Transcript of Press Conference with Acting Secretary of Homeland Security Admiral James Loy on the FY 2006 Budget

Release Date: 02/07/05 00:00:00

For Immediate Release
Office of the Press Secretary
Contact 202-282-8010
Washington, D.C.
February 7, 2005

Acting Secretary Loy: Well, thanks everybody for joining us this afternoon while we lay out some of the priorities for this Department for the next year. I think it's appropriate for me to have an acknowledgment or two to the budget team here in the Department and throughout the Executive Branch of government that have been working so hard for these last weeks and months to compose the President's budget request for '06. And our CFO Andy Maner and our Under Secretary for Management Janet Hale has led that group and it's delightful to see this string of agency representatives here to answer all the questions that I can't answer or that you'll have a chance to ask them about when we're done with these opening remarks and some questions there.

I'd like to first mention a couple of things that were important to all Cabinet secretaries as a result of the Cabinet meeting this morning. The OMB Director wanted us to be very clear that there are some things that are consistent across all the government agencies as this budget goes forward. The dependence, for example, on continued economic growth, the vitality of the economic underpinning of our nation, when that revenue stream is pouring in, that's what enables us to do all these things that the federal government does for the United States, to think carefully about spending restraint on those corners of the budget that are appropriate where that belongs to be the focus, to think more and more about performance and results, what are truly measurable kind of things that we can point to as actual accomplishments and to allow this budget to be yet another step, another vote, and the importance of that. And of course, the President has stipulated that his goal is to cut the deficit in half by 2009. And this budget is a step in that direction as well.

I think you've all gotten a copy of the Budget in Brief for the Department of Homeland Security. There are a couple of themes that I'll just mention that are important throughout my comments and throughout, perhaps, your questions as well, but we have focused on five areas, as this upcoming budget request goes to the Hill. Revolutionizing our borders, it's an interesting verb, because an awful lot of the work that we've undertaken about borders to this point in time is now two years old. We're going to be in the refining mode on certain things. We are going to be strengthening projects and programs that have fared very well and actually produced those performance and results that we've talked about. But the revolutionizing notion means we should never be less than creative and innovative about the kinds of things we're trying to do at our borders, and this budget amplifies an opportunity to do those things as well.

We need to strengthen law enforcement. There is a very strong law enforcement side of this Department, and it's not all just in ICE. It's in the Coast Guard, it's in the Secret Service, it's in lots of other places, and strengthening law enforcement overall is a major theme of this budget.

We need to be thinking about improving national preparedness and response capability as a nation to deal not only with counterterrorism but to deal with all those threats, man-made and otherwise, that plague this nation. If you think about the National Response Plan, which the President signed and the Secretary distributed back in December, it's an all-hazards, all-threats kind of response plan, and our resourcing of and support to this nation literally from shore to shore is about upgrading the national preparedness and response to deal with any kind of tragedy that we might have to deal with.

Leveraging technology is another theme for this particular budget, and I offer that our Directorate, not only known at S&T, but in the inside of that, the effort to integrate functionally the research and development capabilities of the Department overall is going to be going on. It's a focused activity for us in this upcoming budget year.

And lastly, perhaps, and in many ways, I think maybe most importantly, the whole notion of creating a 21st century Department here, let this agency, as it is being developed and being born, almost become a standard for how we want government agencies in the 21st century to work.

There are new initiatives that I'll mention just a short list of, and then ask you to watch and hear some of the comments I made about them as I finish the remarks. One is the Screening Coordination Office. It's the notion by which we are going to gather many credentialing and detection and screening programs and pull them all into a single, focused office, the idea there being where we don't have to spend administrative overhead on ten different programs. If it is all pulled together with a single overhead, as it relates to administrative costs, then those saved dollars can be reinvested in the actual mission to be accomplished.
The Policy Planning and International Affairs Secretary that is being offered, we'll chat about it if you would like, the difference between an assistant secretary and an under secretary, but the bottom line here is it is a forum where major policy and regulatory activity can be vetted for the Secretary literally at his right hand. Pull that up to the Secretary's personal level for a variety of different things that are now being done in, I'd call, important and effort-laden but fragmented fashion around the Department. You have watched that be a recommendation out of the Heritage and CSIS report. You have heard our new nominated secretary testify to it at his hearing. And this is already now an initiative that is outlined in the President's budget.

The Domestic Nuclear Detection Office is an office that will be created as a national joint effort and housed in the Department of Homeland Security for the nation across the board, the whole notion of doing two things and doing two things extraordinarily well. First of all, deploying the capability we have to detect those nuclear materials today to optimize their deployment; and secondly, then, to put a fence around dollars attended to transforming that capability towards a next generation R&D effort. Those two things are going to be housed inside that office and be directed from our Department. And lastly, I think I mentioned in passing just a moment ago, the R&D consolidation is going to be taking place inside S&T.

Well, the President made clear in his State of the Union that one of our foremost responsibilities is to leave future generations, and I quote, “in America that are safe from danger and protected by peace.” For almost two years now, it has been the responsibility of this Department to ensure that the course upon which we have embarked is consistently and steadfastly ratcheting up our security and our preparedness measures on a daily basis in order to protect the American people from all manners of dangers, whether natural or man-made.

Since 9/11, from shoreline to skyline, our nation has undergone a sweeping security overhaul. As a result, we now have in place permanent protections at our Ports of Entry, in our skies overhead and at airports, and across the broad spectrum of our critical infrastructure as a nation.

In addition, we have built strong partnerships with government at all levels, internationally and with the private sector; and if the Congress approves this budget request, will have distributed record resources and funding of more than $17 billion for our local communities and first responders, and worked to foster a citizenry actively engaged in the work of emergency preparedness.

While the sum of these efforts have indeed made us safer and stronger, we cannot allow past successes and accomplishments to lull us into complacency. As the President says, we are safer, but we’re not safe. Ours is methodical work. We move towards a well-described end state of security that requires consistent effort and annual measured progress.

We must continue to rise to new levels of protection and look for innovative ways to consolidate and integrate existing security functions to more effectively serve our overall mission. And this year's budget will ensure that we do just that.

The President has reaffirmed his staunch commitment to this most pressing of tasks. By allocating $41.1 billion in new resources, a 7 percent increase over the current year, we will expand and improve existing programs as well as put in place new initiatives that will further strengthen and protect our homeland.

I'd like to clarify three numbers and their associated percentages so we don't fight our way through challenges of which number means what to whom, as often was the case last year. That $41.1 billion number is the DHS total budget proposal for fiscal year '06, a seven percent increase. $27.3 billion of that 41.1 is the homeland security slice of the DHS budget. As you all know, there are many other functions in the Department that have been deemed non-homeland security spending, and we need to make a differentiation between the total budget and which is, in fact, devoted to homeland security. That $27.3 billion is the homeland security slice of our budget for this year, a 9.9 percent increase from last year.

And the last number I would ask you to consider is to simply recognize that an awful lot of terrific work that helps us secure out homeland goes on in other departments. That total number, then, is $49.9 billion, the government-wide homeland security spending request in the President's FY 06 budget, an 8.6 percent increase.

Greater resource investments here include Immigration and Customs Enforcement, which will receive a 13 percent increase, including $176 million more for the detention and removal of those seeking to illegally enter the country, $176 million, 13 percent increase. It also recognizes that success in law enforcement and border security translates instantly into the requirement wherewithal to hold and to remove those efficiently, and this increase allows us to do that. It's this sort of system of systems that all of us have been talking about for the last couple of years, manifested in numbers here where success at our borders and at our portals translates to requirements that now need to be resourced properly in '06 and the out years.

We will also continue to support and utilize programs and technology that secure our borders and maintain the free flow of goods and people. For example, US-VISIT will receive $390 million to accelerate its deployment at entry points along our land borders, and since this program began, more than 400 criminals and immigration violators have been
stopped at our borders. Almost 20 million people have passed through the visit portals efficiently.

US-VISIT, along with other programs, such as Free and Secure Trade or FAST, NEXUS and SENTRI, Secure Flight, greatly aid our border security efforts by providing quick identity authentication and improved access control.

In order to further the work of these programs, as I mentioned at the beginning of my remarks, this budget proposes bringing all of these various screening initiatives under one roof in a new Office of Screening and Coordination, and that work is underway. More than $840 million would go towards this endeavor to consolidate and integrate these resources. And again, I would offer, with the lower administrative overhead, one would expect and we will make sure occurs, greater mission accomplishment in this SCO.

Protecting our borders requires the joint partnership of both government and business, and that's why I'm pleased to announce $54.3 million to continue and enhance the efforts of our Customs Trade Partnership Against Terrorism. This program helps expedite the processing of cargo at our borders while ensuring its security.

Of course, one of the most important initiatives for securing cargo has been the Container Security Initiative, which finds U.S. inspectors now in 34 ports all over the world targeting and screening high-risk cargo before it ever reaches our shores. This effort will receive $138.8 million in 2006, including a $5 million increase to facilitate its expansion to other international ports, as the Congress approves -- if the Congress approves this budget.

The Coast Guard will receive a 9 percent increase to be put towards the acquisition and utilization of technology and resources that will continue to enhance our Maritime Domain Awareness, and our ability to respond when needed. And this includes $966 million towards the ongoing resource modernization project, the Integrated Deepwater System.

One of our main security priorities has been and will continue to be our transportation systems, especially aviation. This year's budget increases funding for the Transportation Security Administration to more than $5.5 billion. As part of these funds, TSA will devote more than $43 million towards technology that will improve the detection of explosives at airport checkpoints, a total of $100 million for this initiative over two years. A significant increase in fees attendant to aviation passenger travel will be a part of the revenue stream attended to getting this job done.

Indeed, technology holds enormous potential to meet many of our most pressing security needs and we must bring those resources to bear in our fight against terrorism. Our Science and Technology programs have helped harness the power of innovation, from biological and chemical sensors to portable radiation monitors, these are real tools in the hands of law enforcement and first responders that make the difference, in terms of making our cities and our communities more secure. This budget will allocate $227 million to support the efforts of the new Domestic Nuclear Detection Office. DNDO will devote resources to developing and deploying the technology to detect nuclear material, and in so doing counter one of the most dangerous threats we face. On a daily basis, there are countless individuals behind the scenes training and preparing to prevent and respond to threats of all kinds. From a nuclear explosion or a chemical gas release, to a hurricane or an earthquake, first responders are truly those that walk the frontlines of this effort.

And we will continue to honor our commitment to these brave men and women by distributing some $3.6 billion to train and equip our police officers, our firefighters and our emergency personnel. This funding will also help aid the overall emergency preparedness efforts currently underway in the states, efforts that are connecting our cities through regional partnerships, plugging gaps with mutual aid agreements, and drawing the country closer to the realization of a seamless stretch of security that reaches from coast to coast.

As many of you know, one of Secretary Ridge's mottos was that for the homeland to be secure, first the hometown had to be secure. This means getting funds directly into the hands of local and state leaders so that they can put this money to use quickly and efficiently. And to that end, we've restructured our grant process to both expedite the flow of funding and at the same time ensure that resources are getting to those with the greatest security need. Risk and vulnerability, those are the needs that need to be addressed as part of the delivery of these dollars to the local area. As part of that effort, Urban Area Security Grants will increase to more than $1 billion, and we've set aside an additional $600 million in targeted infrastructure protection grants to address pressing risks at ports, energy facilities, and transit systems. Risks and vulnerabilities need targeted, and that's where these dollars should go.

We will also further support the vital role of FEMA in their work to prepare communities and assist victims of disaster, including $20 million in new resources to develop and implement catastrophic incident training.

As we continue forward to meet the security needs of our nation, we must continue to meet the needs of a new Department. So this budget also provides for the continued integration and consolidation that must occur when 22 disparate agencies and departments come together, including $53 million towards the development and execution of our new human resources system.

Time allows me to mention, as is always the case, to mention just a small sampling of the programs and policies that will shape our work in the coming year. This business requires a Department that remains dynamic and embraces change. Budget priorities change from year to year as problems are solved and new challenges emerge. And our
change. Budget priorities change from year to year as problems are solved and new challenges emerge. And our responsibility is to hold our strategic course and meet those challenges systematically.

This course is defined by our commitment to freedom and fueled by our determination to secure that freedom from those who would take it from us and from our children and grandchildren. We have an enormous amount of work to do and this budget allows us to get at it aggressively. We look forward to the next weeks and months of working with the Congress to get this presidential request enacted into law.

Thank you very much for your attention. I'll take some questions and then turn the podium over to the budget team for more of your interest.

Sir?

**Question:** What happened to BioShield? I noticed there's no money allocated to DHS this year for BioShield.

**Acting Secretary Loy:** Well, the Bio initiative over the first two years of the Department was sort of shared, if you will, both budgetarily and policy-wise between HHS and the Department of Homeland Security. And over the course of the last year, the policy decisions to allow that focus to stay in HHS was made in the dollars that are attended to that.

Sir?

**Question:** Mr. Secretary, the HSDN program, the critical program to wire up the various networks at various levels of security for the Department, funding for that appears to be spread across several agencies and directorates in the Department. Who is going to be in charge of that and how are you going to manage these transfers and funds which were a pitfall last year with CIS?

**Acting Secretary Loy:** There's two initiatives that I would cite. At the point of the first anniversary of the Department, you might recall the Secretary focusing on two what he called "key priorities" for the second year of the Department, and one of them was about information sharing and one of them was about interoperability. In both of those instances, we have developed freestanding offices now that reach in a matrix fashion across the Department to efficiently manage and prosecute those particular initiatives. So HSIN, the Homeland Security Information Network, HSDN that you cite, the Homeland Security Data Network, are now efficiently managed in a matrix fashion out of the two sites that are responsible for those two key priorities for the Secretary as he cited them then.

Sir?

**Question:** Last year's intelligence bill called for 2,000 more Border Patrol in 2006 and 10,000 over five years. This has only an increase of 210 Border Patrol. Can you explain why the huge discrepancy between what the intelligence law calls for and what the administration's asking for here?

**Acting Secretary Loy:** Well, I think it's basically where the reality of the budget request and competing very positive initiatives intersects with goals at the other end of the day, and I can suggest that because of the requirement to recognize the legitimacy of other competing and very important priorities, and the recognition that there are 1,500 new agents already in that process over the course of the last couple of year. And actually, in the way that we have reconfigured the Department in ICE, there are now thousands of special agents available to do what is necessary to be done. So it was simply recognized that the 210 for this year is a reflection of millions of dollars of additional emphasis on that particular corner, and also recognition that we need to balance those things as we go on down the road with other priorities.

Yes, ma'am?

**Question:** Admiral, the Heritage CSIS report called strongly for an Under Secretary, I believe, for Policy Planning. Can you explain, I'm interested, the difference between under and assistant? And also, why do you find it necessary to combine International Affairs with Policy Planning?

**Acting Secretary Loy:** Great question, two pieces of it. First, with respect to Unders and Assistants, I personally believe and I think it will be appropriate to be left to our new If team, both Mr. Chertoff and Mr. Jackson, to sort their way through the Assistant/Under decision. We have an approved decision memorandum from Secretary Ridge that's dated several months ago, actually, that because of the authority he has in the law, we could establish the Office as an Assistant Secretary. He wouldn't need to go back to the Congress to upgrade that particular office to be an Under Secretary. So the combination, I believe, of what is now a part of the President's budget, what I would hope that the new leadership team would endorse as a policy shop to be the right place for the Secretary to vet important policy and regulatory notions, can be established as an assistant, and maybe the first, the legislative initiative under the new team would enhance that to an Unders level and allow the Congress to make that consideration as part of what they will consider.

**Question:** And the combination of International Affairs?

**Acting Secretary Loy:** Sure, I think it's fundamentally just a reflection of lessons learned over the course of the first...
Acting Secretary Loy: Sure. I think it's fundamentally just a reflection of lessons learned over the course of the first two years of the Department's life. I can't -- I can almost not think of any of these major border initiatives or international standard setting activities that we've undertaken that has not recognized the connectivity, if you will, or the connection between policy and the world of international affairs.

I have chaired, with my counterparts in Canada and Great Britain, contact groups, working agendas attended to border issues and international standard setting issues, and invariably, we talk about policy one hand and we're always doing it in the international community. So there is precedent elsewhere in government for a Policy and International Affairs shop. I can recall an experience in the Department of Transportation when that was the case, and there's just such a harmony between -- whatever the policy is going to be, it has implications invariably in the international community, and if we can get those folks working more closely together, that should be something that we do.

Sir?

Question: Admiral, there's quite a sizable jump in funding for the Counter-MANPADS program, almost $50 million. Could you explain why that sudden jump was only $1 million last year? And also, does this signal some change in the Department's attitude that this is a feasible process in the near future?

Acting Secretary Loy: Well, first and foremost, I think we have to recognize that it is a research and development investment. It is not a decision, by any stretch of the imagination, one way or the other, as it relates to deployment or actual deployment sometime down the road. Those are decisions yet to be taken. The $110 million offers us a chance to procure an adequate number of systems, to develop those systems to the point where we can make good full deployment decisions when that bridge is reached.

So at the moment, for '06, this $110 million will allow us to get those cards all face up on the table when it's time to make deployment judgments, and to do with a sample, if you will, that is -- of systems -- that is actually projectable towards both performance and efficiency kinds of judgments that we are going to be insisting that the contractors offer us as part of the return.

So our judgment here fundamentally with MANPADS is to do the research necessary, design the equipment necessary, test the equipment, and evaluate the equipment necessary as a prelude to any kind of deployment decision that would be taken on down the road.

Yes, ma'am. Be right with you.

Question: Admiral, you talk about wanting to increase the emphasis on law enforcement, but I see here that the Law Enforcement/Terrorism Prevention Grant Program is no longer in existence as a separate grant program. And if I look at the numbers correctly, it's going to be 20 percent of about one million, so it's going to be cut from about $500 million last year to $200 million approximately.

Acting Secretary Loy: Actually, it's both the UASI grants and the SLGPC grants that have the 20 percent threshold, and the $400 million will become about $408 million as a threshold, and it actually may be more than that, depending on the efficacy, if you will, of the applications that are forthcoming.

So we can, at a minimum, parallel with a little bit more money, about $8 million more last year's effort, and stand the opportunities to significantly increase the focus on law enforcement as a result of this 20 percent threshold approach.

Question: Admiral, the airlines, through the APA, opposed the increase in the passenger -- per passenger fee. They say that it does -- the budget does not increase the amount that the government will spend on aviation security. And they also say that this breaks a promise that the Bush Administration had made to pay for airline security as a matter of national defense. So I was wondering if you could tell us if -- what is happening to the amount of the budget spent on aviation security. And also, does this signal some change in the Department's attitude that this is a feasible process in the near future?

Acting Secretary Loy: Well, I think -- first of all, the fee increase is on the passenger fee, not the airlines' fee. We have expressed the administration's interest on the basis of airline commentary three years ago that a $750 million threshold would be the proper basis in terms of airline fees. We pressed that as part of the President's request for the '05 budget. The Congress saw fit to appropriate $350 million as the right level of fee contribution to be expected from the airlines for that revenue stream.

So the President's budget this year seeks just the $350 million, having learned that was the congressional intent as a result of the debate last year. Now, having said that, there is also a strong statement on the part of the request for the passenger fee increase to do two things. One, recognize what many focus groups and other kinds of solicitations of opinion from the traveling passenger public of the United States would yield, and it's often been as much as $9 or $10 for a leg that they would be willing to pay, assuming that they were feeling convinced that the security value they were getting for those dollars was actually what they were getting.

We have every indication that the traveling American public would be not concerned about the additional $3 in the first
We have every indication that the traveling American public would not be concerned about the additional $3 in the first leg of the fee. And the dollar value that would be yielded by that additional fee would, for all intents and purposes, pay for the checkpoint security service that they as receiving passengers and customers, so to speak, would actually get in terms of aviation security.

So there’s a logic path here that I think makes an awful lot of sense. Allow the passengers to pay a little bit more per leg, well within what they have exhibited a willingness to pay, and acknowledge the debate last year between the administration and the Congress with lots of participation by the airlines has settled on this $350 million total annual expectation from the airline fee itself.

I'll take one or two more. Yes, ma'am.

**Question:** Last year, there was a lot of talk about how TSA had to focus more on other modes of transportation besides aviation. It looks to me like this budget actually cuts funding for tran -- surface transportation --

**Acting Secretary Loy:** Well, we need to look a little deeper. There is a new infrastructure protection grant program within our departmental grant programs that will be about a $600 million increase to what was about a total of $315- or $320 million last year. So inside the total grant program is a recognition that absolutely, whether it's about ports, whether it's about rail, whether it's about transit, whether it's about highways, those kinds of bus fees, what they added up to last year is about half of what is set aside, in terms of infrastructure protection. When you add in some potential buffer zone protection activities from our IP world, we are centralizing in the Department one place to do this -- one-stop shopping, so to speak, for grants overall, and with a clear delta in there to make a difference for those programs that have found funding in the past.

Yes, sir?

**Question:** What's the rationale for cutting the overall state and local funding--

**Acting Secretary Loy:** Well, the rationale for me is if you see what has gone out the door over the course of the last several years, there is a context against which we can now focus on what actually needs done. The number that I gave you earlier in my comments was $17 billion of resources that have flown from the federal coffers into the hands of first responders, state and local efforts over the course of the last several years.

It is time for us to focus more on the actual threat, the risk attended to that threat, the vulnerabilities associated with that threat, and be much more surgical, if you will, as it relates to the means by which those dollars, $3.6 billion, of course, still in this request that will be distributed to those folks in fiscal ‘06. The difference there between the Patriot Act formula and this approach, where we’re focusing on competition, on an application from the state and local folks to actually get around to what they want to get around to, enables us to do that focusing, which we believe to be in the best interest of the nation as a whole, to continue to -- I won’t say blindly -- but to continue to use a formula with a distribution algorithm that arguably can take monies where it is lesser needed, rather than send it to where it is more needed is something that is corrected with the President’s approach to this budget.

Thanks, folks, very much.