THE BROOKINGS INSTITUTION

THE STATE OF U.S. HOMELAND SECURITY

Thursday, June 1, 2006
2:00 p.m. - 4:00 p.m.

The Brookings Institution
Falk Auditorium
1775 Massachusetts Avenue, N.W.
Washington, D.C.

INTRODUCTION:

STROBE TALBOTT
President, The Brookings Institution

KEYNOTE ADDRESS:

MICHAEL CHERTOFF
Secretary, Department of Homeland Security

MODERATOR:

RICHARD FALKENRATH
Senior Fellow, Foreign Policy Studies
The Brookings Institution

PANELISTS:

MICHAEL B. D'ARCY
Nonresident Technology Fellow, The Brookings Institution

JEREMY SHAPIRO
Director of Research, CUSE
The Brookings Institution

MICHAEL O'HANLON
Senior Fellow, Foreign Policy Studies
The Brookings Institution

P R O C E E D I N G S

MR. TALBOTT: Good afternoon everybody. I am delighted to reconvene this meeting and also particularly pleased to be able to welcome here to Brookings, Michael Chertoff to bring his authoritative voice to the discussion that we have been having over the past hour or so.

As I think all of you know, he has the newest job in the Cabinet, and it is also one of the most difficult and demanding. I think you all know a bit about his career. In a nutshell, I think it is safe to say that he moved from a relatively, and I would say relatively, comfortable seat on the Federal bench, namely the Third Circuit Court of Appeals, to what is just about the hottest seat in this town or anywhere else.

He has worked on the issue of Homeland Security for quite some time. Before becoming a judge, he was the Assistant Attorney General for the Criminal Division in the Department of Justice, and he was just recalling for me a moment ago, that allowed him to work in the trenches on this issue with our Brookings colleague and trustee, Larry Thompson on America's response to 9/11.

As you all have been reminded during the past hour plus, Brookings has also been working very hard on this issue, across departmental lines, since 9/11 and even going back before 9/11, and nobody at Brookings has been working harder on this set of challenges facing the Country than my friend and colleague, Rich Falkenrath, who has done so much to put today's program together.

After Mr. Chertoff speaks to us, Rich is going to moderate a discussion with all of you.

So, Mr. Secretary, thank you again for getting up and leaving a meeting with the President to be with us here this afternoon.

[Applause.]

SEC. CHERTOFF: I want to assure you I did not leave the meeting before it was over, much as I was looking forward to coming here.

Strobe, thank you for the introduction. Richard, good to see you again.

I appreciate your turning out to hear me talk about the state of Homeland Security, and I do so with the vantage point of being on the job for about a year and a quarter now but also, as Strobe said, having been at the Criminal Division, really at the inception of the modern age of Homeland Security, which was the attack on September 11th.

As you know, the Department has a broader scope than just terrorism, although terrorism is clearly a top priority. Obviously, at this particular moment, there is a very vigorous debate about the issue of immigration, and that implicates the activities of my Department very, very much.

We also are clearly focused on the issue of increasing the protection of our critical infrastructure. We have had a lot of discussion about courts, and I am going to spend a little bit of time telling you what we are doing in that regard.

Finally, of course, there is Mother Nature. Today is the official launching of hurricane season. It does not mean there is a hurricane on the horizon. Those tend to come a little later in the summer, but I think it has been a date that has focused us on the need to put into effect some of the lessons we learned during the course of the hurricanes last year.

Before I talk about these individual areas, I would like to stand back and look overall in a strategic way at how we conduct business at the Department. Here is the core fact of Homeland Security. We cannot protect every single person at every moment in every place against every threat. It is not possible, and if it were possible, it would be prohibitively expensive. What we have to do is manage the risk, and that means we have to evaluate consequence, vulnerability, and threat in order to determine what is the most cost-effective way of maximizing security. That means that there are going to be some elements of security that will not necessarily get full coverage. To do otherwise would be to put us in a situation in which we would sacrifice our liberty and sacrifice our prosperity.

Risk management is easy to pay homage to in the abstract, but when actual decisions get made, it tends to rub the people who come out on the short end the wrong way. Our commitment on this

issue is two-fold. We are always willing to listen to criticism and discussion and facts that are brought to our attention and to recalibrate, but at the same time, what we have to do is be candid with people about what it is that our constraints are, what our task is, and how we order our priorities. I don't think telling everybody that we are going to deal with everybody's issues is a rational or particularly persuasive way of dealing with this very important issue.

Let me give you an example of risk management in action drawn from today's newspapers. Yesterday, we announced $1.7 billion in State Homeland Security Grants. Now, I want you to recognize that this particular set of grants is against the background of a series of grants that we have given out over the past four years. The first thing we do is we look at the grants cumulatively. What we are trying to do in awarding these grants is to build and invest in building capacity to increase security. It is kind of like a capital program. Like any capital program, whether it is building a new building or rebuilding your house, you don't invest the same amount of capital every single year. What you want to do is get yourself up to kind of a basic level, and then you want to make sure you are adding as you can but also raising everybody else's level to make sure that we get the total maximum benefit for the most people. That is risk management.

So, what we have done is we have put greater flexibility in, but we have put more strict and clear guidelines. We have weighed risks, but in addition to simply prioritizing grantees based on risk, we have also looked at what do they want to use the money for. What is the investment justification? Particularly those investments which have a high value because some communities are operating from a low level of preparedness, those deserve extra weight. A community that has gotten money for investment year after year after year and has built up its general level of protection, its investment justification in terms of the marginal value of the additional dollar may be comparatively less.

In order to try to be disciplined about this process of evaluating risk and also investment justification, what we did this year is not only put into effect a more sophisticated risk formula, but in

terms of evaluating investment justification, we brought in peer reviewers from state and local government, obviously not passing on their own applications, to make a general evaluation of the investment justifications for the communities that were presenting proposals for grants. I think that is the right way to do it. Obviously, if you read the paper, you know not everybody is satisfied with it.

There are a couple points I would make as you look at this kind of issue that arises because I think it speaks a lot to this question of risk management. A very simplistic view of our award with respect to this particular year's urban grants had a headline that said we were cutting aid to New York. That is, however, what I would say is an analysis taken well out of context. If you look at the total number of awards at all levels, you realize that both New York City and New York State got tremendous amounts of money this year. But beyond that, if you look cumulatively over the past four years at the urban grants, what you will see is that if you average the prior three years of grants to New York City, this year's grant was directly in line with all of those prior years, taken on an average. What had happened was New York had a very low year followed by a very high year that counterbalanced it, and people making the comparison only compared it with the high year. I think anybody who does basic statistics knows that is not an effective way to make a real comparison.

The fact of the matter is, and I want to be unambiguous, we have consistently ranked New York as the number one risk locality in the Country, and for that reason, over the past four years of just this single one program, without even getting into the other programs, we have awarded more than $500 million to New York. That is more than twice the money given to the next highest ranked city, which is Los Angeles. So, when people make comparisons, I think it is important not only to look first of all at the full context but to understand that part of our obligation is not only to make sure that our highest risk cities are continuing to build on the increasing base of security that we and they have provided to their citizens but that we also take care to make sure that we are not neglecting those cities that have not had even that initial baseline, so that we can elevate all of the potential targets,

always making sure that we are balancing with overall risk in the overall context in the situation.

Now, another area where we have to manage a risk is border security. The President spoke again today about the importance of taking a comprehensive approach to immigration. This is a very controversial issue. I think the President well understands and I well understand there are deep emotions that run on every single side of the discussion, and it touches on some of the more essential core feelings about what it is to be an American.

On the one hand, I think all Americans have a fundamental belief that we ought to be able to control our borders and have the law applied and upheld. On the other hand, I think probably almost everybody here is a descendant of an immigrant, and so we do feel that in general people who want to come to the United States to work hard and better their family life are motivated by an impulse that I think we all understand and cherish and respect because it is the impulse that brought our forefathers here. The challenge is how do you square these two, and how do you manage the risk, so that we keep out the people we really don't want in — the criminals, the drug dealers, and the people who are potentially terrorists — while upholding the Rule of Law but also recognizing economic realities that have a very powerful effect on how we manage our borders.

Well, first, we do have to put the necessary resources at the border itself, and that is why, as the President announced a few weeks ago, we have gone to Congress with a proposal that would ultimately double the number of border patrols by the end of 2008 in comparison to what we had when the Administration began in 2001. That would get us up to 18,000. In addition to that, there would be miles of fencing, tactical infrastructure, and beyond that, a 21st Century proposal for an integrated, high tech virtual fence including Unmanned Aerial Vehicles, sensors, and infrared technology which would allow us to bind together and leverage the value of these border patrol agents in terms of maximizing control across the border.

A second part of this is recognizing that a huge element of what makes people cross the border

is economic. You cannot treat the border as an issue that is dealt with simply by the application of a large number of people at the border, trying to stop people from coming over. The fact of the matter is people are willing to cross the desert in 120-degree heat with their children, putting their lives at risk to come to take jobs in the United States, and that is a powerful motivator. It is going to be awfully difficult to deter those people from coming across.

So, there are two approaches. One is you have to deal with the issue of the employer who is luring people in with jobs, and that is more robust interior enforcement to give the employer a real incentive to comply with the law and make sure that they are following the law. But you also have to give people a path to follow the law that is a reasonable path. Most employers want to stay in business, and if they are not able to satisfy their labor needs with the local labor pool, they are going to feel very strong pressure to bring people in from wherever they can get them. Giving them an ability to get temporary workers under a system that is not an amnesty but that is regulated, that has built-in security features, is the kind of approach that would answer this economic need and that would also answer the pressure that pushes people to make that trek across the desert. This is the kind of basic microeconomics.

Building a comprehensive system is, in my view and I think in the view of the President, not only appropriate in terms of economics and fairness but also the absolute necessity if we are truly going to have control at the border. It means more forces at the border, but it also means attacking the economic engine that is motivating so much of the pressure that applies in the area of immigration.

Turning to the area of critical infrastructure, the fact that we all know is that part of the critical mission of this Department has to be raising the level of protection against acts of terror. Clearly, we want to take the war against terror to the enemy. Every time we strike a blow against the leadership of al-Qaeda or affiliated terrorist groups overseas, we are increasing our homeland security. We have

a layered defense system, and part of that layer is to, in an intelligent and cost-effective manner, raise the level of protection of the targets in this Country. We need to do it in a way that doesn't break the system we are trying to protect or that doesn't so damage the businesses that we are trying to fortify that the businesses themselves collapse. It would, in fact, be a victory for terror if we so encumbered our system with security that it ceased to function as a prosperous economy and as a free Country.

Let me talk about some of the things we are looking to do.

In the area of port security, we are looking at, in particular, risk management focused on high consequence events. Everybody's nightmare scenario is a weapon of mass destruction, radioactive or a nuclear device, coming in through a container coming to one of our ports. Now, if we believed in absolute security at all costs, we could easily deal with this problem. We would simply stop containers from coming into the ports, or we could take a solution that actually has been suggested by some people which is a physical inspection of each container. I want to suggest to you that either of these approaches would have such a destructive effect on the American economy, that we would be handing the terrorists a victory on a silver platter.

What we want to do is be intelligent and risk-focused. That means we want to use intelligence-driven analytic tools to target those containers which, based on their history and the history of the shipper and the consignee, we ought to worry about. We want to continue to deploy radioactive scanning machines, looking to, by the end of this year, get two-thirds of the containers coming into the Country scanned through those machines and almost 100 percent by next year. We want to go to the investment of technology for the next generation. We want to work with our overseas partners, building on projects such as the pilot in Hong Kong which would actually have x-ray machines scanning containers before they get into the queue for being loaded onto ships to come to the U.S.

All of these approaches, which are well underway and which Congress has been very supportive of, are ways of managing risk by focusing on the high danger elements of what comes in

without fundamentally impeding the flow of the system.

Likewise, in chemical security, as I have indicated previously, the time has come to have a chemical security bill that gives us the tools to have intelligent regulation of the chemical industry in particular with respect to those high hazard chemicals. The approach we have suggested that Congress take, and we are working with Congress on this, is to tier by risk. Look at the high risk areas and the high risk chemicals. Set performance standards that don't micromanage how one achieves good performance but is very clear about the performance that we are going to insist upon and then builds in incentives and, frankly, sanctions if those performance standards are not met.

This is an approach, by the way, that I hope to see us deploy across all of the sectors of critical infrastructure. We are starting to do it with our new Air Cargo Rule. I anticipate soon we will be doing a similar proposal with respect to rail transportation of hazardous materials. What we need to be doing over the next year is continuing to build on this model of intelligent, cost-effective, and risk-based regulation and market-driven incentives to generally raise the level of all of our infrastructure security without fundamentally compromising the way our economy works.

Finally, I have to talk a little bit about preparedness, and that is preparedness to respond not only to the terrorist event but to respond to the natural hazard. The President, late last year in September of last year, mandated that we work with our state and local partners to conduct a comprehensive review of emergency plans. We did an initial report that was due in February — I think Congress actually put this into law — and our deadline for a final report is this month, and we will meet that deadline. The fact of the matter is we have taken a pretty candid look at the state of preparedness, and it is uneven — good in some places, not so good in others.

We are going to be working with our state and local partners to help them improve their preparedness, recognizing that the fundamental principle is that state and local officials are the first responders in all but the most extraordinary circumstances. Not only is that true as a matter of the

legal authorities that exist in this Country, because the fact of the matter is it would be very difficult for Federal officials to order a local evacuation, given the legal tools and legal authorities we possess, but also because it is local officials and state officials who know their population, who know their geography, and who are best situated to write the plan that will give their citizens the most safety. The Federal Government cannot write plans for 50 states and thousands of municipalities. What we can do is help those government agencies write those plans, working with them and with the citizens of various communities.

We have worked, however, also in terms of our own house. We have worked to make sure that we have brought FEMA into the 21st Century. We have done it by not necessarily spending a huge amount of money but by sitting down and doing the very hard work and detailed planning that you need to do to forge a 21st Century organization, one that can deliver commodities, tracking where they are on a real-time basis, and we now have that capability. Using modern wireless technology, so that we don't need to make disaster victims come to us to register but so that we can reach them out in the field and register those using laptops. Building the kinds of plans that enable us to work with the Defense Department to bring the kinds of assets to a scene in an emergency that are needed to rescue people when they are in dire straits.

These are the kinds of things, frankly, that were long overdue. Although we have more work to do, we have reached the level we need to reach, at least for this hurricane season, to say that we are much better prepared and ready to go into action if it is necessary that we do so.

Now, I know there are people and there are voices out there that say things would be a lot better if FEMA were pulled out of DHS and resurrected once again as an independent organization that would have this direct line to the President. But I can tell you if you look back historically, FEMA has never been a large organization, and like any other agency, whether it is within DHS or elsewhere, it will always have to be building its budget within the general government process.

What I can tell you is this, though. If you look back on last year and you look forward to this year, FEMA's ability and the Federal Government's ability to bring assistance and aid to people who need it has been dramatically increased because we have been able to put all the assets of DHS at the service of FEMA when those assets are required, in building the kinds of capabilities that will help FEMA by giving us an ability to put aircraft up to look at a disaster scene or to put radio teams in to report on what is going on, on the ground. It is because we have been able to draw upon the assets of Customs and Border Protection, Coast Guard, Immigration and Customs Enforcement. We can take trained agents and trained Coast Guard officers and enlisted personnel and put them in to help FEMA, precisely because we are one department.

If there is any lesson that we have learned, whether it was in the intelligence community or in the area of dealing with Homeland Security, it is that stovepiping never works. The hard work that was done for planning for the first time in the last couple of years could have been done in the last 10 years but wasn't done. I suggest that what we need to do now is continue to build on the hard work that has been done, complete the planning, and continue bringing these 21st Century resources in, so that we can, in fact, be as prepared as we need to be not only this year but in the years to come.

My last plea on a personal level, preparedness at the end of the day, no matter how well it is done at the government level or at the community level or at the business level, requires individual contribution. It is an article of faith among people in emergency management that people ought to be prepared to sustain themselves for 48 or 72 hours until help comes. It is an article of faith that you ought to have a plan, so if a family is separated when an event happens, you know where to go. It is an article of faith that when people tell you to evacuate, local officials, you should take that instruction and act upon it.

If able-bodied people don't take care of themselves, then what they are going to do is distract the responders who would otherwise be out in the field, helping those who couldn't help themselves

either because they were too poor or they were too sick or they were too infirmed. Therefore, I have kind of made the plea that it is a civic responsibility for the able-bodied to make sure they have done what they need to do to prepare, so that we can turn in the first instance to those who can't help themselves and who have therefore a right to expect government will step in to help them.

Thank you.

[Applause.]

MR. FALKENRATH: The Secretary has agreed to take a few questions as his schedule allows. I ask that you identify yourself and that you be very brief in your question and that you only do one question, not the multipart questions that we sometimes get.

MR. LOVELL: I am Mack Lovell [ph], George Washington University. I just wonder if any thought has been given to the long term problem of why there is so much dissatisfaction with the United States, particularly in the Middle East and whether there is some strategy, long term strategy, we could follow to ameliorate that. Thank you.

SEC. CHERTOFF: The answer is yes. First of all, clearly, there has to be a long term strategy for dealing with the tensions that give rise to the Islamic Jihad as a radical Islamic Jihad in the Middle East. Part of that, frankly, is bringing the Rule of Law and bringing democracy to the Middle East. I share the view of many people that at the end of the day what motivates people to reach out to terror, apart from the people who have psychological disturbances, is a sense of frustration with their own lives. It is not just economic because if you look at the hijackers, Mohamed Atta was the son of a doctor and was very prosperous, and they had a group of folks, of terrorists in Germany who were studying in institutes of higher education.

So, a strategy of outreach, a strategy of promoting democracy, frankly, a strategy in our Country of tolerance and respect for other religions which I think we have been very good about, those I think are hallmarks of what are the ultimate solutions for a durable remedy to the problem of

terrorism.

MR. KESTENBAUM: Thank you. My name is Charles Kestenbaum [ph]. I am a Middle East business consultant.

I would like to follow that question with a related one. It involves issuance of visas. My question is: Who is in charge of issuance of visas? The reason I ask you is because I go out there, and I am constantly bombarded by friends who went to school in America, who have homes in America, whose children were born here, and they wait six months to a year for a visa. When I call the embassies and I say, why is such and such a person with a long dossier and file in our possession and record of coming here many times, the embassies say they don't know who is in charge or they can't tell us why these decisions are taking so long. Now, understanding a year later maybe, but four years on?

Who is in charge and how are you going to fix that system, sir? We can't make friends into enemies, or you will have more terrorists not less. Thank you.

SEC. CHERTOFF: Well, first of all, Secretary Rice and I, just a couple of months ago actually, we spoke about this issue. We clearly need to be more welcoming to people who want to come to this Country to work, study, and travel.

The division of labor is that the State Department does the interviewing and has the kind of front end. We do play a role in vetting visas in terms of people coming in. It is not always as efficient a system as it needs to be. One of the things that Secretary Rice and I have committed to do is, first of all, to try to rationalize some of the very different programs that have grown up over time, so we can collapse them into a smaller number and a more reasonably based approach to the various categories of visa. Some of it, of course, is driven, at least in certain circumstances, by Congressional caps, and I know there are efforts now in Congress to raise some of the types of visas that are available which would, of course, also have an effect.

There is no question that we are benefited by promoting travel in this Country by people who wish us well rather than harm, and that is another way to promote good American values overseas.

MR. MAGNUSON: Stew Magnuson with the *National Defense Magazine*.

The former Inspector General, Clark Kent Ervin, has kind of emerged as a leading critic of DHS. I was wondering, first of all, have you read his book, *Open Target*, or do you intend to, and how do you respond to his main criticism that DHS is under-funded?

SEC. CHERTOFF: No, I haven't read it. Will I read it? I will have to see. It depends on what else I have to read.

In terms of under-funding, I have never heard anybody say a department is over-funded. Well, actually, some people do say that, but no one in a department has ever said that.

We live in a constrained world. The fact of the matter is there is not a limitless budget, and there are tradeoffs that have to be made. That being said, if you look at Homeland Security and its funding flow over the past several years, it has increased each year, and there has been a good deal of attention to giving us the resources that we need. Our obligation, and we are moving in the direction of satisfying this, is to be more precise and more tailored in our planning, so that when we get the resources, we deploy them in an effective manner. This Department has had a very strong record of support on the budget front.

MS. JAKES JORDAN: Hi, Lara Jakes Jordan, AP.

There was a worksheet, Mr. Secretary, showing why or explaining why New York didn't get more UASI funds this year that went out yesterday. It indicated that Homeland Security evaluated that there were no national monuments or icons in New York City. I am kind of wondering why the Statute of Liberty, the Brooklyn Bridge, these places weren't considered national icons, why DHS counted only four, I think, financial institutions in New York, and whether you are prepared to put more money back to New York in face of the criticism.

SEC. CHERTOFF: Before I get to the particulars, I want to be very clear about this because I think to say that there was a cut to New York is, frankly, to take out of context what the history of funding has been. The fact of the matter is in 2003 New York as an urban area, just the city, forget the state which is tons more money, got a little under $150 million or about 25 percent of the total funding. The next year, 2004, it got only $46 million or about 7 percent of the total funding. That shortfall was made up in 2005 when it went up to $207 million or again 25 percent of the total funding. If you average those out, it comes out to about 18 percent. That is pretty much dead-on what they got this year, and this was a year in which the total amount of money was reduced.

So it is only a reduction if you choose to look at the highest year of funding rather than the average year of funding. I think it does a little bit of disservice to what was done here to be that selective about what you use as your benchmark. The fact of the matter is New York has gotten over half a billion dollars during the four years of this program, and that is more than twice as much as the next biggest city.

As far as the particular issues, the Brooklyn Bridge and the Empire State Building were counted in different categories. As to why the Statute of Liberty wasn't counted, it happens actually to be a Federal enclave, although it is technically within the jurisdiction of the city.

I don't know the answer off the top of my head, but I can tell you that it did not affect this decision because as far as the risk calculation was concerned, New York was number one on risk. The determination that affected the ultimate dollar value was based upon the investment justification and the marginal benefit of that additional investment when you compare it with other cities which have received very little or no money and were looking to start to build some basic capabilities.

Let me end by saying this. I have now been through two grant years, and inevitably what I hear is a city or a state is complaining that another city or state gets something and they didn't get it and that means they are not being protected. I have a fundamental disagreement with that. The fact of the

matter is when we protect a community in Connecticut that happens to be a place that houses a power plant that puts up most of the electricity for New York City, New York is getting protected. When we protect agriculture in Wisconsin that is providing the food that New Yorkers eat, New Yorkers are getting protected. The measure of protection for a community is not driven just by whether that community's politicians control the spending of money. So, without any question about New York as being far and away the number one target, I think that if you look at the cumulative funding we have taken here, this is an approach that has been fair not only to New York but to all the other cities that we need to make sure are capable of protecting their own citizens.

MR. FALKENRATH: Secretary, I went through four grant years, and I can agree that it is a truly thankless job to figure out to allocate this money. I would ask, isn't it the case that you have asked the Congress to shift all of the grants into this risk-based category as opposed to half in risk-based, half in state per capita?

SEC. CHERTOFF: That is right.

MR. FALKENRATH: That if you were able to do that, this would alleviate the crunch you are feeling right now on the high risk urban areas?

SEC. CHERTOFF: That is right because, first of all, the money you talked about has only been urban money; it is not state money. In terms of the available money that would come to New York State, for example, we are constrained by the fact that a significant portion of the state grant funds are pre-earmarked based on a state formula that is very rigid. That reduces the pool of state funds that are available. Obviously, if we could deliver all the state funds or most of the state funds on a risk-based allocation, without predicting a specific outcome, that might well have an additional impact on New York.

MR. FALKENRATH: We have time for one last question, and then we will need to conclude for the Secretary's schedule.

MR. MEEK: Thanks, Judge Chertoff, welcome. I am James Meek from the *New York Daily News*.

SEC. CHERTOFF: I probably answered your question already.

MR. MEEK: Sort of, but you have explained your rationale for what you say is not a cut of New York's money, but you have leaders of your own party on Capitol Hill who are now questioning your fitness for the job based on this decision. How are you going to explain it to them? What are you going to tell them when they say why should you keep this job? You just cut a city that is a number one terror target, their security funding by half.

SEC. CHERTOFF: Well, let me tell you, if the standard for whether the Secretary ought to keep his job is whether every single city did better than the last year, you are never going to have a Secretary keeping this job. If there is one credential you need for the job, it is the willingness to stand up and say, look, we have made a decision, and I think it is a decision that is not only defensible but actually an intelligent decision. The fact of the matter is attacking the Secretary personally or threatening the Secretary is not a way to drive funding decisions in this Department or any other department.

I want to be real clear about this: There is no suggestion about anything we did that New York is not the number one terror target. But I do think it is fair to ask this question: After a city gets $500 million, more than twice as much as the next largest city, is it correct to assume they should continue to get the same amount of money year after year after year after year with everybody else dividing up what remains? If you go to get money to build a house, do you expect to get the full funding for the house every single year over and over and over again?

The decisions made in each of these cases are based upon specific investment justifications. What are you going to spend the money on? I can tell you by way of example when we get applications to spend the money on salary or overtime, that tends to get lower weight from the peer

reviewers than when we get a request to build kind of a basic interoperable communications system.

There are some elements of what New York wants to do that we have heartily endorsed. I have spoken out, for example, and said I think that the plan to have a video system in certain parts of New York City makes a lot of sense and we would be happy to fund that. But looking at these issues as if the amount of money you get is solely going to be based on the threat without regard to whether the margin of value of the dollar, given where we start out from, is better put in New York than in some place that is starting really from zero, I think that is an overly simple way to go about doing this thing.

We face a crossroads on the issue of grant funding as we do with a lot of things we do in government. Right now, we have a BRAC Commission, a Base Realignment and Closing Commission. That is, in a sense, a defeat for American politics. What it says is that the process of deciding what military bases should be kept open and closed can't be left to the political process because that process is going to so transform the result that it will not align with what the actual needs of National Defense are. I would hate to see us get to the point where we are so—this Department is so driven by a need to respond to pressure from people who may honestly be disappointed that we can't make decisions that are based on risk funding. We are always willing to revisit assumptions. There are many other grant programs.

I think we need to ask communities to come forward and make their best case. It is not going to be enough for a community to say we are the number one risk; give us money. They are going to have to show how they are going to spend the money and how it fits on the plan.

While I am running a little longer on my own time, let me pick one other example of what I consider kind of a fallacy in the approach some people take to this. There is a little bit of a quality of what have you done for me yesterday about some of the criticism. I saw a newspaper article that talked about how New Orleans, I think it had gotten $8 million or $9 million last year and was going to get about $6 million this year. The point was made: Well, we now know there can be a natural

disaster. How can you cut funding under this program for New Orleans from $9 million to $6 million?

What the article omitted was that under a different program, we had put $21 million into New Orleans for a new interoperable radio system. Now, I guess if I wanted to be political, I could have said let's hold that money back and we will make it part of a UASI grant, and then New Orleans will look like it got a big rise up, but I don't want to do that.

I think we need to take all these programs on their own terms, look cumulatively and holistically at what we are doing, and that is how we make intelligent decisions. That is what I think the people of the Country, including New York, expect.

MR. FALKENRATH: Four and a half years ago on 9/11, I was at the White House, and Secretary Chertoff was at the Department of Justice. In that time, I have seen a lot of people come and go from this area of Homeland Security, and I have no hesitation in saying that this man is one of the very best in there. So I would ask you to join me in thanking him for coming here.

[Applause.]

* * * * * *