potential physical threats (such as munitions, and chemical, biological, and radiological material) and then allow the Office of Administration to sort and deliver the screened packages.

Question. Provide a spend plan associated with the \$33 million request.

Answer. The \$33 million request for mail screening activities in the fiscal year 2004 budget was developed based on limited understanding of the costs associated with the mail screening needs. The Service is currently in the process of studying the mail screening needs of certain high risk Federal Government agencies, such as Congressional offices, FBI, CIA, and DHS. With this study we will learn the best methods to be utilized to implement a central processing facility in lieu of the current individual mail processing centers for each agency. A full evaluation of methods, operations, technology and other issues related to establishing a fully operational mail facility for the White House Complex will be established with this study, and a full spend plan will be developed at that time.

Question. In fiscal year 2003, \$9 million was proposed to be transferred from the White House Office of Homeland Security to the Department of Homeland Security

for the purpose of EOP mail processing. What is the status of the \$9 million transfer and will this funding go to the Secret Service and for what purpose?

Answer. The transfer of \$9 million from the White House Office of Homeland Security to the Service has been completed. The Service has used this funding to contract with the U.S. Army Soldier and Biological Command, Department of Defense to handle and process all mail addressed to the White House Complex and screen it for selected chemical, biological, radiological, nuclear, and explosives (CBRNE) contaminants.

Question. What is the status of the Secret Service's study on White House mail processing? When will the study be completed?

Answer. We expect to award the contract for the study on White House mail processing on May 30, 2003, and have the study completed by November 30, 2003.

USSS SPECIAL AGENT WORKFORCE & QUALITY OF LIFE

Question. Over the past 3 fiscal years, Congress provided significant funding increases to the Secret Service to address workforce quality of life issues such as excessive overtime rates and excessive travel. According to your prepared testimony, the Service has hired 1,098 special agents over a 3 year period and 545 Uniformed Division officers and 453 support personnel during the same period. The intention of this initiative was to reduce overtime levels and achieve overall levels of overtime closer to fiscal year 1994 levels. According to information submitted by the Secret Service last year, average monthly overtime levels remained at levels close to the fiscal year 2000 high of 80.06. What is the average monthly overtime level now and is the fiscal year 2004 budget request sufficient to achieve levels closer to fiscal year 1994 levels? If not, what funding level, above the President's request, would be necessary to achieve that goal?

Answer. For the first 6 months of fiscal year 2003, overtime worked by field agents averaged 61.21 hours per month—this is below the 1994 level of 62 hours per month. The Service recognizes the increased workload for the 2004 Presidential campaign and believes that it has sufficient funding budgeted for overtime.

USSS UNIFORMED DIVISION HIRING

Question. Over the past few years, the Secret Service has experienced a higher than average non-retirement attrition rate for Uniformed Division personnel. In 2001, the non-retirement attrition rate was 6.42 percent compared to 1.14 percent in 1995. In 2002, the attrition rate was 15.18 percent through the first half of the year. Most of the separations were due to the Transportation Security Administration's air marshals hiring program. Is the Uniformed Division staffed at a level you are comfortable with and if not, why doesn't the fiscal year 2004 budget request address this need?

Answer. The Service is currently working with the Department of Homeland Security and the Administration to review staffing levels within the Uniformed Division. As discussed above, the fiscal year 2004 budget includes appropriate levels to support the current staffing levels for the entire Secret Service.

Question. What additional requirements need to be met and what is the funding level needed to meet your hiring demands in fiscal year 2003 and fiscal year 2004?

Answer. As discussed above, the Service is currently working with the Department and the Administration to review the Uniformed Division's staffing needs. Once appropriate decisions have been made, funding levels will be reassessed to ensure that revisions to current staffing levels can be accommodated within requested funds.

USA PATRIOT ACT

Question. The USA Patriot Act, Public Law 107-056, provided the Secret Service with additional authorities and mandates. Provide a list of requirements and expanded authorities given to the Secret Service as a result of that Act. Provide a list of activities, with associated funding levels, that have been undertaken as a result of that Act.

Answer. The USA Patriot Act ("the Act") included five sections specifically addressing Secret Service initiatives and investigative authorities.

—Section 105 of the Act requires the Director to develop a national network of electronic crime task forces based on the New York Electronic Crimes Task Force model to prevent, detect and investigate various forms of electronic crimes.

—Section 374 extends the reach of the domestic counterfeiting statutes (Chapter 25 of Title 18 U.S.C.) to include analog, digital or electronic images, and provides enhanced penalties for these offenses.

- Section 375 extends the reach of the foreign counterfeiting statutes (Chapter 25 of Title 18 U.S.C.) to include analog, digital or electronic images, and provides enhanced penalties for these offenses.
- Section 377 provides extra-territorial jurisdiction for violations of 18 U.S.C. §1029 committed abroad, to include fraud and related activity in connection with access devices.
- Section 506 provides concurrent jurisdiction for the Secret Service to investigate computer-based crimes under 18 U.S.C. §1030, along with the FBI. This section also provides for the re-authorization of Secret Service jurisdiction for financial institution fraud under 18 U.S.C. §1344. This authority was due to expire in 2004.

Since 1984, and with the re-authorization contained in the USA Patriot Act, the Secret Service has been authorized to investigate crimes committed with the use of a computer.

The Secret Service works closely with stakeholders in the financial services industry, electronics manufacturing sector, and information services, to provide feedback regarding the misapplication of advances in computer related products.

The New York Electronic Crimes Task Force (NYECTF) task represents a strategic alliance of more than 661 regional members or groups including: prosecutors; local, state and Federal law enforcement; academia; and companies in private industry with interests in banking, financial services, brokerage, and telecommunications. The common denominator in the NYECTF is that each member, be it law enforcement or industry, is a stakeholder with a business or investigative interest in preventing electronic crime. Each member adds value through specialized knowledge or expertise in contributing to the common goal. As a testament to the resolve and adaptability of the agents and members, the NYECTF resumed operations within 48 hours of the loss of its base of operations in the New York Field Office. The NYECTF defines the Secret Service's priority on partnerships, and demonstrates the economies of scale inherent in the task force approach.

Based on the mission and organization of the NYECTF, the Secret Service established eight additional electronic crimes task forces throughout the country, in locations with significant or specialized interests in the critical financial, banking or information infrastructures. These additional task forces are located in Boston, Washington, DC, Charlotte, Miami, Chicago, Las Vegas, Los Angeles, and San Francisco.

For fiscal year 2003 and beyond, we intend to follow-through with the development and implementation of additional specialized training, and pursue recently enacted legislative authority by forming electronic crimes task forces based on the New York Electronic Crimes Task Force model.

Currently, the Service spends approximately \$3 million to \$4 million per fiscal year on the operation of these task forces and their efforts to thwart cyber-crime.

NATIONAL SPECIAL SECURITY EVENTS

Question. The Secret Service is required to be the lead agency for security at National Special Security Events (NSSEs). Depending on the size of the event, the associated costs can vary dramatically. Except for the 2002 Winter Olympics, which was paid for in the fiscal year 2002 Emergency Supplemental, the costs associated with these events have been paid for through the Department of Treasury's Counterterrorism Fund. Not once has the Secret Service budgeted for a NSSE through the normal budget process, even though some events are known well in advance such as the annual State of the Union Address and the national political conventions every 4 years. Now that the Secret Service is part of the Department of Homeland Security, will the Department of Homeland Security Counterterrorism Fund pay for these events or will you be pursuing another mechanism?

Answer. The use of the Department of the Treasury's Counterterrorism Fund to cover the extraordinary and unbudgeted costs of National Special Security Events worked very well for the Secret Service. It worked well because of the ad hoc nature of these events and the ongoing availability of funding provided with the Counterterrorism Fund. With the dissolution of Treasury's Office of Enforcement, Treasury's Counterterrorism Fund was transferred to the Department of Homeland Security as part of the determination order process. Unless a fund is specifically established to cover the costs of NSSEs, the Service anticipates that the DHS Counterterrorism Fund will be the source of funding for these events, and that processes at DHS will mimic those that worked well at the Department of Treasury.

NATIONAL THREAT ASSESSMENT CENTER

Question. Since fiscal year 2001, Congress has appropriated approximately \$1.7 million and 4 FTE annually for the Secret Service's National Threat Assessment

Center (NTAC). The purpose of NTAC is to share Secret Service expertise in identifying, assessing, and reducing threats to homeland security. Following the school shooting in Columbine in 1999, the Secret Service started the "Safe School Initiative." The purpose of this program is to share expertise in identifying threatening behavior and preventing violence. Through a partnership with the Department of Education, this program has reached thousands of teachers and law enforcement officers across the country. According to your prepared testimony, the Secret Service has conducted 46 Safe School Initiative presentations and 12 day-long training seminars around the country.

Now that the Secret Service is part of the Department of Homeland Security, NTAC's focus is also on assisting the Information Analysis & Infrastructure Protection Directorate to help focus on the risk and consequences of a domestic terrorist attack.

With an annual budget of \$1.7 million and 4 FTE, how is NTAC balancing these two needs?

Answer. The National Threat Assessment Center is able to meet the demands of current research and training obligations under current budget allocations. Any increased demands related NTAC support of the Department of Homeland Security will be met within the current budget through careful prioritization of the program's workload and, as necessary a reallocation of existing resources. Currently the Center supports all feasible requests for seminar training, declining only those requests that are too costly for participants or those which do not have enough participants to conduct training cost effectively. The Center balances requests for service with resource availability in the areas of research, presenting findings, and training. Through this balancing we will be able to continue to deliver timely and accurate information to the law enforcement community and the public.

Question. According to information provided by your agency last year, the Secret Service was able to meet approximately 60 percent of the written requests to present information from the Safe School Initiative in fiscal year 2001. What percentage of the demand was met in fiscal year 2002? Can you provide the funding needed to meet the unmet demand in fiscal year 2003? What funding level is necessary to respond to 100 percent of the written requests in fiscal year 2004?

Answer. The Service met 69.4 percent of the requests it received to provide information on the Safe School initiative in fiscal year 2002. We conducted 50 training sessions with approximately 8,500 attendees. Twenty-two requests were declined. The decision to decline such requests was typically based on the very small number of attendees expected, scheduling conflicts, or because the organizers were charging unusually high fees for attending the presentation. The Service is not declining requests for presentation because of a lack of funding.

QUESTIONS SUBMITTED TO THE UNITED STATES COAST GUARD

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

HOMELAND SECURITY

Question. The Homeland Security Act requires the continuation of all non-homeland security missions of the organizations transferred to the Department of Homeland Security. It directs that Coast Guard non-homeland security capabilities be maintained without significant reduction unless specified in subsequent law. What specific criteria would you apply if the Coast Guard was faced with a choice between carrying out a non-homeland security mission and a homeland security mission?

Answer. As a military, maritime, multi-mission organization, the Coast Guard recognizes that its Maritime Homeland Security (MHS) and Non-Maritime Homeland Security (non-MHS) missions are not mutually exclusive. Resource obtainment and allocation efforts, at the strategic and tactical level, are made utilizing values, experience, training, judgment, and a keen eye toward balancing the risks involved in the situation at hand.

Consider the tactical resource allocation example of a Coast Guard cutter and embarked helicopter patrolling the waters off the south coast of Florida. The multi-mission capabilities of these assets and the people who crew them result in a resource mix that on any given day might:

- Respond to a call from a sinking sailboat (non-MHS mission—Search & Rescue);
- Conduct a boarding on a commercial fishing vessel (non-MHS missions—Marine Safety, Living Marine Resources, and Marine Environmental Protection);
- Interdict a "go-fast" approaching U.S. shores (MHS missions—Ports, Waterways & Coastal Security; Drug Interdiction; Migrant Interdiction);

—Escort a Naval ship during a military out load operation (MHS missions—Ports, Waterways & Coastal Security; Defense Readiness).

Should a situation unfold in which a MAYDAY call and “go fast” sighting occur simultaneously, the Coast Guard Operational Commander would utilize the assets available and the aforementioned decision-making tools in crafting a response, keeping in the forefront of his or her mind the premise that human life takes precedence.

A second example, this one in the realm of strategic resource obtainment, pertains to the President’s fiscal year 2004 budget request. The funds requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard’s high standards of operational excellence across all missions. It is important to note that every MHS dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment. The fiscal year 2004 budget reflects steady progress in a multi-year resource effort to meet America’s future maritime safety and security needs. This new funding will positively impact performance in all assigned missions.

In performance-based organizations, such as the Coast Guard, resource obtainment and allocation decisions are made with the overarching mission outcome in mind. Coast Guard decision-making criteria is focused on successful mission performance, and led by our values, training, experience, judgment, sense of balance, and risk management skills.

MERCHANT MARINER DOCUMENTS

Question. After September 11, 2001, the need for tamper-resistant identification cards became a priority for all agencies of the government issuing these types of cards. The fiscal year 2003 supplemental appropriations act provides \$10 million to the Coast Guard for updating the Merchant Mariner Documents provided to certain qualified crew members. Please tell the subcommittee how you plan to use the supplemental appropriations provided.

Answer. Fiscal year 2003 supplemental funding will be used to provide contractor support at the Regional Exam Centers (REC) in fiscal year 2003 and a portion of fiscal year 2004 to accommodate workload surges resulting from the enhanced security processes; to install technological improvements such as electronic fingerprinting capabilities to reduce processing time and upgrades to the database for mariner documentation tracking and record keeping; to provide more Investigating Officers in the field to adjudicate security issues discovered on mariner applicants; and, to centralize where possible those functions not requiring face-to-face contact with the applicant.

SPEND PLAN FOR \$10 MILLION SUPPLEMENTAL FUNDING

| Item Description | Cost | Planned Execution (fiscal year) |
|---|-------------------|---------------------------------|
| Additional personnel and equipment at the RECs | \$5,000,000 | 2003/2004 |
| Electronic Fingerprinting Equipment | 1,000,000 | 2003 |
| Additional Investigating Officers | 700,000 | 2003/2004 |
| Additional personnel for screening and evaluation support | 1,900,000 | 2003/2004 |
| Mariner credentials database upgrades | 1,000,000 | 2003/2004 |
| Additional program management and project support | 400,000 | 2003 |
| Total | 10,000,000 | |

The upgrades for issuing credentials to mariners operating in the Marine Transportation System are intended to ensure that credentials are never issued to those who pose a threat to national security or marine safety. This new system includes a more robust vetting process for mariners and more personal interaction between the mariner and the REC to verify the applicant’s identity. In addition, a more tamper-resistant card is being issued to minimize the chance of misuse. The Coast Guard will continue to work with other agencies, especially the Transportation Security Administration, to achieve a “good government” solution that is fast, accurate, and consistent.

Question. Have you discussed with Secretary Ridge the possibility of working with other agencies of the Department of Homeland Security that are also in the process of developing more secure identification cards for employees, such as the Transportation Security Administration, Citizenship and Immigration Services, or the Bureau of Customs and Border Protection?

Answer. Yes. The Transportation Security Administration (TSA) is responsible for developing the Transportation Workers Identification Credential (TWIC) for use as a transportation system common credential, used across all modes, for all transportation workers requiring unescorted access to secure areas of the transportation system. The Coast Guard has participated with the Department of Transportation and TSA in the development of the TWIC concept since its inception. The Coast Guard is working with the TSA Credentialing Office and monitoring their ongoing efforts to develop and implement the TWIC program. The Coast Guard will continue to work closely with TSA and DHS to ensure the Merchant Mariner credentialing process is aligned with the TWIC when finalized by TSA to provide the best government solution.

WAR ON IRAQ

Question. You state in your prepared testimony that the Coast Guard deployed the greatest number of assets overseas during the War on Iraq since the Vietnam War, to include 2 high endurance cutters, 8 patrol boats, 1 buoy tender, 4 port security units and 2 maintenance support units. Does the Coast Guard plan to leave any assets overseas as part of the President's plan to assist the Iraqi people in rebuilding their country and developing a democracy? If so, which assets and what would be the responsibility of the Coast Guard regarding those assets and the cost incurred by the Coast Guard in support of those assets?

Answer. The Coast Guard is awaiting information from the Combatant Commander on the exact needs for Coast Guard forces to assist in the rebuilding of Iraq. Over half of the Coast Guard forces deployed have already been released by the Combatant Commanders and are returning or have returned to the United States.

Question. As the Coast Guard's deployed assets return home there are general maintenance and repair needed to restore equipment to its pre-war capacity. Does the Coast Guard have sufficient funding, either from the fiscal year 2003 Consolidated Appropriations Resolution or the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act, to address those needs?

Answer. The Department of Defense has been appropriated funds within the IRAQI FREEDOM Fund of the 2003 Emergency Wartime Supplemental Appropriations Act of which "up to" \$400 million may be transferred to the Coast Guard to cover the costs for supporting Operation IRAQI FREEDOM. The Coast Guard is working with the Department of Defense to effect the transfer of those funds to the Coast Guard. The Coast Guard expects to receive sufficient funds to cover the reconstitution of its deployed forces.

Question. If not, do you have estimates of additional funding needed to cover the costs of reconstituting the Coast Guard assets?

Answer. The Department of Defense has been appropriated funds within the IRAQI FREEDOM Fund of the 2003 Emergency Wartime Supplemental Appropriations Act of which "up to" \$400 million may be transferred to the Coast Guard to cover the costs for supporting Operation IRAQI FREEDOM. The Coast Guard is working with the Department of Defense to effect the transfer of those funds to the Coast Guard. The Coast Guard expects to receive sufficient funds to cover the reconstitution of its deployed forces.

FISCAL YEAR 2004 BUDGET REQUEST

Question. The President's fiscal year 2004 budget requests \$6.77 billion for the Coast Guard, which is approximately \$700 million over the fiscal year 2003 level. Do you believe this is adequate funding to support the homeland security and non-homeland security activities of the Coast Guard?

Answer. The fiscal year 2004 budget reflects steady progress in our multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact our performance in all assigned maritime homeland security (MHS) and non-MHS performance goals. The multi-mission resources requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment.

From the fiscal year 2002 enacted budget to 2004 request, the Coast Guard has received over 32 percent budgetary growth. This includes personnel Growth of 800 in fiscal year 2002, 1,400 in 2003 and nearly 2,000 in the fiscal year 2004 request. The Coast Guard's \$6.7 billion request in fiscal year 2004, a 10 percent increase over the previous year's enacted budget, provides resources to perform increased

MHS operations and sustain non-MHS missions. It will specifically enable us to accomplish three primary goals:

Recapitalize Legacy Assets and Infrastructure: The Integrated Deepwater System is requesting funding for conversion of five 110' patrol boats to more capable 123' patrol craft, seven Short Range Prosecutor small boats, the first National Security Cutter (to be delivered in fiscal year 2006), the continued development of a Common Operating Picture (COP), command and control system at four shore-based command centers and the continuation of the Rescue 21 command and control communications project which will be 35 percent complete at end of fiscal year 2004 (100 percent complete by end of fiscal year 2006).

Build-Out Homeland Security Operations.—Increase our Maritime Domain Awareness by leveraging our recent inclusion in the National Intelligence Community and investing in communications capability that will enable us to remain interoperable with DOD, DHS nodes, and other Federal, local and State agencies. The fiscal year 2004 request will also fund six new deployable Maritime Safety and Security Teams (for a total of 12 teams), 58 Sea Marshals, 43 Response Boats (Small) & 8 Response Boat (Mediums), the stand-up of Stations Boston and Washington (D.C.), two new Port Security Units (for a total of 12 teams) and nine 87' Coastal Patrol Boats.

Sustain Non-HLS Missions.—Funding for 390 new personnel towards achievement of a 68-hour workweek at our multi-mission stations and a 12-hour watch standard at command centers. Resources area also included for training enhancements at the National Motor Lifeboat School and Boatswainmate "A" school.

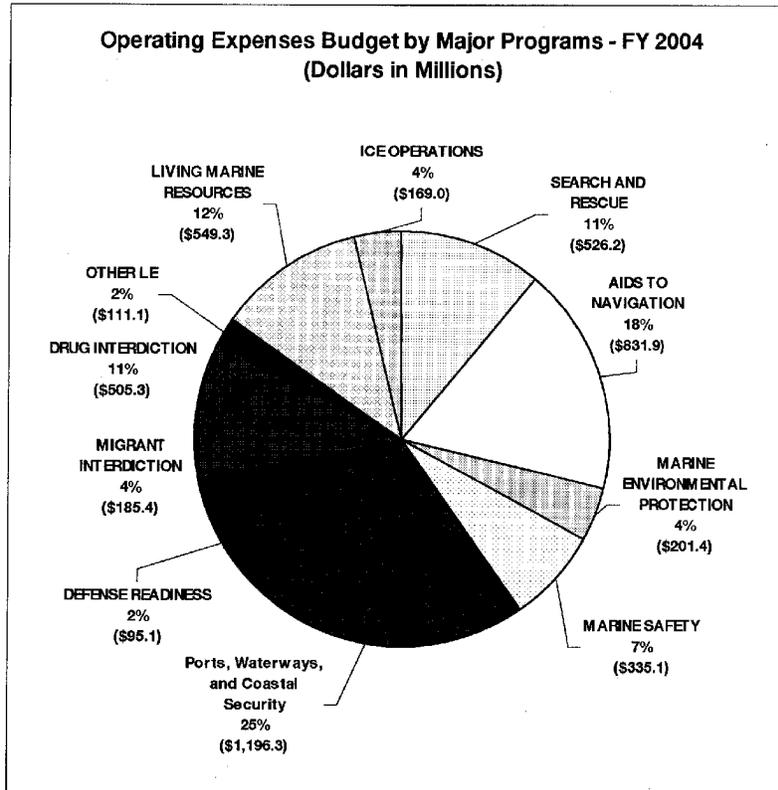
Support of the President's fiscal year 2004 budget will enable the Coast Guard to meet the maritime safety and security challenges that America will face in the 21st century.

Question. How much of the proposed funding is for homeland security related activities and how much is for non-homeland security related activities?

Answer. The Coast Guard's fiscal year 2004 Operating Expenses (OE) budget is shown in both tabular and graphical form. This OE funding does not include Reserve Training (RT) or Environmental Compliance and Restoration (EC&R).

FY04 REQUEST

| Homeland Security Mission | | OE Expenses |
|--|--|-------------|
| Ports, Waterways and Coastal Security | | \$1,196.3 |
| Defense Readiness | | \$95.1 |
| ELT-Migrant Interdiction | | \$185.4 |
| ELT-Drug Interdiction | | \$505.3 |
| ELT-Other | | \$111.1 |
| | | % OF OE |
| HOMELAND SECURITY TOTAL | | \$2,093.2 |
| | | 44% |
| Non-Homeland Security Mission | | OE Expenses |
| Search and Rescue | | \$526.2 |
| Aids to Navigation | | \$831.9 |
| Marine Environmental Protection | | \$201.4 |
| Marine Safety | | \$335.1 |
| ELT-Domestic Fish | | \$549.3 |
| Ice Operations | | \$169.0 |
| | | % OF OE |
| NON-HOMELAND SECURITY TOTAL | | \$2,612.9 |
| | | 56% |
| *ELT: Enforcement of Laws and Treaties | | |



NOTE.—Graph does not include Reserve Training and Environmental Compliance and Restoration (RT and EC&R).

Question. The President's fiscal year 2004 budget proposes to consolidate several existing Coast Guard accounts: Operating Expenses, Environmental Compliance and Restoration, and Reserve Training into one Operating Expenses account; and Acquisition, Construction and Improvements and Research, Development, Test and Evaluation into one Capital Acquisitions account. Is this consolidation of accounts necessary? What is accomplished by combining these accounts?

Answer. The Coast Guard fully endorses the Administration's plan to consolidate six of its major appropriations into two larger appropriations for more consistency, simplicity, and flexibility across all of the Department of Homeland Security components. This consolidation will improve clarity of the Coast Guard's budget requests to Congressional oversight committees and simplify financial accounting.

Question. There is some concern that funding for the Reserve Training account may be used for other purposes if it is combined into the Operating Expenses account. This would be detrimental to Reserve readiness at a time when the Coast Guard is relying heavily on its Reserve units. Do you feel that funding for Reserve Training should stand alone to ensure that those funds are used for their intended purpose?

Answer. The Coast Guard fully endorses the Administration's plan to consolidate the Reserve Training accounts into the Operating Expenses account. This consolidation will improve clarity of Coast Guard's budget requests to Congressional oversight committees and afford efficiency in financial accounting. Consolidation of accounts will improve the Coast Guard's capability to train the Reserve Forces.

INTEGRATED DEEPWATER SYSTEM

Question. Some have suggested that Deepwater's 20-year duration should be cut in half. Such an action might increase costs by about \$4 billion in fiscal years 2005–2010, although it might save about \$4 billion in fiscal years 2010–2020. What would be the benefits of accelerating Deepwater and could the Coast Guard afford the increases associated with that acceleration?

Answer. The Integrated Deepwater System (IDS) is an integral part of every element of the Coast Guard's maritime homeland security (MHS) strategy and in balancing our non-MHS missions. MHS necessitates pushing America's maritime borders outward, away from ports and waterways so layered, maritime operations can be implemented. IDS will provide a network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) that is critical for enhancing maritime domain awareness. Through common systems and technologies, common operational concepts, and a common logistics base, new and modernized IDS assets and equipment will provide increased capabilities, multi-mission readiness and availability, and interoperability with the Department of Defense and other Department of Homeland Security agencies.

Per the Coast Guard's March 7, 2003 Report to Congress on the Feasibility of Acceleration IDS to 10 years, accelerating IDS is feasible and provides increased operational capability sooner. It would expedite the introduction of C4ISR on new and legacy assets, improve system readiness and asset availability, and provide approximately 943,000 additional mission hours to support Maritime Homeland Security (MHS) and other Coast Guard non-MHS missions over a 20-year IDS implementation plan. The industrial base is more than sufficient for an accelerated build out of the IDS. Temporary workforce increases would be necessary to meet training and crew requirements associated with the accelerated plan but these are also manageable.

As provided in the Coast Guard Report to Congress, the following are the estimated capital acquisition funding levels needed to fund the proposed IDS in 10 years. These figures reflect "then-year dollars."

[Millions of dollars]

| Fiscal year | 10-Year |
|-------------|---------|
| 2002 | \$320 |
| 2003 | 478 |
| 2004 | 500 |
| 2005 | 1,892 |
| 2006 | 1,663 |
| 2007 | 1,506 |
| 2008 | 1,472 |
| 2009 | 1,428 |
| 2010 | 1,226 |
| 2011 | 988 |

Question. Some have suggested that the Deepwater program is already behind schedule in procurement because of insufficient funding and insist this program will be impossible to finish in 20 years. Do you think it's possible to complete Deepwater in 20 years at \$500 million a year? If not, how do you think the plan should be revised?

Answer. Although the Integrated Coast Guard Systems (IDS) contracting strategy was chosen based on its flexibility to adjust to budget variances, funding below notional funding levels will increase the time and cost necessary to fully implement the Deepwater solution and delay needed capability improvements that IDS provides.

The March 7, 2003 Report to Congress on the Feasibility of Accelerating the Integrated Deepwater System provides a 20-year funding schedule that would complete the IDS initial build out approximately 2 years after the last funds were received. This funding is reproduced below:

CAPITAL ACQUISITION BUDGET EXPRESSED IN THEN YEAR (BUDGET) DOLLARS

| Fiscal year | Millions of dollars |
|-------------|---------------------|
| 2002 | 320 |
| 2003 | 478 |

CAPITAL ACQUISITION BUDGET EXPRESSED IN THEN YEAR (BUDGET) DOLLARS—Continued

| Fiscal year | Millions of dollars |
|-------------|---------------------|
| 2004 | 500 |
| 2005 | 871 |
| 2006 | 888 |
| 2007 | 608 |
| 2008 | 762 |
| 2009 | 768 |
| 2010 | 779 |
| 2011 | 790 |
| 2012 | 787 |
| 2013 | 855 |
| 2014 | 845 |
| 2015 | 908 |
| 2016 | 897 |
| 2017 | 919 |
| 2018 | 1,001 |
| 2019 | 1,016 |
| 2020 | 1,029 |
| 2021 | 1,001 |

Question. The Integrated Deepwater System was developed in 1998 and is therefore based on pre-September 11, 2001, Coast Guard mission requirements. Have you made revisions to the Deepwater plan since September 11, 2001, to coincide with the evolving mission of the Coast Guard? Please provide the Subcommittee with a comparison of the original (pre-9/11) and current (post-9/11) performance requirements of all Coast Guard assets included in the Deepwater program.

Answer. After September 11th, 2001 an assessment of Integrated Deepwater System (IDS) requirements was conducted by the Coast Guard's Assistant Commandant for Operations to determine whether the requirements needed to be revised in response to the Coast Guard's enhanced emphasis on Homeland Security. Based on those findings, a change to the Request for Proposal (RFP) was not necessary. The IDS System Performance Specification in the RFP was developed based on the global mission task sequence of Surveil, Detect, Classify, Identify and Prosecute (SDCIP). This task sequence is used in performing every IDS mission and is essential to effectiveness in Maritime Homeland Security (MHS) missions, as well as all non-MHS missions.

Consistent with the IDS acquisition strategy, potential operational requirements, including Maritime Homeland Security (MHS) requirements, are reviewed, identified, and evaluated for integration into the System Performance Specifications (SPS). Potential changes to the SPS, since September 11, 2001, are presently being assessed for associated performance, costs and schedule impacts, and the Coast Guard will work with the Department of Homeland Security to address these changes. Continual review and validation of requirements and incorporation of changes will occur throughout the course of the IDS program. The Coast Guard conducts regular briefs with our Congressional oversight committees, and if changes are being contemplated for final approval, Congress will be informed.

MARITIME DOMAIN AWARENESS

Question. Of the \$34 million requested in the fiscal year 2004 budget for Maritime Domain Awareness, how much funding will be directed toward satellite channels for large cutters and satellite handsets for smaller assets, the Automated Identification System, and the Joint Harbor Operations Center?

Answer. Of the \$34 million requested for Maritime Domain Awareness (MDA) in the fiscal year 2004 budget, \$5.6 million will be provided for wireless communications for Coast Guard cutters, \$4 million for Automatic Identification System (AIS) for cutters, and \$1.1 million to provide permanent CG staffing for Joint Harbor Operations Center (JHOC) Hampton Roads. Additional information for each of these initiatives is provided below.

—Wireless Communications—\$5.6 million

—This proposal requests \$5.6 million in funding for wireless communications for Coast Guard cutters 65 feet and larger. Specifically, this initiative provides the following:

—\$3 million to install necessary satellite communications equipment on board Coast Guard cutters 210 feet and larger and lease dedicated satellite channels

and terrestrial landlines to link the satellite land earth stations to Coast Guard data networks.

- \$2.6 million to design, install and support a wireless communications solution for Coast Guard cutters ranging in size from 65 to 180 feet in length. Commercial satellite communications, along with other types of wireless communications systems, will be evaluated as potential solutions to provide wireless connectivity to smaller cutters.
- AIS for Cutters—\$4 million. This proposal requests funding to equip cutters 65 feet and larger with the capability to transmit and receive AIS transmissions.
- JHOC Hampton Roads—\$1.1 million. This proposal requests funding to permanently staff JHOC Hampton Roads with 25 active duty military personnel and provide operation and maintenance funding for installed sensor equipment.

Question. If the Joint Harbor Operations Center is a project the Coast Guard is conducting in conjunction with the Department of Defense (DOD), how are the costs being shared between the Coast Guard and DOD? Do you have a specific breakdown, or proposed estimates?

Answer. Shortly after September 11, 2001, the Coast Guard Captain of the Port of Norfolk and the Commanding Officer of Naval Base Norfolk collaborated on the creation of a vessel monitoring system in the Port of Hampton Roads. This system was pieced together by integrating some existing Coast Guard test sensors (radar & cameras), a radar operated by the local Pilots, and some new equipment. A Joint Harbor Operations Center (JHOC) was established in an old degaussing tower at Naval Base Norfolk and staffed with Navy and Coast Guard reserve personnel to monitor all shipping that presented a potential threat to Naval assets or other critical infrastructure in the port.

This system benefits the port by providing improved situational awareness to those who are responsible for security in the port. The center reconciles all vessel arrivals with the required Advanced Notice of Arrival (ANOA) reports and coordinates Navy and Coast Guard escorting responsibilities for High Interest Vessels and High Value Assets arriving and departing Hampton Roads.

The Navy and Coast Guard are working together in a prototyping effort that seeks to enhance the JHOC in Hampton Roads and establish an additional JHOC in San Diego. The goal of these prototypes is to assist in refining our concept of operations and further specify requirements for a shared port security system that can be duplicated in other large Navy ports. The Coast Guard also anticipates using the knowledge gained through these prototypes to assist with development of similar robust surveillance system in strategic ports that do not have a significant Navy presence.

The costs to implement and operate the JHOCs will be shared equally between the Navy and Coast Guard. The initial estimate to implement this prototype effort is approximately \$5 million (\$2.5 million per port). The Coast Guard's portion of follow-on operation, maintenance, and staffing of JHOC Hampton Roads is included in the Coast Guard's fiscal year 2004 budget request.

Question. I am told that you plan to combine Coast Guard resources from the Automated Identification System (AIS) and Rescue 21 for a more cost-efficient placement of towers and receivers on land. If this is true, how do you plan to accomplish this goal? Was this plan taken into account when developing the fiscal year 2004 budget request?

Answer. As part of our effort to enhance Maritime Domain Awareness (MDA), the Coast Guard is evaluating a project to install a nationwide shore-based Universal Automatic Identification System (AIS) system capable of capturing essential MDA information (AIS provides identification, position, heading, ship length, beam type, draft, and hazardous cargo information from any AIS equipped vessel) throughout the coastal zone. The nationwide shore-based AIS concept envisions displaying AIS data at regional command centers for use by operational commanders, as well as transmitting the data to District and Area Fusion Centers for analysis and monitoring. Any effort to install a nationwide shore-based AIS system will consider the ongoing Rescue 21 project in order to leverage existing infrastructure and support to the greatest extent possible. The Coast Guard is currently evaluating the best approach to capturing AIS information throughout the coastal zone, thus funding for this system is not included in the Coast Guard's fiscal year 2004 budget request.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

DEEPWATER

Question. The Coast Guard awarded the Deepwater Contract to recapitalize, modernize and integrate all of their offshore ships and aircraft less than 1 year ago. That contract assumes a steady funding stream of \$500 million per year for 20 years. Based in the funding appropriated to date, the Deepwater program is \$202 million behind based on a \$500 million per year level in fiscal year 1998 dollars. What is the shortfall to date if program management and inflationary escalators are factored in?

Answer. Industry teams used a notional annual planning funding stream of \$300 million in fiscal year 2002 and \$500 million from fiscal year 2003 in fiscal year 1998 dollars until project completion. In addition to the Request For Proposal (RFP) notional annual funding level, Deepwater estimated \$30 million per year for government program management to administer the program. The difference between planned Deepwater funding for fiscal years 2002, 2003, and 2004 and appropriated funding results in a deficit of \$202 million. This funding difference includes program management and inflationary escalators.

Question. Is the Deepwater contract being reevaluated to take into account the Coast Guard's enhanced focus on homeland security? If so, when will the evaluation be completed?

Answer. After September 11th, 2001 an assessment of Integrated Deepwater System (IDS) requirements was conducted by the Coast Guard's Assistant Commandant for Operations to determine whether the requirements needed to be revised in response to the Coast Guard's enhanced emphasis on Homeland Security. The system review indicated that the acquisition strategy and System Performance Specification (SPS) were still appropriate to address the spectrum of Deepwater missions. Based on those findings, a change to the Request for Proposal (RFP) was not required. However, it was also recognized that adjustments in system and individual asset capabilities and capacity would result as increased Maritime Homeland Security (MHS) and non-MHS mission demands emerged.

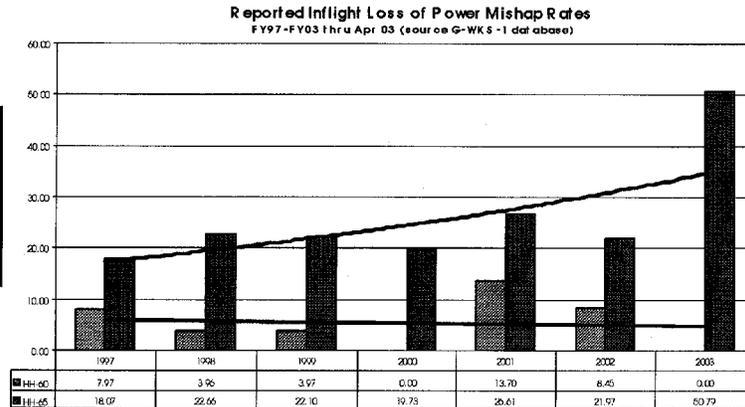
Consistent with the IDS acquisition strategy, potential operational requirements, including MHS requirements, are reviewed, identified, and evaluated for integration into the SPS. Potential changes to the SPS, since September 11, 2001, are presently being assessed for associated performance, costs and schedule impacts, and the Coast Guard will work with the Department of Homeland Security to address these changes. Continual review and validation of requirements and incorporation of changes will occur throughout the course of the IDS program. The Coast Guard will keep our Congressional oversight committees informed if changes are being contemplated for final approval.

Additionally, the Coast Guard is planning to evaluate the current implementation plan and work with the Department of Homeland Security to align as necessary capability and capacity with priorities and mission demand. An estimated time on when this evaluation will be complete has not been determined, however the Coast Guard will keep our Congressional oversight committees informed of its progress. This evaluation will take into account the enhanced focus on homeland security.

DOLPHIN HELICOPTER

Question. Operational Air Station Commanders have identified the safety record and extensive maintenance requirements of the HH-65 Short Range Recovery "Dolphin" Helicopter as their number one safety issue. The Coast Guard currently operates 96 of these helicopters throughout the nation. What is the performance record of the Dolphin Aircraft and how does it compare to the Coast Guard's other aircraft? The President's Budget for fiscal year 2004 requests \$67.7 million for Deepwater Aviation Contracts and Legacy Sustainment. How much of this amount will go toward the re-powering of the "Dolphin" Helicopter and how is the Coast Guard managing this legacy asset in light of its safety record?

Answer. Since 1997, there have been 80 documented in-flight power losses/engine failures in the HH-65 fleet. The in-flight power loss trend for first half of fiscal year 2003 (6 months) is nearly twice the rate of the previous 6 years:



The 7-year average engine mishap rate (average number of mishaps per 100,000 flight hours) of the HH-65 engine is 25.99. This year the mishap rate is 50.79. Comparatively, the 5-year average engine mishap rate for the HH-60 is 5.44 with no mishaps this year.

There is no funding in the President's Budget for fiscal year 2004 for re-powering the Dolphin Helicopters. In April, 2003, the Coast Guard and Honeywell executed a Letter of Instruction to jointly develop solutions to HH-65 engine safety, reliability and operational concerns to include detailed plans for engine improvement implementation, operational evaluation, and spend plans associated with funding already appropriated by Congress (approximately \$10 million).

The notional Deepwater Multi-mission Cutter Helicopter (MCH) solution is a converted HH-65 that includes new engines and extensive modifications to improve capability. We do not anticipate requesting funds for Deepwater's MCH until fiscal year 2005 with first delivery slated for fiscal year 2007. An engine decision for the MCH will also be made in fiscal year 2005.

Question. Will it be necessary to re-power all 96 "Dolphin" helicopters in the Coast Guard inventory? Have these costs been properly factored into the original Deepwater Contract? Is the Coast Guard evaluating an accelerated schedule to re-power the Dolphin Helicopter? If so, when will that evaluation be completed?

Answer. The notional Deepwater Multi-mission Cutter Helicopter (MCH) solution is a converted HH-65 that includes new more powerful engines and extensive modifications to improve capability. The new engine for the MCH will be obtained using the ICGS Open Business Model to ensure the best value for the Coast Guard, and the implementation plan includes upgrading 93 Dolphin Helicopters to the MCH configuration. We do not anticipate requesting funds for Deepwater's MCH until fiscal year 2005 with first delivery slated for fiscal year 2007. These costs are included in the Deepwater plan.

There is no on-going evaluation to accelerate the upgrade of the Dolphin Helicopter to the MCH. However, the Coast Guard has researched and prototyped other appropriate helicopter engines and in April 2003, the Coast Guard and Honeywell executed a Letter of Instruction to jointly develop solutions to existing HH-65 engine safety, reliability and operational concerns. These include detailed plans for engine improvement implementation, operational evaluation, and spend plans associated with funding already appropriated by Congress.

110 FOOT CUTTER HULL DETERIORATION

Question. The Coast Guard operates 49-110 foot Island Class Cutters. Many of these cutters are now operating past their intended 15 year life span. However, as part of the Deepwater Contract all of these Cutters will be fitted with 13 foot inserts to increase the size of the aft deck and to accommodate a stern mounted rescue boat. At the same time, many of these cutters are also experiencing excessive hull corrosion that has resulted in significant repair costs. What is the status of the hull corrosion issues associated with the 110 foot Cutter fleet? What cost has the Coast Guard incurred to date in order to repair these vessels? What is the total anticipated cost of the repair program, and are these costs incorporated into the Deepwater Contract? What is the anticipated life expectancy of these Cutters?

Answer. The service life of the Island Class 110 foot Patrol Boats is 25 years as a result of an early 1990s ship alteration to address hull stresses. A 2001 survey of each vessel showed that 22 of 49 110 foot WPBs were experiencing extensive hull corrosion.

To date, five cutters exhibiting the worst corrosion per the 2001 survey have received extensive hull renewal maintenance external to the 123 foot conversion project at an Operating Expense (OE) cost of \$8.5 million. Two additional 110 foot WPBs are currently in commercial facilities for emergent hull repairs. Emergent hull repairs will continue to be accomplished on 110 foot WPBs as required. Since these emergent hull repairs are accomplished on a case-by-case basis, the total cost of repairs has not been estimated at this time.

The Deepwater 123 foot conversion plan does include renewal of corroded shell plate. The 123 foot Patrol Boat is estimated to have a 15 year service life.

COAST GUARD ACTIVITIES NEW YORK OPERATION TEMPO MARSEC II

Question. My staff was recently briefed on the level of resources needed to maintain a MARSEC II security level for Activities New York. How long has Activities New York been operating under a MARSEC II security level? Is Activities New York still operating under a MARSEC II security level? What impact does the recent decision by Secretary Ridge to lower the threat level from Orange to Yellow have on resource levels required for Activities New York? For Activities New York, provide the assets necessary, including personnel, to operate under MARSEC II level.

Answer. Activities New York operated at MARSEC Level Two for operation LIBERTY SHIELD from March 18, 2003 until April 18, 2003. Since April 18, 2003 Activities New York has been at MARSEC Level One with additional Coast Guard Reservists still on hand assisting with security for military in-loads and out-loads in support of Operation IRAQI FREEDOM. The decrease from MARSEC Level Two to MARSEC Level One was executed in accordance with the conclusion of operation LIBERTY SHIELD and the shift from threat level Orange to threat level Yellow as directed by the Department of Homeland Security. Consequently, the shift from MARSEC Level Two to MARSEC Level One has reduced the number of operational resources required by Activities New York for security operations.

Port-specific asset requirements for MARSEC Levels are classified. A classified briefing can be arranged if desired.

RADIATION DETECTION EQUIPMENT

Question. The Coast Guard's Radiological Detection Working Group recently identified a suite of radiation detection equipment for use by Coast Guard forces. Provide, for the record, a list of recommendations by the working group. What is the Coast Guard doing to address these recommendations? Does the fiscal year 2004 budget include resources to purchase radiation detection equipment for Coast Guard employees? Is so, please describe the request.

Answer. The Working Group has incorporated all of its recommendations into a draft Coast Guard Commandant Instruction (COMDTINST) for implementation Coast Guard wide. This COMDTINST is currently in the final review process and will be issued in the near-future.

To briefly summarize, the COMDTINST intends to implement a layered approach for detecting illegitimate radioactive sources to prevent and deter their entry into the United States. Most Coast Guard personnel that conduct safety and law enforcement missions on board vessels will be designated as Level I teams, outfitted with basic pager-style radiation detectors, and given proper training for their use. If they encounter radiation readings that are not associated with legitimate cargoes or machinery, they will contact Level II teams for assistance. These Level II teams will be located on major cutters, Maritime Safety and Security Teams, Law Enforcement Detachments, Port Security Units, and Strike Teams. They will have more advanced searching and isotope identification equipment to further determine if the source is legitimate. If the Level II team is unable to determine whether the source is safe, procedures have been established to rapidly access Department of Energy Radiological Assistance Program (RAP) teams for final disposition.

The Coast Guard is in the final procurement stages for an initial purchase of equipment. The fiscal year 2003 budget contains over \$17 million in funds for Chemical, Biological, and Radiological protection and detection equipment. The Coast Guard will use these funds to procure initial outfits of the equipment recommended by the Working Group.

MISSION REQUIREMENTS

Question. The General Accounting Office has reported on several occasions that it is skeptical about the Coast Guard's ability to meet its responsibilities for all of its missions due to the increase in post 9/11 homeland security requirements. The Homeland Security Act clearly states that the capabilities of the Coast Guard to perform its missions shall be maintained intact and without significant reduction. In light of that requirement, what would be the cost to return all law enforcement missions to 93 percent of pre-September 11th levels in fiscal year 2003? What funding level, above the President's Request for fiscal year 2004, would be necessary to return all law enforcement missions to 95 percent of pre-September 11th levels by the end of 2004? These estimates should assume that the Coast Guard will continue operate under various levels of maritime security.

Answer. The Coast Guard is pursuing a multi-year resource effort to perform an enhanced level of Maritime Homeland Security (MHS) while sustaining our non-MHS missions near pre-9/11/01 levels. Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all of our missions. At the end of the day, we are focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering. The fiscal year 2002 Performance Report/fiscal year 2004 Budget in Brief (BIB) provides documentation of the Coast Guard's high performance levels across our full mission spectrum. For example, in fiscal year 2002 the Coast Guard:

- Seized the third highest cocaine total in service history,
- Interdicted or deterred illegal immigration by sea at a rate of 88.3 percent (which exceeded our target of 87 percent),
- Reduced the volume of oil spilled per million gallons shipped to 0.6 gallons (which was well below our target of 2.5 gallons), and
- Further reduced the number of maritime worker fatalities to 4.3 per 10,000 workers (which is below our target of 8.7).

A necessary first step is base-lining our maritime Homeland Security (MHS) requirements to help balance our other missions. To accomplish this, the Coast Guard has focused on a Strategic Deployment Plan (SDP) for implementing the maritime component of the President's National Strategy for Homeland Security. Various components of our Maritime Security Strategy Deployment Plan are under development, with the first component to be completed in May of 2003.

These MHS requirements will roll into a comprehensive blueprint to achieve overall mission balance. This blueprint will consider budgetary inputs, resource activity levels, multi-year mission targets and mission performance outcomes. Our existing strategic planning process and performance plans will serve as the cornerstone of an integrated approach emphasizing three general areas of effort: preserving non-MHS missions, conducting MHS missions, and maintaining military readiness to conduct Defense Operations when tasked. The planning process provides the ability to detail the difference between pre and post-9/11 levels of effort and performance in missions. We anticipate completion of the comprehensive blueprint for mission balancing by the end of fiscal year 2003.

The multi-mission resources requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions (including law enforcement), both of which must be properly resourced for effective mission accomplishment. The fiscal year 2004 budget reflects steady progress in a multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact our performance in all assigned MHS and non-MHS goals.

PORT SECURITY ASSESSMENTS

Question. Part of the Coast Guard's Maritime Homeland Security Strategy is to reduce America's vulnerability to terrorism within the U.S. Maritime Domain. The Maritime Transportation Security Act mandates that the Secretary of the Department in which the Coast Guard is operating conduct initial facility and vessel vulnerability assessments. These assessments are to be the basis for a new requirement for facility and vessel security plans. The Coast Guard has established a plan to conduct security vulnerability assessments for 55 ports but has only completed 15 assessments to date with 4 more scheduled for this year. Based on the President's budget, when will these assessments be completed? Now that Congress has

added \$38 million in the fiscal year 2003 emergency supplemental, when will these assessments be completed and is the \$38 million sufficient to complete them?

Answer. The Maritime Transportation Security Act of 2002 (MTSA) requires two distinct assessments. The first is an "initial assessment" to determine which facilities and vessels are at high risk of being involved in a transportation security incident (TSI). Depending on the outcome of that initial assessment, the MTSA requires a "detailed assessment" of those vessels and facilities that may be involved in a TSI. The Coast Guard accomplished the "Initial Assessments" required by MTSA by providing Captains of the Ports (COTPs) with a Port Security Risk Assessment Tool (PS-RAT), which ranked relative consequence and risk within a port. These initial PS-RAT assessments were analyzed at the national level to assist in determining which vessels and facility types pose a higher security risk and will require a "detailed assessment," and individual facility and vessel security plans.

Port Security Assessments (PSAs) are conducted by a team of Coast Guard and contracted security experts and provide a level of detail that the port stakeholders cannot achieve on their own. PSAs will address various facets of the port not covered by individual facility and vessel assessments, and they will directly feed into the Area Maritime Security Plan required by the MTSA. Port Security Assessments (PSAs) have been completed at 13 of the 55 port complexes to date.

The President's Budget included sufficient funding within the Information Analysis and Infrastructure Protection (IAIP) Directorate of DHS to complete all 55 assessments by the end of calendar year 2004. The \$38 million provided in the Emergency Wartime Supplemental has allowed the Coast Guard to immediately initiate the contracting actions necessary to get assessment teams into the field. The \$38 million will cover the contract costs for the remaining ports, but does not include funding for Coast Guard program support, personnel costs, or travel to support the PSAs. The Coast Guard will continue to work with IAIP to ensure the viability of the PSA program, and to provide a coordinated and consistent assessment effort across all critical infrastructures.

Question. First, what conclusions can you share on the assessments that have been completed to date?

Answer. The Assessments highlighted common deficiencies across all 13 ports. Some general examples are:

- Many commercial vessels, waterfront facilities and port areas do not have adequate security plans.
- Inadequate security training for commercial vessel and facility operators.
- Governmental Agencies do not conduct adequate security exercises to ensure coordinated consequence management and crisis response.
- High consequence facilities often have adequate shore-side security, but lack adequate waterside protection against terrorist intrusion/attack.
- A lack of communication links between responsible stakeholders, and a lack of real time Maritime Domain Awareness (MDA).
- Local, state and Federal response/security/law enforcement organizations need more resources to maintain high level of security in ports.
- Limited sharing of classified or Sensitive Security Information (SSI) observations.
- No worker and visitor credentialing system.
- Bureau of Immigration and Customs Enforcement checks at first port of call only.
- Facilities do not account for crews.

Specific PSA results are designated as Sensitive Security Information.

Question. Secretary Ridge testified that the \$700 million appropriated for critical infrastructure in the fiscal year 2003 Supplemental and the \$829 million request in fiscal year 2004 for Information Analysis and Infrastructure Protection will be available for the Coast Guard to conduct these assessments. Has any funding been provided to the Coast Guard from these accounts for the purpose of port security assessments? Do you know of any plans to utilize funding from these accounts for port security assessments?

Answer. The Secretary of Homeland Security and Commandant of the Coast Guard have both stated the intent to have all 55 ports completed by the end of calendar year 2004 with funds contained in the Department's fiscal year 2004 budget request. The \$38 million (from the fiscal year 2003 Emergency Wartime Supplemental) will cover the contract costs for the remaining ports, but does not include funding for CG program support, CG personnel costs, or CG travel to support the PSAs. The Coast Guard will continue to work with the Information Analysis and Infrastructure Protection (IAIP) to ensure the viability of the PSA program, and to provide a coordinated and consistent assessment effort across all critical infrastructures.

C-130S AND MPA AIRCRAFT

Question. In fiscal year 2001, Congress appropriated \$468 million for six C-130J long-range maritime patrol aircraft. The language that accompanied this funding in fiscal year 2001 required that these planes meet defense-related and other elements of the Coast Guard's multi-mission requirements. What is the funding level is required to outfit these planes to fulfill the Coast Guard's Marine Patrol aircraft surveillance mission? What is the schedule to complete this requirement for the 6 planes?

Answer. The Coast Guard needs \$230 million to complete the C-130J missionization and make the aircraft fully mission capable, maritime patrol aircraft (MPA). This funding will be utilized to procure sensors, communications, computers and other systems necessary to missionize them for Coast Guard maritime patrol operations. The Coast Guard is working with DHS to determine the source and timing of this funding. Prior to becoming fully missionized, the aircraft will be flown for logistics purposes, testing, training and limited operational missions. Once the HC-130J's are fully mission capable, estimated in the summer of 2008, the Coast Guard plans to use them as replacements for existing HC-130H aircraft.

RESEARCH & DEVELOPMENT FUNDING

Question. The budget request includes \$22 million for the Coast Guard's Research and Development program to develop enhancements to homeland security functionality for U.S. ports. What systems are being developed to improve port, waterways and coastal security and to the extent you can, provide a schedule for deployment?

Answer. The Coast Guard's fiscal year 2004 Research, Development, Testing and Evaluation (RDT&E) request provides funding to develop techniques, equipment, and systems to enhance the Coast Guard's capabilities to perform the full range of Coast Guard missions. Investments will focus on improvements to maritime homeland security in the port domain while continuing research in other Coast Guard mission areas, including search and rescue, marine safety, marine environmental protection, aids to navigation, and ice operations.

Specific planned RDT&E initiatives primarily focused on the performance of maritime homeland security missions (Ports, Waterways and Coastal Security and Enforcement of Laws and Treaties) are listed below.

Improved Maritime Domain Awareness

Develop a high frequency radar system that provides wide area surveillance of coastal zones. Anticipate completing preliminary operational evaluation during second quarter of fiscal year 2004.

Demonstrate an operational Port Security System that combines surface search radar with visual and infrared cameras to detect and identify targets. Fiscal year 2003 efforts prompted a follow-on expanded demonstration that is planned for 3rd quarter of fiscal year 2004.

Evaluate portable thermal imaging technology to enhance all-weather, day/night surveillance capability on Coast Guard patrol boats and Multi-Mission Station assets. Prototype testing is expected to begin during the 1st quarter of fiscal year 2004. Model candidate port sensor systems to evaluate relative performance and develop concept of operations for consideration during future sensor acquisitions. Sensor modeling will be a continuous effort with frequent reports throughout fiscal year 2004.

Monitor capabilities of unmanned and autonomous vehicles (air, surface and sub-surface) through Department of Defense research partnerships and relationships with industry. Perform continuous evaluation of applicability of vehicles to enhance performance of Coast Guard missions.

Enhanced Chemical, Biological, Radiological and Nuclear Detection Capability: Develop and evaluate technology to provide standoff capability for detecting the presence of nuclear or radiation agents. Completion of initial testing is scheduled for the 4th quarter of fiscal year 2004.

Develop a portable "electronic nose" device that will alert Coast Guard boarding personnel to harmful chemical warfare or toxic industrial agents at pre-debilitating levels. Anticipate initial prototype testing to be completed in the 3rd quarter of fiscal year 2004.

Improved Interdiction Capabilities

Develop a helicopter-deployable entangling device to stop non-compliant high-speed craft. Anticipate completing testing during 2nd quarter of fiscal year 2004. Research and develop alternative methods and deployable devices to gain control/

interdict non-compliant vessels. Anticipate reporting results during the 4th quarter of fiscal year 2004.

Question. Public Law 107-296, the Homeland Security Act of 2002, created the Homeland Security Advanced Research Projects Agency (HSARPA) to support basic and applied research to help promote homeland security. The Department's fiscal year 2004 budget request for HSARPA is \$365 million. The Homeland Security Act requires that at least 10 percent of the funding be used in joint agreement with the Coast Guard to carry out research and development of improved ports, waterways, and coastal security surveillance and protection capabilities. What is the status of this agreement?

Answer. The Department of Homeland Security (DHS) has not yet issued policy or directives regarding the execution of Homeland Security Advanced Research Projects Agency (HSARPA) funding. The Coast Guard is currently working with DHS to develop processes and policy for compliance with Section 307 of the Homeland Security Act.

AUTOMATED IDENTIFICATION SYSTEM

Question. The Maritime Transportation Security Act and the International Ship and Port Security Code require that an Automated Identification System (AIS) be installed on all vessels entering U.S. ports by December 31, 2004. How will the Automated Identification System enhance Homeland Security? In terms of implementation, can you explain the difference in requirements, those for the shipping companies and those for the Coast Guard?

Answer. The Automatic Identification System (AIS) is an information collection, processing and decision support system that will be a key data stream for achieving Maritime Domain Awareness (MDA), a cornerstone of the Coast Guard's maritime homeland security strategy. MDA is essentially a heightened state of awareness of the maritime environment and is built upon knowledge and understanding of the presence, identification, track, intentions and contents of vessels operating in U.S. ports, waterways and littoral seas.

AIS contributes to MDA by means of an onboard transmitter/receiver that can operate in conjunction with a shore-side receiving and distribution network to produce a composite traffic image of all AIS-equipped vessels operating within its horizon (line-of-sight). The Coast Guard is currently working with the Department of Homeland Security and the Administration to promulgate regulations on specific AIS carriage requirements for vessels. The Coast Guard plans to outfit all Coast Guard cutters over 65 feet in length with AIS capability.

Question. What ports are scheduled to receive this technology? What is the schedule, by fiscal year, to outfit these ports with the AIS and the associated cost?

Answer. The acquisition and installation of Automatic Identification System (AIS) equipment in the ports of Sault Ste Marie and Berwick Bay is complete. AIS equipment installation has been contracted to begin in five additional Vessel Traffic Service (VTS) ports as indicated in the following table.

| Port | Scheduled AIS Installation |
|-----------------------------------|----------------------------|
| Lower Mississippi River, LA | May 2003 |
| Prince William Sound, AK | July 2003 |
| Houston/Galveston, TX | July 2003 |
| New York, NY | October 2003 |
| Port Arthur, TX | January 2004 |
| Puget Sound | Not yet scheduled |
| San Francisco Bay | Not yet scheduled |

To date, \$22.9 million has been funded in the fiscal year 2002 Supplemental Appropriation and \$5 million in fiscal year 2003 for installation and implementation at the above listed ports.

Long-term goals for enhancing maritime domain awareness include developing and installing a National AIS coverage system based on the technology and processes used at the VTS ports. This network would first be introduced in congested waterways and in ports with critical military or commercial infrastructure. The exact sequence of implementation has not been determined. These sites would be connected to a network that allows access to the AIS information. Each site requires a tower, an AIS base station unit, and an interface for data connectivity to the network. Currently, Coast Guard Program Managers responsible for the Rescue 21 and AIS projects are working closely to identify common requirements and strategies to best support both initiatives. Liaison areas include shared tower locations, commercial leases, and microwave bandwidth requirements.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

HAS OPERATION IRAQI FREEDOM FURTHER DIMINISHED COAST GUARD ABILITIES IN U.S. WATERS?

Question. Admiral Collins, you pointed out that, for the first time since the Vietnam War, the Coast Guard has deployed a considerable number of ships and people overseas—in this case, to participate in Operation Iraqi Freedom. You went on to say that this deployment did not hinder your operational capabilities in the United States because it represented only three percent of your entire force. However, your statement failed to mention that in addition to deploying these ships overseas, you are taking additional patrol boats out of service—about one a month—for major modifications as part of your Deepwater program. And two the ships you have sent overseas are High Endurance Cutters—ships that are particularly well suited for high seas missions like fisheries patrols. The entire Coast Guard only has 12 of these ships. The General Accounting Office quoted a Coast Guard official as stating that the decline in both drug enforcement and fisheries enforcement can be attributable not only to your heightened homeland security requirements, but to the deployment of resources for military operations. Can you quantify what number of fisheries and drug interdiction patrols did not take place as a result of your deployment of floating assets to the Persian Gulf?

Answer. The deployment of floating assets to the Persian Gulf has not in and of itself resulted in a decline in fisheries and drug enforcement patrols.

Every year, two High or Medium Endurance Cutters (the Coast Guard has 42 high and medium endurance cutters in commission) participate in Department of Defense exercises and other out of hemisphere operations. This year those cutters were redirected to participate in Operation IRAQI FREEDOM, thus not directly impacting our counter-drug and fishery efforts.

In addition to the High Endurance Cutter deployments, the Coast Guard deployed eight 110-foot patrol boats. To compensate for those patrol boats deployed overseas, undergoing a hull sustainment project, or undergoing modifications as part of the Deepwater program, the Coast Guard increased the operational tempo of remaining cutters to 125 percent of their normal pace. Additionally, the Navy allowed our tactical control of 11 170' Patrols Coastals to augment stateside requirements.

The net effect of the IRAQI FREEDOM operational decisions and corresponding risk mitigation measures is no reduction in fisheries or drug interdiction patrols. The Coast Guard has however, had slight reductions in these patrols due to the number of surge operations as a result of several “orange” Homeland Security Advisory System alerts. Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all missions, and temporarily surge as timely intelligence dictates is appropriate. At the end of the day, we remain focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering. The fiscal year 2003 Report/fiscal year 2004 Budget in Brief (BIB) provides documentation of the Coast Guard’s high performance levels across our mission spectrum. For example, in fiscal year 2002 we seized the third highest cocaine total in our history, we interdicted or deterred illegal immigration by sea at a rate of 88.3 percent which exceeded our target of 87 percent, we reduced the volume of oil spilled per million gallons shipped to 0.6 gallons which was well below our target of 2.5 gallons, and continued to reduce the number of maritime worker fatalities to 4.3 per 10,000 workers which is below our target of 8.7.

Question. Now that hostilities have largely ceased, what is your schedule for bringing back each unit that is deployed to assist in Operation Iraqi Freedom? When, for example should we expect the High Endurance Cutters to return? What about the Port Security Units?

Answer. Deployed Coast Guard forces will be returned when the Combatant Commander determines their mission has been completed. Thus far, two high endurance cutters, four patrol boats, the buoy tender, and a variety of shore-side Coast Guard components have been released. BOUTWELL and DALLAS commenced their return trips on May 14th. DALLAS is escorting the four patrol boats that were deployed to the Mediterranean Sea. BOUTWELL is completing previously scheduled Theater Security Cooperation activities during her return transit. WALNUT also commenced her return trip on May 14th.

The patrol boats BAINBRIDGE ISLAND, GRAND ISLE, KNIGHT ISLAND, and PEA ISLAND, all deployed to the Mediterranean, have been released and commenced a return trip to the United States in company with the DALLAS. Personnel from Port Security Unit 305, the Atlantic Strike Team Detachment, the Mediterra-

near Mobile Support Unit and Law Enforcement Detachments #204, 205 and 411 have already returned to the United States. Their equipment will follow by sealift.

Coast Guard patrol boats, port security units, law enforcement detachments, and supporting structure remain in the Arabian Gulf fulfilling port and coastal security missions for the Combatant Commander.

Question. Many of the patrol boats that were deployed to the Iraqi theater performed fisheries enforcement missions off of New England. When do you expect that all of those boats will be returned to their home ports?

Answer. Four of the eight deployed patrol boats traditionally conducted fisheries enforcement missions off the New England coast. Two of those patrol boats, BAINBRIDGE ISLAND and GRAND ISLE, have started their return trip to the United States from the Mediterranean. Their estimated arrival at Norfolk VA is 11 June. After several weeks of necessary maintenance, they will return to their original homeports of Sandy Hook, NJ and Gloucester, MA.

The other two patrol boats, ADAK and WRANGELL, are deployed to the Arabian Gulf and continue to perform duties for the combatant commander. No departure date has been established for these patrol boats.

The Coast Guard temporarily relocated BLOCK ISLAND to Gloucester, MA upon the departure of the GRAND ISLE. The BLOCK ISLAND will return to its normal homeport of Atlantic Beach, NC upon the arrival of GRAND ISLE.

Question. What has been the impact on your other Coast Guard units that have been required to “pick up the slack” for the units that have been deployed overseas? Is their higher operating tempo sustainable over the long term?

Answer. To compensate for the patrol boats deployed overseas, the Coast Guard increased the operational tempo of remaining cutters by 25 percent. This temporary surge capability is sustainable through the remainder of fiscal year 2003.

WILL COAST GUARD BE ABLE TO HANDLE A MAJOR MIGRANT INFLUX?

Question. Admiral Collins, in your testimony, you point out the remarkable flexibility that the Coast Guard exhibits at times of national crisis. It is something that I and all senators should be immensely proud of. One of the areas where the Coast Guard has shown extraordinary flexibility in the past is when we have experienced a massive influx of migrants attempting to reach U.S. shores from Cuba or Haiti. We have all read with concern the heightened numbers of arrests as well as executions in Cuba. You, of course, get additional intelligence briefings on the instability in that country. Whenever we have had these massive influxes of migrants in the past, the Coast Guard effectively threw almost every floating asset they had to attack the problem. Given your current deployment of so many vessels overseas, as well as other patrol boats being sent to the shipyard for major overhauls, are you at all concerned about your ability to handle a sudden influx of migrants at this time?

Answer. The Coast Guard continues to monitor migrant departures, and maintains an effective presence in the transit and arrival zones. The summer months typically yield higher maritime migrant flow, and the Coast Guard allocates additional resources to facilitate interdiction and timely repatriation in order to prevent future departures. In the event that migration numbers approached mass migration levels that exceed our capacity, the Coast Guard would look to the Department of Defense for additional assistance.

Question. During major migrant influxes in the past, you have had the benefit of some Navy ships being brought under your command to assist in rescuing migrants. Given the current deployment of so many Navy ships overseas, are you confident that you will have the level support from the Navy that is needed if there is a major influx of migrants?

Answer. In the event of a mass migration, the Coast Guard would receive assistance from the Navy as outlined in “Operation Distant Shore—Mass Migration Emergency Plan.” The Coast Guard has no indication that the Navy would not be able to provide the required assets if needed.

Question. Migrant interdiction is another mission where your hours have declined considerably from pre-September 11th levels. What can you tell me regarding the impact of this declining effort on our ability to protect against illegal migrants being smuggled to the West Coast of the United States from Asia? Have you been able to follow up on all intelligence leads indicating that there may be illegal migrants aboard ships bound for the West Coast?

Answer. While the Coast Guard’s Abstract of Operations data indicated a reduction in resource hours attributed to the Migrant Interdiction mission in the two fiscal quarters following the September 11, 2001 attacks, the data for the past three

quarters indicates a far different picture. The Coast Guard is currently expending more effort in the Migrant Interdiction mission than before September 11, 2001.

The direct arrival of Asian migrants on the West Coast of the United States has significantly declined since 1999. However, Asian migrant smugglers continue to use low profile methods to move their human cargo. While intelligence regarding Asian migrant smuggling events is rare, the Coast Guard has been able to respond to reported events with considerable success.

HOW DID THE COAST GUARD RESPOND TO THE COMMITTEE DIRECTIVE TO REBALANCE MISSIONS?

Question. Admiral Collins, as part of the 2003 Appropriations Bill, in which you were provided with a record increase in funds, the Committee directed you to seek to use this increased funding to rebalance your level of effort between missions and bring your non-homeland security missions to the maximum amount possible back to pre-September 11th levels. A review of the data that I discussed in my opening statement makes clear that that has not taken place. How precisely did the Coast Guard respond to the Committee's directive? Should we expect to see any progress over the remainder of 2003 in seeing drug interdiction, fisheries enforcement and marine safety returned to their pre-September 11th levels?

Answer. Prior to the attacks of 9/11, the Coast Guard had committed less than 2 percent of its assets to active port security duty. Immediately after 9/11, the Coast Guard surged nearly 60 percent of its assets in immediate support of port security. Since then, we have rebalanced our assets to provide roughly 28 percent of our assets in coverage of port security. In so doing, we have used the additional funding provided by Congress to establish new security capabilities in critical ports, and we are in the process of adding those same capabilities to all critical ports, as funding allows. This added funding has permitted the Coast Guard to return its other assets to the non-Homeland Security mission portfolio.

The results speak for themselves. In fiscal year 2002 we seized the third highest cocaine total in our history, we interdicted or deterred illegal immigration by sea at a rate of 88.3 percent which exceeded our target of 87 percent, we reduced the volume of oil spilled per million gallons shipped to 0.6 gallons which was well below our target of 2.5 gallons, and continued to reduce the number of maritime worker fatalities to 4.3 per 10,000 workers which is below our target of 8.7. For a detailed record of actual resource hours across all missions for the first final quarters of fiscal year 2003, please see the report to Congress entitled Quarterly Abstract of Operations. In addition, our fiscal year 2003 Report/fiscal year 2004 Budget in Brief provides documentation of the Coast Guard's high performance levels across our mission spectrum.

Our service remains fully committed to sustaining operational excellence across all our missions and to achieving the appropriate balance between non-homeland security and homeland security mission. The Coast Guard is pursuing a multi-year resource effort to perform an enhanced level of Maritime Homeland Security while sustaining our Non-Maritime Homeland Security missions near pre-9/11 levels.

Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all of our missions. At the end of the day, we are focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering.

IS DEEPWATER PATROL BOAT LIFE EXTENSION PROGRAM BEING RECONSIDERED?

Question. Admiral Collins, under your plans for the Deepwater Program, you intend to take your 110-foot patrol boats and extend their service life by adding an additional 13 feet to each boat and renovating the rest of the ship. I understand that early indications are that these patrol boats may be showing greater wear and tear and corrosion than was originally anticipated. This will add to the overall cost of extending the life of these ships and may call into question the wisdom of extending them for several more years. What can you report to us about these early indications that these patrol boats need a great deal more work than was originally anticipated? Is the Coast Guard currently reconsidering whether your entire fleet of 110-foot patrol boats should be restored in this manner? What alternatives are you contemplating?

Answer. The 49 Island Class 110-foot patrol boats in the Coast Guard inventory have proven to be quite versatile, highly effective resources, which are employed for a wide range of Coast Guard missions. The demand for these workhorses has created an intense operational tempo that has resulted in a more rapid degradation

of their material condition than was originally forecast in 1998 at Deepwater's inception.

A 2001 survey of each vessel showed that 22 of 49 110-foot WPBs were experiencing extensive hull corrosion. To date, five cutters exhibiting the worst corrosion per the 2001 survey have received extensive hull renewal maintenance external to the 123-foot conversion project at an Operating Expense appropriation cost of \$8.5 million. Two additional 110-foot WPBs are currently in commercial facilities for emergent hull repairs. Since these emergent hull repairs are accomplished on a case-by-case basis, the total cost of repairs has not been estimated at this time.

The Coast Guard is currently evaluating the scope of the Deepwater 123-foot conversion project. Emergent hull repairs will continue to be accomplished on 110-foot WPBs as required.

Question. Admiral Collins, when it was originally conceived, the Deepwater program was anticipated to grow above the \$500 million level by certain increments each year in order to achieve the total amount of recapitalization that the Coast Guard requires to execute its many missions. However, for the last two budget cycles, the President's budget has effectively frozen funding for the Deepwater program at \$500 million. What would be the long-term impact on the Deepwater program if funding remained frozen at \$500 million for the next several years? Will the Coast Guard be able to recapitalize all its assets on its original schedule at this level of funding?

Answer. The IDS contracting strategy was chosen based on its flexibility to adjustment to budget variances. Funding below notional funding levels will increase the time and cost necessary to fully implement the Deepwater solution and delay needed capability improvements that IDS provides. With a funding profile of \$500 million annually in appropriated-year dollars, it would take at over 27 years to acquire the assets included in the IDS implementation plan.

Question. One of the provisions included in the Homeland Security Act was a report on the feasibility of expediting the Deepwater Program in order to replace your aging assets more quickly. The report that was submitted to the Congress confirmed that it was feasible to expedite the Deepwater Program and that such an action would indeed save the taxpayer several billion dollars. To your knowledge, is any real consideration being given within the Administration to requesting funds to expedite the completion of the Deepwater program? We certainly don't see such an effort in the 2004 budget request.

Answer. The Administration considers Integrated Deepwater System (IDS) funding in conjunction with all agency requests based upon national priorities. The President's fiscal year 2004 request of \$500 million for the IDS funds critical initiatives and is consistent with the fiscal year 2004 funding level reflected in the March 7, 2003 Report to Congress on the Feasibility of Accelerating IDS to 10 years. The IDS contracting strategy provides the Coast Guard the flexibility to adjust the proposed implementation schedule depending on budget variances. The Coast Guard will continue to work with the administration on appropriate funding of Deepwater.

DEFICIENCIES IN SEARCH AND RESCUE PROGRAM

Question. Both in the 2002 and 2003 Appropriations Act, we statutorily required you to boost funding for your search and rescue program by \$14.5 million and \$15.7 million, respectively. The Committee took these action in response to reports from the DOT Inspector General that were extraordinarily critical of the overall readiness of your search and rescue boat stations; the condition of their equipment; and the inadequate training and experience levels that were found among your boat crews.

The 2002 Appropriations Act required the DOT Inspector General to certify that you actually spent the money as the Committee intended. The 2003 Act requires the General Accounting Office do the same thing. Unfortunately, the Inspector General was not able to certify that you did spend the money specifically on Search and Rescue improvements. While there was a substantial increase in the number of people assigned to your small boat stations, the IG could not certify that these funds were specifically used to increase the readiness, training, or experience levels of the individuals serving at the boat stations. Needless to say, I was greatly disappointed by IG's report.

Should we expect a similar report from the GAO regarding the Search and Rescue enhancement funds that we provided you for 2003? Will you be able to show the GAO as well as the Committee that you spent this \$14.5 million specifically to address your Search and Rescue shortfalls?

Answer. In 2002, the Coast Guard spent in excess of \$14.5 million to improve Search and Rescue and boat operation capabilities. The DOT IG audit agrees with that statement. The audit, however, was critical of our accounting practices rather

than the actual amount of expenditure itself. The Coast Guard acknowledges we could have tracked specific expenditures better to allow greater transparency for the DOT IG Search and Rescue audit analysis, and we will work with GAO to account for direct expenditures against specifically appropriated budget initiatives.

The Coast Guard's system provides reliable, repeatable correlations between mission activity and spending. The method, which was developed for the Coast Guard by KPMG Consulting (now BearingPoint, Inc.), is based on highly reliable cost data that is reconciled to our audited financial statements. It utilizes state of the market analytical tools and the latest activity-based costing protocols to apply organizational costs incurred by Coast Guard units against actual operational activity data to allocate costs across mission areas. For example, a Coast Guard Multi-Mission Station's mission allocation may result in 20 percent of operational activity tied to the performance of the Search and Rescue (SAR) mission over a set time period. Thus, based on standard activity based costing procedures, 20 percent of the organizational expenses associated with that Multi-Mission Station during that time frame are allocated as SAR expenses.

SUBCOMMITTEE RECESS

Senator COCHRAN. Director Basham, Admiral Collins, we appreciate your cooperation with our committee. We also appreciate your service to our country.

We will continue our hearings to review the fiscal year 2004 budget request for the Department of Homeland Security on Tuesday, May 6, at 10 a.m., in room 124 of the Dirksen Senate Office Building. At that time, we will hear the testimony of the Under Secretary for Border and Transportation Security, the Honorable Asa Hutchinson.

Until then, the subcommittee stands in recess.

[Whereupon, at 12:17 p.m., Thursday, May 1, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, May 6.]