

U.S. DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

STATEMENT OF DAVID M. STONE
ASSISTANT SECRETARY

Before the

COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION
UNITED STATES SENATE

February 15, 2005

Good morning, Mr. Chairman, Senator Inouye, and Members of the Committee. I am pleased to appear before the Committee to speak in support of the President's Fiscal Year (FY) 2006 budget request for the Transportation Security Administration (TSA). I appreciate the strong partnership we have forged together to ensure the safety and security of the nation's transportation systems while maintaining customer service and the free flow of people and goods. I look forward to continuing our endeavors in partnership with the Committee under your direction and leadership.

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

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

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

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

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

Recent Accomplishments

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

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

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

- ▶ Issued Rail Security Directives setting security standards for all heavy and light rail operations, as well as Amtrak and the Alaska Railroad Corporation. These standards establish a formal baseline and standardize protective measures for all passenger rail assets, including personnel and physical assets and critical facilities.

- ▶ Began implementing a more localized, airport-centric system, underpinned by 20 local hiring centers around the country that serve as the focal points for local hiring activities. This decentralization promises speedier hiring to meet the dynamic needs of individual airports and greater screening workforce retention. The objectives of this next generation hiring system are to streamline the hiring process by providing direct, immediate hiring support to individual airports, putting screener hiring and training under control of the Federal Security Directors (FSD), and improving the ability to deliver the right mix of required screeners in a timely manner. We also anticipate the next generation hiring system will improve retention rates.

- ▶ Enhanced airport security nationwide by requiring fingerprint-based background checks and additional background screening on more than one million airport employees; requiring more patrols and surveillance in secure areas; increasing checks of employee identification (IDs) and vehicles in the sterile and secure areas; and piloting of SPOT (Screening of Passengers by Observation Techniques) at two airports that may enhance the capability of TSA screeners to identify threats to security.

- ▶ Strengthened air cargo security through increasing the number of air cargo security inspectors (to total 200 by the end of March 2005), issuing an air cargo Notice of Proposed Rule-Making (NPRM) that proposes major changes to the air cargo industry to strengthen air cargo security throughout the supply chain, while not impeding the flow of commerce; enhanced the Known Shipper Program by implementing a centralized database that currently includes information on approximately 450,000 known shippers; and, in coordination with the U.S. Customs and Border Protection, developing a Freight Assessment System that will identify elevated-risk cargo to be targeted for inspection.

- ▶ Pursued research and development to enhance air cargo screening capabilities by pilot testing commercial-off-the-shelf (COTS) technology for air cargo screening at six airports and issuing research and development grants to inventors of new technologies for screening air cargo for explosives.

- ▶ Worked closely with Customs and Border Protection, vetted flight crews on all incoming and outgoing international flights on domestic and foreign airlines throughout 2004. That amounted to more than 1 million screenings, some 3,000 a day, which served

as a powerful and successful anti-terrorism deterrent. This vetting has thus far resulted in denials of 13 crew members that posed an unacceptable security risk.

► Implemented the alien flight student training program originally run by the Department of Justice and expanded the program to include student applicants seeking training on aircraft with a maximum takeoff weight under 12,500 pounds. Further, TSA has implemented improvements to the assessment procedure and now conducts checks on student applicants against additional law enforcement and intelligence data sources.

► Doubled the capacity of the training program for Federal Flight Deck Officers and extended the program to include cargo pilots. There are currently thousands of trained officers defending the cockpits of both commercial and all-cargo aircraft.

► Developed, tested and rolled out the volunteer Advanced Crew Member Self-Defense Training program for flight and cabin-crew members of air carriers.

► As a customer service initiative, added to our public website security checkpoint wait time information to assist travelers in planning for their next flight.

Summary of the FY 2006 Appropriation Request:

The President's FY 2006 Budget Request of \$5.6 billion for TSA is dedicated to stabilizing and strengthening TSA's essential mission. These amounts do not include funding for programs such as Secure Flight that are currently under the purview of TSA's Office of Transportation Credentialing and Vetting. Most of these programs will be transferred to a newly established Screening Coordination and Operations (SCO) Office within the Department's Border and Transportation Security (BTS) Directorate. The request reflects an increase of \$415 million for several initiatives, and decreases of \$258 million for programs being transferred to other components of DHS and for other adjustments. This results in an overall net increase of \$156 million over the amount appropriated to TSA in FY2005.

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

Aviation Security

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

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

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

The FY 2006 request includes \$165 million in increased funds for screener payroll. TSA has experienced a recurring need to reprogram funds from other programs to support the 45,000 screener FTE. The estimate for increased FY 2006 payroll funds is based on actual FY 2004 and FY 2005 experience to date and incorporates higher benefit and other adjustments previously supported through reprogrammings. These increased funds in FY 2006 will stabilize the screener payroll base and should eliminate the need for

reprogrammings in the future. With these additional funds, TSA will continue to ensure security and adequate wait time performance, especially at larger airports.

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

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

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

The Budget also assumes a lower collection level for the air carrier fee than was assumed in the proposed FY 2005 budget. TSA would set the amount of the fee collected at \$350

million in FY 2006, a reduction from the \$750 million presumed to be collected in the requested level in FY 2005. We note that, consistent with the DHS Appropriations Act, 2005, the Government Accountability Office is currently conducting an audit to help determine what the proper air carrier fee collections should be based on the criteria set forth in ATSA.

Surface Transportation Security

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

Transportation Security Support

The third appropriation, Transportation Security Support, supports the operational needs of TSA's extensive airport/field personnel and infrastructure. TSA has developed and will maintain a flat organizational structure that emphasizes front-line service delivery with well-trained managers that are supported by an array of services. Included in this appropriation is funding for headquarters facilities and staff, Transportation Security Intelligence Service (TSIS), and rent, furniture, parking and transit benefits. The FY 2005 TSA budget includes \$771.9 million for the full range of support activities. TSA requests \$545 million in FY 2006 for the Transportation Security Support appropriation. These funds will ensure that TSA's screeners and other operational employees have sufficient intelligence, information technology, policy direction, administrative services, and other key support to accomplish the agency's mission. TSA will continue to seek opportunities to increase efficiencies in these programs through innovative approaches and improved management.

Strengthening Security Through Information Technology Connectivity

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

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

► Increase Training Efficiency and Screener Effectiveness while minimizing costs. As of June 22, 2004, TSA has deployed network connectivity to 1,822 of 4,052 (45%) of the training computers located at 120 of 440 (27%) Federalized airports. This network connectivity has provided access to the Online Learning Center for these airports, yet the majority of the Federal screeners must endure long download times or rely on alternate means to take their mandatory training, making it difficult for them to access programs to help them stay abreast of the most current security threats. Additionally, supervisors at these locations must perform manual data management for their training records.

Hi-SOC will also provide a much more efficient method of developing and transmitting training materials to airports. Currently, the Workforce Performance and Training Office (WPT) must use a high cost and labor-intensive distribution process, which includes the production of computer disk training material (approximately \$110,000 per year, with 20 mass distributions.).

Today, screener training results cannot be collected or aggregated. As a result, the WPT cannot correlate training results down to the individual screener level nor tailor remedial training material at the screener level. Hi-SOC will enable training results data to be aggregated quickly and ensure data is immediately available to local airport screener managers and others to facilitate improvement in screener workforce performance.

► Improve Overall IT and Aviation Security. Because airport computers are not connected to the TSA network, TSA cannot maintain information security on the computers or deploy quick security patches to the computers, making these computers potentially vulnerable to hackers and virus infections. Hi-SOC will provide much better protection through an overall computer network with secure communications and tested capabilities.

► Enhance Aviation and Surface Security. High speed connectivity is necessary to deploy and implement fully several security programs that have been or are being developed. These programs include Electronic Surveillance System (a remote camera system for performance monitoring, potential facial recognition technology) and Transportation Workers Identification Credential (TWIC). HiSOC will also greatly increase the efficiency and decrease the cost of the Threat Image Projection program (a

threat detection training and performance process using a images of prohibited items to simulate a threat) by allowing performance data to be accessed from headquarters and enabling rapid updates of the threat image library, in lieu of manual updates to x-ray machines at airports across the country.

Strengthening Security Through Emerging Checkpoint Technologies

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

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

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

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

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

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

Long term, Next Gen solutions are under development and may be deployable in FY 2009 and beyond. The mix of equipment would change as it could be possible that one Next Gen EDS could replace up to three ETD machines for primary screening, depending upon throughput requirements. We anticipate that one ETD will still be deployed with Next Gen EDS for use in alarm resolution. This solution will provide increased EDS security benefits and expand EDS capabilities to cover all operations at airports that have only partial EDS capabilities.

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

Strengthening Security of Surface Transportation

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

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

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

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

- ▶ Build upon the pilot project efforts and initiatives commenced in FY 2004 to identify best practices, develop performance-based standards and regulations, and build risk-based security plans, such as identifying Hazmat transportation security vulnerabilities and mitigation strategies.
- ▶ As delegated by IAIP, continue to develop and implement vulnerability assessment models for all surface modes as the basis for identifying security gaps and developing mitigation.
- ▶ In coordination with IAIP, strengthen industry stakeholder partnerships to facilitate information sharing through the transition from Information Sharing Analysis Centers (ISACs) to Sector Coordinating Councils and Government Coordinating Councils.
- ▶ Increase security awareness and response by providing security awareness materials for surface transportation employees, operators, and passengers; conducting national security exercises; and continuing to provide transportation security guidance, support, and coordination for National Special Security Events.
- ▶ Provide operational support and expertise to Office of State and Local Government Coordination and Preparedness in the non-aviation transportation security grant selection process.
- ▶ Hire and deploy 100 surface transportation compliance inspectors, who will first focus on rail security, to enhance the level of national transportation security by leveraging private and public partnerships through a consistent national program of compliance reviews, audits, and enforcement actions pertaining to required standards and directives.

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

In conclusion, I want to express, as I have in the past, how proud I am of TSA's security screening workforce. Our screeners have carried out their responsibilities with skill and professionalism in a challenging and ever-changing environment. This past year was particularly challenging with the large number of National Special Security Events, for which many of our screeners and other personnel provided unique support. The reality of

TSA's mission is such that we must constantly be prepared to provide on a 24/7 basis the highest level of security we can within the resources we have been provided. The increasing variety and sophistication of weapons and communication tools available to modern terrorists presents a significant challenge.

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

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