Secretary Michael Chertoff U.S. Department of Homeland Security Second Stage Review Remarks

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Secretary Chertoff:
Well, thank you, ladies and gentlemen. I thank all of you who join me today -- Members of Congress, state and local leaders, private sector partners -- and, of course, my fellow employees of the Department of Homeland Security.

Together, we gather once again in the shadow of a despicable act of terrorism. Make no mistake -- the terrorists seek to destroy not only our lives, but our entire way of life. Our hearts and our prayers go out to the British people and everyone who suffered a loss in this barbaric attack that occurred several days ago.

For most Americans, last week's attacks in London were a sobering and jarring reminder of the threats we now face. But for my fellow employees here at DHS, facing those dangers and reducing those threats is a daily responsibility. In his remarks about the London attacks, President Bush captured the essence of what motivates these outstanding men and women when he said, "The terrorists cannot shake our will. America and its allies will act decisively, because we know that the future of civilization is at stake in this struggle, and we know that the cause of freedom will prevail."

All Americans owe a tremendous debt of gratitude to the patriots and pioneers who built this Department in record time. Because of their dedication, security at our ports, airports, critical infrastructure and borders has been significantly strengthened. Our nation has thwarted plots and captured terrorists. As a result, in the period since 9/11, the American people have begun to live under an umbrella of greater security, with greater peace of mind than we imagined on that terrible day.

My friends, much work has been done. Much remains to do. My job, and the job of the leadership team at the Department, is to provide the strategic direction, tools, and aggressive support needed by our colleagues who carry out the vital mission of protecting America. We must continue to build effectiveness, agility, and capacity in this effort every single day.

So we ask: What exactly are the next steps at DHS as we continue to make the homeland more secure? To help answer that question, shortly after taking office at Homeland Security, I launched the Second Stage Review -- a systematic evaluation of the Department's operations, policies and structures. We finished that review last month, I've spoken to the President and Members of the Congress about our conclusions, and today I will explain our review and outline the path ahead for Department of Homeland Security.

Our review was conducted with several core principles in mind. First, as I've said before, DHS must base its work on priorities that are driven by risk. Our goal is to maximize our security, but not security "at any price." Our security strategy must promote Americans' freedom, privacy, prosperity, mobility. Second, our Department must drive improvement with a sense of urgency. Our enemy constantly changes and adapts, so we as a Department must be nimble and decisive.

Third, DHS must be an effective steward of public resources. Our stewardship will demand many attributes -- the willingness to set priorities; disciplined execution of those priorities; sound financial management; and a commitment to measure performance and share results. Perhaps most of all, DHS must foster innovation.

Finally, our work must be guided by the understanding that effective security is built upon a network of systems that span all levels of government and the private sector. DHS does not own or control all these systems. But we must set a clear national strategy, and design an architecture in which separate roles and responsibilities for security are fully integrated among public and private stakeholders.

We must draw on the strength of our considerable network of assets, functioning as seamlessly as possible with state and local leadership, law enforcement, emergency management personnel, firefighters, the private sector, our international partners, and most certainly, the general public. Building effective partnerships must be core to every mission of DHS.

So, with these principles in mind, we went to work. From across the Department and elsewhere in the federal government, we pulled subject matter experts and talented individuals away from their day jobs to focus on how well we tackle our tough fundamental challenges: prevention, protection, and all-hazards response and recovery.
This Second Stage Review utilized 18 action teams -- involving more than 250 members of the DHS staff -- to evaluate specific operational and policy issues. We asked each team to answer a couple of simple questions. First, freed from the constraints of existing policies and structures -- writing on a clean slate -- how would you solve a particular problem? And then, how would you take the best solutions and implement them aggressively?

We actively sought opinions from hundreds of public and private partners at the federal, state, local, tribal and international levels. Finally, we examined the DHS organizational structure, to make sure that our organization is best aligned to support our mission. This work, along with the experience of the last two years in the Department’s existence, will now play a critical role in setting our agenda moving forward.

In the weeks and months to come, the Department will launch specific policy initiatives in a number of key areas. Here, then, are six of the key imperatives that will drive the near-term agenda for DHS. We must increase preparedness with particular focus on catastrophic events; strengthen border security and interior enforcement and reform immigration processes; harden transportation security without sacrificing mobility; enhance information sharing with our partners, particularly with state, local and tribal governments and with the private sector; improve DHS stewardship, particularly with stronger financial, human resource, procurement, and information technology management; and realign the DHS organization to maximize mission performance.

Now, we will put more muscle on the bones of these six areas and others with additional actions and policy proposals in the weeks and months ahead. But today, let me give you a broad overview of our agenda for the future of the Department.

First, preparedness. In the broadest sense, preparedness addresses the full range of our capabilities to prevent, protect against, and respond to acts of terror or other disasters.

And, of course, America’s critical infrastructure is not a government asset; roughly 85 percent is privately owned or operated.

At the outset, we must acknowledge this: Although we have substantial resources to provide security, these resources are not unlimited. Therefore, as a nation, we must make tough choices about how to invest finite human and financial capital to attain the optimal state of preparedness. To do this we will focus preparedness on objective measures of risk and performance.

Our risk analysis is based on these three variables: threat, vulnerability, and consequences. These variables are not equal. For example, some infrastructure is quite vulnerable, but the consequences of an attack are relatively small; other infrastructure may be much less vulnerable, but the consequences of a successful attack are very high, even catastrophic.

DHS will concentrate first and foremost, most relentlessly, on addressing threats that pose catastrophic consequences. Some of the tools needed to prevent, respond or recover from such awful scenarios are already in place, but others do need significant improvement.

The first step in enhancing our national preparedness is establishing a preparedness baseline that measures the effectiveness of our planning for preventing, protecting against, and responding to terrorist acts or disasters. One Second Stage Review team has, therefore, constructed the model for an analytic matrix that will set that baseline. The matrix will allow us to match possible threats against possible targets, and will map the current state of prevention, protection and response planning with respect to each. This matrix will be a critical tool enabling us to identify and remedy current gaps in our preparedness.

Bringing greater planning discipline to each of these risk scenarios is another dimension of our preparedness mission, and simple common sense counsels that we begin by concentrating on events with the greatest potential consequences. That’s why the Department’s recently released National Preparedness Goals -- and additional, risk-based planning -- will form our standard in allocating future DHS grants to our state and local partners so that we build the right capabilities in the right places at the right level. Federal money should be distributed using the risk-based approach that we will apply to all preparedness activities. And DHS needs the discretion to award infrastructure protection grants in a more flexible and disciplined manner, as provided by the administration’s proposed Targeted Infrastructure Protection Plan.

Of course, federal funds are not the only resources available to strengthen the protection of our valued infrastructure. Three years ago, Congress passed the SAFETY Act to enable our private sector partners to develop innovative technology to protect the homeland without the fear of unduly high transaction costs imposed by the possibility of frivolous lawsuits. There is more opportunity, much more opportunity, to take advantage of this important law, and we are going to do that.

Finally, of all the catastrophic threats that we face, a nuclear attack on our soil would be uniquely threatening to our society. The President’s budget asks Congress to establish and fund a Domestic Nuclear Detection Office to develop and deploy the next generation of a system that will allow us to detect, interdict, shutdown. We will push hard for that.
and deploy the next generation of systems that will allow us to intercept a nuclear threat. We have already begun to take the steps to make this office a reality. The DNDO will report directly to me under our new structure, and I have asked Congress to support this critical resource.

A second imperative is the need to strengthen border security and interior enforcement, as well as improve our immigration system. We cannot have one approach without the other. As to the first, we must gain full control of our borders to prevent illegal immigration and security breaches. Flagrant violation of our borders undercuts respect for the rule of law and undermines our security. It also poses a particular burden to those in our border communities. We are developing a new approach to controlling the border, one that includes an integrated mix of additional staff, new technology and enhanced infrastructure investment. But control of the border will also require reducing the demand for illegal border migration by channeling migrants into regulated legal channels to seek work. I look forward to working with Congress, therefore, this year to improve border security significantly through the President's Temporary Worker Program.

But immigration policy is about more than keeping illegal migrants out. Our heritage and our national character inspire us to create a more welcoming society for those who lawfully come to our shores to work, learn and visit. Secretary Rice and I will, in the near term, announce a detailed agenda of work and innovation that the Department of State and DHS have already begun, to work together to ease the path for those who wish to visit, study, and conduct business in the United States.

Of course, some people come to our shores to seek a better life for themselves and their children. Ours is, after all, a nation of immigrants. But for legal immigrants trying to become American citizens, the process can be confusing, frustrating, and seemingly endless. Part of the problem is that the current business model fosters a long delay between application and final adjudication of applicants for residence and citizenship, during which many applicants stay here as temporary residents. But this system puts some of the most important security screening at the end of a lengthy process rather than at the beginning, and leads to an unnecessarily high rate of rejection late in the process.

As a result, too often, this system leaves a negative first impression of our nation with our new fellow countrymen. Worse yet, it causes unnecessary security risks because people enjoy temporary residence while we are completing the screening process. Restructuring this process to enhance security and improve customer service will be an important part of our upcoming agenda.

Now, creating better systems to move people and goods more securely and efficiently into the country and around the country was a core objective in founding the Department of Homeland Security. It remains so today.

The tragic events in London last week serve as a reminder of the terrorist threat against innocent civilians in our mass transit systems. Following last year's Madrid train bombings, DHS took important action not only by increasing funding for rail security, but by conducting over 2,600 individual consequence assessments. Since 9/11, the Transportation Security Administration and the Federal Transit Administration have worked together extensively with the transit industry and with first responders to strengthen the overall security capabilities of our transit systems, with a special emphasis on the largest systems. Together, we have developed a significant tool-kit of protective measures, which include the coordination and training needed to recover from a possible attack. Multiple funding streams within DHS have been made available to support these kinds of transit-oriented projects, including eligibility for roughly $8.6 billion -- that's billion dollars -- under our State Homeland Security and Urban Area Security Initiative grant programs.

But we are also working to develop next-generation explosive detection equipment specifically for use in mass transit systems. We will continue to apply enhanced resources to this groundbreaking work. And at the same time, we must also prepare for terror attacks of even greater consequence -- attacking transit systems with biological, radiological or chemical agents. We now have in place a network of bio-sensors, but we will accelerate the development and deployment of the next generation technology in bio-sensors to more quickly detect biological, radiological, and chemical attacks.

Aviation security. After 9/11, TSA was created to deny terrorists the opportunity to use aircraft as weapons and to defend our vital national infrastructure. Extraordinary progress has been made, but more remains to do. In aviation, our security and our convenience and efficiency can be strengthened by better use of technology, both existing and next generation technology.

Let me observe that Congress intended TSA to be almost entirely supported by user fees, but it is not. The administration has proposed a modest increase, a few dollars, in user fees to fund the infrastructure necessary to do this job right. I believe travelers are willing to pay a few dollars more per trip to improve aviation security and enhance efficiency. I call on Congress and the aviation industry to work with me to find a formula that will work. By collecting user fees for aviation, we can free up precious DHS resources for other very important security priorities.

Passenger identity screening. Too often, security screening for passengers at airports is frustrating. We are still dependent upon a pre-9/11 technology system to conduct the most elementary form of terrorist screening -- matching names against watch lists. Our job is to identify people at airports whom we already know and believe to pose a risk to
aviewn. Our existing watch list does do this, it does identify threatening people, but it is not fully automated for aviation screening and it yields an unacceptably high number of false positive identifications, which drains our security resources and imposes a burden and inconvenience on passengers.

Now, getting this right is urgent. The short-term solution lies in enhancing our ability to screen individuals more precisely against named terror suspects. We can do that by utilizing more precise identifying information such as the date of birth. That kind of system, a more precise identifying system, is being developed through our Secure Flight program, and it will limit cases where low-risk travelers are selected for additional pull-aside security screening. It will dramatically reduce the number of cases where travelers are delayed for questioning simply because they might have the same name as somebody who appears on the watch list. But even this approach may not be complete, because it still remains focused only on identifying the high-risk travelers.

Putting aside the known risks, the more comprehensive and efficient passenger screening system that DHS must develop will give us the ability to automatically clear low-risk travelers. By clearing these low-risk travelers, TSA can reasonably focus on a smaller and more distinct pool of passengers that might really pose a threat to aviation. The result of this will be less frustration, faster service and better security. Better forms of screening will also promote privacy, because they will reduce the number of mistakes or unnecessary interventions that annoy travelers.

TSA’s Registered Traveler and Secure Flight programs are keys to increasing the precision, reliability, and speed of identity screening for domestic air travelers. Equally important are improved protocols to screen inbound international airline passengers and expanded deployment of U.S.-VISIT for overseas visitors. All of these screening programs, taken together, should be integrated so that screening is consistent and interoperable.

Supply chain security management. After September 11th, this country put in place vital measures intended to protect the global movement of marine cargo that touches our shores before it moves into the interior of the country. U.S. Customs and Border Protection is screening all inbound containers and inspecting those that merit further scrutiny. And increasingly, this screening and inspection is taking place at the port of departure overseas, before cargo arrives in the United States.

But we should not rest where we stand. I believe that we can gather, fuse and assess more complete data from the global supply chain to develop a more accurate profile of the history of cargo in any given container. Data about what cargo is moving from the initial point of shipping to the final destination will allow us to target risk better. With more informed targeting, we can more efficiently conduct inspections of cargo that is either high risk or unverified. This “Secure Freight” initiative will allow us to expedite large portions of our inbound trade that sustain our nation’s economy, and let us focus with more precision on the unknown.

And that brings us to inspections. We must enhance and speed inspections that we need to perform so that we minimize freight delays and increase our total inspection capacity. To this end, we will complete our deployment of radiation portal detectors at ports, while advancing research on more sophisticated non-intrusive detection protocols and equipment.

Now let’s turn to information sharing. The ability to share information with our state and local partners and with the private sector, law enforcement and first responders is absolutely critical to our success. Otherwise, we are effectively tying the hands of those who are on the ground and charged with the responsibility of protecting their community, their neighbors and their family.

To our state and local partners, let me say this: You are the front line of defense. We recognize the need for better and more inclusive information sharing, and information sharing, by the way, is a two-way street. Therefore, we will work with the White House Homeland Security Council and our federal colleagues not only to help forge a common federal set of tools for information sharing, but also work with state and local officials -- and private sector infrastructure owners --to fuse and share a richer intelligence base. In short, we will promote greater situational awareness.

Therefore, this week, I will invite every state homeland security advisor and every state emergency management coordinator to come to Washington at a date we will set for a face-to-face visit with me and my senior management team. This will be a working session to discuss information exchange protocols, the Homeland Security Advisory System, and how we can best support state and regional data fusion centers, and other topics of mutual concern.

Now, with all this, DHS must be a responsible steward of the public trust. Congress is justified in making significant investments in homeland security, and that entails significant procurement for DHS. But we must ensure that we carry out these procurement responsibilities properly.

One of my very first acts as the new Secretary here was to contact the Department’s Inspector General and my Chief Procurement Officer and ask them to evaluate DHS procurements and our contracting practices. I asked to make suggestions regarding needed changes, and I’ve received those suggestions. I’m going to rely on those recommendations and others to make procurement integrity and efficiency a management focus throughout this Department’s work.
Department of Homeland Security:

We will also emphasize improving financial controls and financial systems, seeking operating efficiencies, strengthening human capital policies, and delivering core information technology systems. Last week's attack in London re-emphasized for me the need to act on another Second Stage Review recommendation: better integration and consolidation among the Department's multiple crisis management centers. We will do that.

DHS employees deserve an organization that provides top-notch professional training, and an organization that actually enables individuals to broaden their experiences by working in other components of the Department without interfering with their own career paths. DHS ought to reward the strongest performers and the team players. Our review has given us some very specific recommendations for building this kind of a team organization, and we will look forward to sharing more details with employees in the weeks and months to come.

Now, with all this, I have concluded that some structural changes are needed at DHS to improve mission performance. Modest but essential course corrections regarding organization will give us big dividends. Most of these can be accomplished administratively; a few will require congressional action.

Today I am announcing organizational changes that will include four important areas of focus. These include: (1) formation of a new, department-wide policy office; (2) significant improvements in how DHS manages its intelligence and information sharing responsibilities; (3) formation of a new operations coordination office and other measures to ensure operational accountability among our 22 different components; and (4) an important consolidation effort that integrates the Department's critical mission of preparedness.

Let me turn to policy first. I have proposed creation of a central policy office led by an under secretary for policy. This office will bring together our international affairs staff, a significant and new strategic planning capability, DHS-wide policy development assets, a senior policy advisor focused on refugee asylum policies, and enhanced private sector liaison resources. Collectively, this policy directorate will strengthen the Department's ability to develop and plan vital policies.

This office is not a new idea -- it builds in part upon the foundational work of the Border and Transportation Security policy staff, which is to be folded into the new policy directorate. Creation of a DHS policy shop has been suggested by Members of Congress, Secretary Ridge himself, and numerous outside experts. Now is the time to make it a reality.

Intelligence. The fact is that systematic intelligence lies at the heart of everything that we do. Understanding the enemy's intent and capabilities affects how we operate at our borders, how we assess risk in protecting infrastructure, how we discern the kind of threats for which we must be prepared to respond.

Right now, there are more than 10 separate components or offices of the Department of Homeland Security, which are intelligence generators, and all of us in the Department are consumers and users of intelligence information. We need to have a common picture across this Department, of the intelligence that we generate and the intelligence that we require. We need to fuse that information and combine it with information from other members of the intelligence community, as well as information from our state and local and international partners.

And as I said earlier, DHS can also do a better job of sharing the intelligence we're gathering and the intelligence we're analyzing with our customers inside the Department, with the intelligence community as a whole, and with our frontline first responders at the state and local level.

Therefore, today, I am announcing that the Assistant Secretary for Information Analysis will be designated as the Chief Intelligence Officer for the Department of Homeland Security. The Chief Intelligence Officer will head a strengthened Intelligence and Analysis division that will report directly to me. This office will ensure that intelligence is coordinated, fused and analyzed within the Department so that we have a common operational picture of what's going on. It will also provide a primary connection between DHS and the intelligence community as a whole, and a primary source of information for state, local and private sector partners.

Now, intelligence and policy don't mean very much if it's not translated into action. Under our plan, all seven primary operational components of this Department will have a direct line to the Secretary, but, to improve our ability to coordinate and carry out operations, we will establish a new director of operations coordination. The director of operations coordination will work with component leadership and other federal partners to translate intelligence and policy into actions, and to ensure that those actions are joint, well-coordinated and executed in a timely fashion. The operations coordination director will manage DHS's hub for crisis management.

Now, this integrating office will not disrupt our operators in the field, and it's not going to interfere with the component chains-of-command, because we do not aim to fix what already works. It's simply going to make it easier and more efficient for us to make everybody work together.

Finally, let me turn to the critical area of preparedness. The Department of Homeland Security has sometimes been viewed as a terrorist-fighting entity, but of course, we're an all-hazards Department. Our responsibilities certainly...
include not only fighting the forces of terrorism, but also fighting the forces of natural disasters. And of course, Hurricane Dennis was a reminder over the weekend of how potent those forces can be. Fortunately, we got a little bit lucky in the way the hurricane finally arrived.

But to ensure that our preparedness efforts do have a focused direction, we intend to consolidate all the Department’s existing preparedness efforts -- including planning, training, exercising and funding -- into a single directorate led by an under secretary for preparedness. Going forward, FEMA will be a direct report to the Secretary, and it will focus on its historic and vital mission of response and recovery -- a mission that it performs superbly. The importance of this latter capacity was illustrated powerfully as Hurricane Dennis made landfall this past week.

And the preparedness directorate will support FEMA with training resources and will continue to rely on FEMA’s subject matter expertise, as well as the expertise of other components in promoting preparedness. It will include our Infrastructure Protection division, as well as the U.S. Fire Administration, which is currently affiliated with FEMA, which will strengthen our linkages and our preparation with the fire service.

Further, as part of our consolidated preparedness team, I will appoint a chief medical officer within the preparedness directorate. This position will be filled by an outstanding physician who will be my principal advisor on medical preparedness and a high-level DHS representative to coordinate with our partners at the Department of Health and Human Services, the Department of Agriculture and state governments.

The chief medical officer and his team will have primary responsibility for working with HHS, Agriculture and other departments in completing comprehensive plans for executing our responsibilities to prevent and mitigate biologically-based attacks on human health or on our food supply.

We also keenly appreciate the efficiencies and vulnerabilities of our modern technology upon which so much of society depends. To centralize the coordination of the efforts to protect our technological infrastructure, we will also create the new position of assistant secretary for cyber and telecommunications security within the preparedness directorate.

The six areas of focus I've just described are all areas that will be priorities, among others, for the Department moving forward in the near term, and the offer at least an initial road map of large categories of our activity for the months ahead.

We look forward to working with Congress, our colleagues in the administration, and our partners to ensure that the agenda for DHS that I have just described can be implemented effectively. And we will continue to roll out new thinking and specific solutions to the issues that directly affect our security and way of life.

I'm pleased to say we have not been idle while waiting for this moment. To the contrary, we have taken immediate steps to promote security in a common-sense and balanced way. Since my confirmation, for example, we have resolved a long-simmering dispute by supporting the placement of hazardous material warning placards on rail cars. We have also announced a plan to open Ronald Reagan National Airport to general aviation, and the regulation allowing that to happen will be out very, very soon. And we affirmed a strong and achievable implementation plan for the Visa Waiver Program that requires biometric technology standards for passports issued by the nations that participate in our Visa Waiver Program.

Now, what's notable about these decisions is this: We just didn't simply pile on additional security restrictions. Instead, we have modified or even relaxed security measures that were no longer necessary, when risk analysis warranted doing that. After all, a balanced approach means the balance moves down as well as up.

So, moving forward, we will evaluate our decision making, strengthening security where it's needed, and eliminating unnecessary burden when it's possible to do that. And in that spirit today, I'm going to announce two decisions that illustrate this balanced approach.

In the category of strengthening security, after extensive consultation with the Department of State and the Department of Justice, DHS has decided to strengthen our U.S.-VISIT program. In the future, first-time visitors to the United States will be enrolled in the program by submitting ten fingerprints. Subsequent entries will continue to require only a 2-print scan for verification. This enhanced use of U.S.-VISIT will dramatically improve our ability to detect and thwart terrorists trying to enter the United States, with no significant increase in inconvenience.

In the category of lightening burden, TSA will suspend the post-9/11 requirement that commercial airline passengers departing or entering Reagan National Airport in Washington must remain seated for 30 minutes after departure and before arrival. Now, this 30-minute seating rule was a sensible measure when it was first applied. But now, almost four years later, significantly enhanced layers of security, ranging from hardened cockpit doors to air marshals, make it reasonable to eliminate this requirement.

So our work in protecting the homeland will always seek reasonable balance. Over time, as intelligence warrants and as progress allows, DHS will be open to change. We will be straightforward. If something goes wrong, we will not only make the necessary changes, but we will be open to doing that.
acknowledge it, but we will correct the error. But we will also stand up and let people know when we've done things the right way, or when we see a better way ahead.

In closing, let me address a special message to my colleagues and coworkers at the Department of Homeland Security. This is an exciting time for our organization. Change brings opportunity, and after a historic first two years, our young Department continues to hold one of the most important and valued roles in government -- the responsibility to protect the safety and security of our nation. It's a mission with President Bush placed squarely and confidently on our shoulders, and I share his confidence in you. As we face the future, we set these priorities and we make these adjustments always to serve that mission, to protect our families, our fellow citizens, our visitors, and our homeland.

So, moving forward together, let us answer this call by building upon that which has been honorably founded these past two years at DHS. We will proceed with unyielding focus and with quiet determination.

Thank you very much.