

DEPARTMENT OF HOMELAND SECURITY

Since 2001, the Administration:

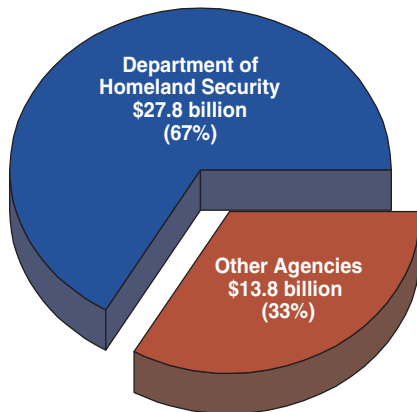
- Has more than tripled spending devoted to non-defense homeland security;
- Created the Department of Homeland Security by merging 22 separate agencies and programs into a cohesive department;
- Restructured the agencies that handle immigration and border security issues. Customs and Border Protection protects the border with Port of Entry inspectors and Border Patrol agents along the border. Immigration and Customs Enforcement enforces immigration laws and detains those aliens that are in the country illegally. U.S. Citizenship and Immigration Services administers benefits and services to all immigrant and non-immigrant visitors of the United States;
- Established the Transportation Security Administration to improve aviation security and other modes of transportation security nationwide. TSA hired a screener workforce and deployed sufficient technology to electronically screen 100 percent of passenger and checked baggage;
- Created a Domestic Nuclear Detection Office to detect, identify, and track down the origins of nuclear and radiological materials; and
- Provided nearly \$18 billion through the Department for State, local, and tribal governments to enhance their preparedness for a range of hazards, including \$13.8 billion for terrorism and other catastrophic events.

The President's Budget:

- Increases spending on non-defense homeland security activities by 8 percent Government-wide compared to 2006;
- The 2007 programmatic Budget request for the Department is \$35.6 billion, an increase of \$2.3 billion (7 percent) over 2006;
- Provides \$10.5 billion for Customs and Border Protection and Immigration and Customs Enforcement to improve border security and immigration enforcement, adding 1,500 Border Patrol agents (an increase of 12 percent over 2006) and more than 6,000 detention beds (an increase of 32 percent over 2006), and lays the foundation for immigration reform; and
- Increases funding for Urban Area Security Grants for those metropolitan regions most at risk due to their concentrations of citizens and key assets and continues the Targeted Infrastructure Protection grants for securing transportation assets and other critical infrastructure.

FOCUSING ON THE NATION'S PRIORITIES

**Government-Wide Non-Defense
Homeland Security Spending (\$41.6 Billion)**



effectively leveraging the vast expertise and resources within the Federal Government requires continued cooperation and coordination among agencies. The establishment of the Department of Homeland Security (DHS) has resulted in the centralization of a significant portion of the Government's homeland security resources. In 2007, homeland security programmatic spending within DHS will increase by \$2.3 billion, or 9 percent.

The President's 2007 Budget is targeted to strengthening the DHS overall mission of safeguarding the Nation and its citizenry. The Budget will enhance both the security of the Nation's borders and improve the enforcement of our immigration laws. The Budget improves targeting of the Federal Emergency Management Agency's (FEMA's) Federal preparedness and planning funding, and upgrades its response activities funded through the Disaster Relief Fund. The President's 2007 Budget also supports significant management improvements, including implementing DHS' Second Stage Review, a systematic evaluation and restructuring of the Department's operations and programs.

Border Security and Immigration Reform

Securing Our Borders. The Administration is dedicated to comprehensive immigration reform by providing our Nation with increased border security, while maintaining our Nation's tradition of welcoming those immigrants who enter legally. For immigration reform to succeed, it must be based on three pillars: strengthening security at the borders; building a robust interior enforcement program to remove those here illegally; and implementing a Temporary Worker Program (TWP) to provide a legal channel for employers to hire foreign workers. The Administration's plan is to catch all migrants attempting to enter the country illegally, decrease crime rates along the border, allow employers to hire legal foreign workers when no American is willing to take the job, and restore public confidence in the Federal Government's ability to enforce immigration laws.

Since 2001, the Administration and the Congress have increased funding for border security by 93 percent and immigration enforcement by 90 percent. The Administration continues to deploy new technology—from unmanned aircraft to ground sensors to infrared cameras—and has eliminated the barriers that have prevented the completion of a 14-mile border fence running along the San Diego, California, border.

Homeland security requires a coordinated national commitment with cooperation among all levels of government, the private sector, and individual citizens to be successful. The Federal Government continues funding this high priority in 2007, providing \$3.2 billion in non-defense homeland security spending over 2006, a more than eight-percent increase. This funding supports the homeland security activities of 32 Government agencies in areas such as improving nuclear detection and defense; safeguarding critical infrastructure; establishing interoperability standards for first responders; and improving terrorism information sharing among all levels of government. Strengthening homeland security by more

The 2007 Budget provides more than \$3 billion dollars for the Border Patrol (an increase of 29 percent over 2006) including funding for 1,500 new agents. It includes \$100 million dollars for new technology, including portable imaging machines, cameras, sensors, and automated targeting systems that focus on high-risk travelers and goods. The Budget will help invest in and build smarter and more secure borders.

To help send more illegal immigrants back to their home countries, the Budget provides \$2.1 billion to support detention and removal efforts. Currently, all non-criminal Mexican illegal aliens apprehended are returned to Mexico immediately. Expedited removal applies to illegal non-Mexican aliens who are apprehended near our southwestern border—or who are stopped shortly after entering the United States without valid documents. These aliens will be detained and then removed to their home countries as quickly as possible. However, when no bed space is available, these non-Mexican aliens are released and ordered to appear in court at a future date. This practice is known as “catch and release.”

Secretary Chertoff’s goal is to end the practice of “catch and release” and detain and remove these aliens as quickly as possible from the country. To meet this commitment, the Budget provides funding to add more than 6,000 new detention beds to hold illegal immigrants while they await removal. This will bring the total number of beds available to approximately 27,500. DHS will also improve the processing and deportation of aliens to cut the detention time for aliens approximately in half—from 30 days to 15 days.



Border Patrol BORSTAR team members work together with pilots from an air unit to evacuate a patient to safety.



Immigration and Customs Enforcement agents make an arrest at a port of entry.

To improve coordination and provide assistance to State and local law enforcement officials, the Budget includes \$4 million for additional personnel for DHS’ Law Enforcement Support Center that checks and validates immigration status inquiries for State/local law enforcement. In addition, the Budget will expand a successful Federal/State partnership—the 287(g) program, which provides State/local law enforcement officials with guidance and training in immigration law. The program helps State/local law enforcement agencies identify aliens who are in prison or applying for driver’s licenses with fraudulent documents. It also assists in State investigations and aids in the detention and removal of those here illegally. Funding is also included to increase the number of fugitive operation teams that identify, locate, and apprehend

FOCUSING ON THE NATION'S PRIORITIES—Continued

immigration fugitives (\$60 million), and to hire new compliance enforcement agents (\$10 million) to ensure that visitors who enter our country legally also leave the country when their visas expire.

Temporary Worker Program. As America improves and expands efforts to secure the borders, we must also recognize that enforcement cannot work unless it is part of a comprehensive immigration reform program. The U.S. economy has legitimate needs for foreign workers and the best way to fill that demand is with a Temporary Worker Program (TWP). The Budget includes \$247 million to support implementation of the President's proposal for TWP.

Worksite enforcement will be a critical part of any TWP initiative. To deal with employers who violate our immigration laws, the 2007 Budget includes \$42 million for additional agents to increase worksite enforcement. As we crack down on employers who flout our laws, and remove those workers who are here illegally, we must also give honest employers the tools they need to verify the legal status of their employees and identify fake documents. By reducing pressure on our borders and offering a legal path for those looking to do an honest day's work, we will be able to concentrate on those who violate our laws and pose the greatest risk to our security. To make it easier for employers to verify the employment eligibility of workers, the Budget provides \$111 million to improve and expand the existing employment eligibility verification system known as the Basic Pilot Program.

Immigration Processing. The Budget provides an additional \$112 million to automate U.S. Citizenship and Immigration Services (USCIS) operations. As the Federal agency responsible for reviewing and granting immigration-related benefits, including temporary employment authorization, USCIS plays an important role in the implementation of a TWP. In 2006, USCIS will begin to automate the processing of immigration applications and will make it easier and faster for legal immigrants to file applications and receive benefits.

The close of 2006 will mark the end of the President's five-year goal and \$560 million initiative to achieve a six-month processing standard for immigration applications. At the end of 2005, the backlog had fallen by over 2.5 million cases (from a high of 3.8 million in January 2004). Automation of operations will maintain and improve upon this standard and prevent new backlogs from developing.



American soldiers take the oath of citizenship at a military naturalization ceremony.

Screening at the Borders. US-VISIT is central to the Federal Government's screening of international visitors. US-VISIT expedites the clearance of legal and safe travelers, while focusing on blocking those intending to do us harm. US-VISIT currently collects two digital fingerprints and a digital photograph. The ability to screen visitors against criminal and terrorist information, as well as confirming the identity of travelers has improved border security. However, in the future, to improve accuracy in the identification of those entering the country, first-time visitors will be enrolled in the program by submitting 10 fingerprints. DHS, in conjunction with the Departments of

State and Justice, will implement this multi-year screening project and the 2007 Budget includes: a \$60 million increase for DHS for 10 print deployment and for interoperability with the FBI's fingerprint system, the Integrated Automated Fingerprint Identification System (IAFIS); a \$71

million increase for the FBI to upgrade IAFIS; and a \$10 million increase for the Department of State to begin implementing these new security measures.

Training Federal Law Enforcement Professionals. The Federal Law Enforcement Training Center continues to provide high-quality basic and advanced training to the men and women of its over 80 partner organizations across the Federal Government. The 2007 Budget includes \$3 million for a new hands-on counterterrorism training facility that will simulate a number of real world venues that law enforcement officers and agents will likely encounter during their careers.

The Federal Law Enforcement Training Accreditation (FLETA) process will continue to certify law enforcement training programs and academies. In September 2005, FLETA accredited its first two programs, in the Departments of State and Energy, and expects to accredit several more in the near future.

Responding to Natural Disasters

Hurricane Katrina will go down as one of the worst natural disasters in our Nation's history. Katrina devastated an area of about 90,000 square miles—roughly the size of Great Britain. Katrina forced the evacuation of more than 1.5 million people, damaged or destroyed nearly 200,000 homes, and resulted in the loss of over 1,200 lives. Many Federal agencies were involved in the response and recovery efforts, which are continuing to this day.

The shortcomings in preparation and response to Hurricane Katrina at all levels of government reinforce the importance of ensuring that planning, coordination, communication, and response efforts perform with seamless efficiency in the face of any type of disaster. Hurricane Katrina has shown that the current model for disaster response and recovery is not adequate for catastrophic events. In a catastrophic event, hundreds of thousands of people are evacuated away from the disaster site for an extended period of time, requiring mass medical care, longer-term mass housing at geographically dispersed locations, significant physical infrastructure reconstruction and environmental cleanup, and significant long-term support for education and human services for evacuees. The current disaster recovery model assumes that people can return to the disaster site shortly after the disaster and begin to rebuild. In order to improve disaster response functions across the Federal Government, the President has directed that the Homeland Security Advisor report to him on lessons learned and related recommendations based on an examination of the Federal response to Hurricane Katrina. Senior officials across the Government are actively engaged in improving plans for numerous facets of disaster response, including expediting the delivery of social services and improving the coordination of search and rescue functions.

To date, more than \$80 billion in assistance has been made available for response and recovery efforts for Hurricane Katrina. In order to increase oversight of Katrina-related spending and to reduce waste, fraud, and abuse, the DHS Inspector General received \$15 million in supplemental funds, and an additional \$11 million is proposed in the Budget to continue these audit, investigation, and oversight activities. DHS also established a Katrina Internal Controls and Procurement Oversight Board



New Orleans, Louisiana, on September 27, 2005, after Hurricane Katrina caused flooding.

FOCUSING ON THE NATION'S PRIORITIES—Continued

Hurricanes Katrina and Rita—the Federal Response

As of January 1, 2006:

FEMA has distributed over \$5.7 billion in Federal aid to more than 1.4 million households to help pay for housing assistance, food, clothing, home repair and other essentials.

Department of Defense (DOD) personnel evacuated more than 80,000 Gulf Coast residents and rescued another 15,000, while the Coast Guard rescued more than 33,000 people in its response to Katrina. Over 72,000 military personnel (22,000 active-duty troops and more than 50,000 National Guardsmen) have provided critical security, logistical, and other support.

DOD personnel also delivered critical emergency supplies, including more than 30 million individually packaged military rations, and more than 24.2 million liters of water and 67 million pounds of ice to the Gulf Coast.

The Transportation Security Administration and the Department of Transportation organized Operation Air Care, the largest domestic civilian airlift ever in our Nation's history. More than 22,000 stranded evacuees were lifted to safety from the New Orleans Airport.

Since Hurricane Katrina, nearly 60 million cubic yards of debris have been removed and disposed of in Alabama, Mississippi, and Louisiana.

FEMA's National Flood Insurance program paid over \$12 billion in claims from Hurricanes Katrina, Rita, and Wilma, with an estimated \$10 billion in additional claims to be paid over the next few months.

The Corps of Engineers is performing a detailed assessment of about 350 miles of hurricane levees and is developing a comprehensive, prioritized plan to repair and restore the levees and pumping stations that support New Orleans, Louisiana, and surrounding areas.

The Department of Housing and Urban Development (HUD) is providing housing subsidies for households that were in HUD assisted housing and for those who were homeless prior to the disaster in the affected area. Approximately 60,000 households in total are eligible. In addition to the \$79 million transferred to HUD from FEMA for this vulnerable population, the Administration has secured \$390 million to continue housing subsidies for these families in the near-term.

The Small Business Administration (SBA) has provided more than 30,000 loans, totaling over \$2 billion. SBA is providing homeowners with loans of up to \$200,000 to repair or replace their primary residence for losses not fully covered by insurance. Businesses can apply for an SBA disaster loan of up to \$1.5 million to cover damages to the property, machinery, and inventory.

In addition to these response activities, the long-term recovery efforts are ramping up and will require years of effort and on-going support.

in September 2005. This oversight will allow immediate actions to quantify and recover improper payments and to implement corrective actions in an effort to safeguard the taxpayer's interests.

In the wake of the 2005 hurricanes, FEMA is working with State and local governments to mitigate future flood damages. If people want to rebuild houses in flood-prone areas, FEMA works with the local community to rebuild smarter, higher, and stronger houses through FEMA's flood mitigation programs. A recent study conducted by the National Institute of Building Sciences concluded that, on average, one dollar spent by FEMA on hazard mitigation results in four dollars in future benefits to the Nation. The Budget proposes \$150 million for Pre-Disaster Mitigation grants. This is an increase of \$100 million over the enacted level in order to reduce possible damage from future disasters before they occur. In addition, the Administration is working with the Congress to reform the national flood insurance program to further mitigate the impact of flood damages and losses.

The Budget also includes \$3.1 billion for FEMA activities, an increase of \$363 million over the 2006 level. Further, \$1.94 billion is requested for the Disaster Relief Fund to cover disaster response and recovery costs. This is an increase of \$189 million over last year's level and is based on average disaster response costs for small- and medium-scale disasters over the last five years. The Budget also requests nearly \$70 million in additional funding for FEMA's primary operational accounts to improve operational and oversight capacities and to enhance alert and early warning systems.

Protecting the Nation

Ensuring Seamless Overseas and Domestic Nuclear Detection. The new Domestic Nuclear Detection Office (DNDO) was created last year within DHS to coordinate the Nation's nuclear detection efforts. The 2007 Budget includes \$536 million for DNDO, a 70-percent increase from the 2006 level. Together with the Departments of State, Energy, Defense, and Justice, DNDO will develop and deploy a comprehensive system to detect and report any attempt to import, assemble, or transport a nuclear device and fissile or radiological materials within the United States.



Customs and Border Protection works with the Domestic Nuclear Detection Office to deploy the latest nuclear detection technology.

In 2007, DNDO will conduct \$100 million in transformational research and development aimed at enhancing our ability to detect, identify, and track down the origins of nuclear and radiological materials. This research looks beyond current capabilities and seeks to find novel scientific tools and methodologies that may prove useful in our broad efforts to focus the Nation's resources toward countering the threat of nuclear and radiological devices. The DNDO budget also includes \$178 million for the deployment of both fixed and mobile radiation portal monitors at strategic points of entry throughout the country. Together with our overseas non-proliferation efforts led by the

Department of State, and our overseas detection capabilities managed by the Department of Energy, these programs seek to create a seamless approach toward preventing terrorists anywhere in the world from acquiring, transporting, or introducing these materials into the United States.

Ensuring Maritime Safety and Security. The Budget includes \$7.1 billion for the Coast Guard, a six-percent increase over the comparable 2006 level and an 87-percent increase since 2001. Within this request, almost \$935 million will be used for the Coast Guard's Deepwater program, a multi-year recapitalization project for the Coast Guard's aircraft and largest sea-going ships. This program is an investment in future Coast Guard capabilities and will ensure that the service is able to effectively execute its critical missions, like Port and Waterways Security and Migrant Interdiction. The Deepwater program will also generate significant new air- and sea-based capabilities that support long-range surveillance and detection, furthering the Coast Guard's ability to develop Maritime Domain Awareness, a major goal outlined in the President's National Strategy for Maritime Security.

The Budget also provides funding to ensure that the Coast Guard's multiple non-security missions are maintained and strengthened. As the Nation's lead in maritime search and rescue, the Coast Guard saved thousands of victims of Hurricane Katrina and rescued thousands more mariners in distress throughout the country. The Coast Guard also enforces the Nation's fisheries laws, maintains the Nation's extensive system of channel markers and buoys, and keeps northern shipping lanes free of ice during the winter months.

FOCUSING ON THE NATION'S PRIORITIES—Continued



A Coast Guard search and rescue crew from a St. Louis, Missouri, based Disaster Area Response Team drags their skiff to a launching point on South Carrollton Avenue in New Orleans, Louisiana, to look for people in distress.

Securing the National Capital Region's Air Defenses. The Budget for the Coast Guard also includes \$61 million for the establishment of a permanent National Capital Region Air Defense program. Previously, this activity was carried out by temporarily-assigned helicopter units from Customs and Border Protection (CBP). Upon transfer of the function to the Coast Guard, the service will establish a new helicopter wing at Coast Guard Air Station Atlantic City, and units will be deployed to Washington, D.C., to enforce the National Capital Region no-fly zone, helping protect the capital from an air attack.

Protecting America Against Cyber Attack. Cyber security is a key element of homeland

security. The consequences of a cyber attack could cascade across multiple infrastructures and imperil public safety. The National Cyber Security Division (NCSA), now a part of the Preparedness Directorate, carries out the Department's cyber security responsibilities. It was established in 2003, in response to the President's National Strategy to Secure Cyberspace, as the national focal point for cyber security. Recognizing today's interconnected environment, NCSA works collaboratively with public, private, and international entities to secure cyberspace and America's cyber assets. The Budget includes \$93 million for the NCSA's program and activities.

A core component of NCSA is the U.S. Computer Emergency Response Team (US-CERT). US-CERT operates a round-the-clock cyber watch, warning, and incident response center. The center coordinates responses to cyber incidents, monitors the network activity of Federal agencies, and provides a web portal for secure communications with private and public sector stakeholders. US-CERT also operates a public website (www.us-cert.gov) and the National Cyber Alert System, which provides timely information to the public. In addition to its watch and warning function, US-CERT conducts malicious code analysis, improves the security of software, and conducts cyber threat and vulnerability analysis.

Other NCSA programs include the: Control Systems Security Program; National Cyber Exercise Program; Software Assurance Program; and National Cyber Security Outreach and Awareness Program. Today, many critical infrastructures such as pipelines, water and pumping stations, and pharmaceutical production are run by control systems. These systems make our critical infrastructure assets more automated, more productive, more efficient, and more innovative, but they also may expose many of those physical assets to cyber-related threats and vulnerabilities. NCSA works to address these weaknesses and enhance control systems security. To evaluate readiness and response programs like the National Response Plan, NCSA conducts national cyber exercises, such as Cyber Storm involving public and private sector entities. These exercises test our capabilities and improve our ability to respond to an incident.

Protecting our Nation's Leaders. The U.S. Secret Service performs two critical Homeland Security missions: protection of the Nation's leaders and investigation of financial and electronic crimes. The Domestic Protectees program, which was found to be highly effective in the most recent Program Assessment Rating Tool (PART) assessment, is responsible for the protection of the President and Vice President of the United States and their families, former Presidents and their spouses, and other designated individuals. The investigation program focuses on ensuring the integrity of the Nation's financial and electronic infrastructure. The Budget includes a total of \$1.3 billion for the Secret Service to provide continued support for its protection and investigation programs, \$65 million higher than the 2006 enacted level, and includes \$18 million to begin protection preparations for the next presidential campaign.



The President with Secret Service protection at a public speaking engagement.

RESTRAINING SPENDING AND MANAGING FOR RESULTS

Focusing Resources On Risks

Public safety personnel at the State, local, and tribal level are vital partners in improving the Nation's homeland security. Over the last four years, DHS has provided over \$14 billion in grants and training to enhance the Nation's homeland security preparedness. While these programs have previously encountered challenges in allocating resources effectively among both States and major population centers, recent improvements in infrastructure and intelligence data have strengthened analysis of these risks and threats. Combined with action by the Congress, 2006 marks the first year in which over half of State Homeland Security Grant funding was based on risk and threat. DHS has provided stronger guidance on the specific responder capabilities needed to prepare for terrorism and other catastrophic hazards. States and eligible urban areas must justify how their homeland security funds will improve their most critical capability gaps. Release of the final National Preparedness goal, identifying eight national priorities, and 37 target capabilities, will provide a new framework for guiding these State and local investments. As required by Homeland Security Presidential Directive 8, other Federal preparedness assistance, such as support to domestic preparedness centers and grants provided through Federal agencies, will be increasingly targeted based on risk and need.

The President's 2007 Budget will continue this progress through multi-tiered investments. The request level of \$838 million for Urban Area Security Grants will increase grant funding for those metropolitan regions most at risk due to their concentrations of citizens and key assets. The request for \$600 million in Targeted Infrastructure Protection grants integrates disparate programs for securing transportation assets and other critical infrastructure. The Administration will work closely with the Congress to gain support for this request, which was not funded in 2006. A total of \$838 million is requested for State-based grants, including \$633 million for State Homeland Security Grants, \$170 million for Emergency Management Performance Grants, and \$35 million for Citizen Corps. The proposed reduction of \$305 million in State grants will allow funding to be reprioritized towards other DHS programs. As identified in the PART process, it has been difficult to measure the impact and results of the \$6 billion awarded for these programs over 2002–2005.

The effectiveness of these grants will be further strengthened by continued DHS efforts to identify and assess the risks to critical infrastructure, and develop appropriate protective measures. The Office of Infrastructure Protection conducts site visits and works with infrastructure owners as well as the local law enforcement officials that protect critical infrastructure to reduce vulnerabilities to a terrorist attack. As 85 percent of all critical infrastructure is privately owned, funding for outreach efforts are also included to build strategic partnerships with State, local, and private entities. The 2007 Budget also provides \$10 million for a new chemical security office. The new office will work with industry to enhance security at chemical plants by developing best practices and standards for owners and operators to use.

Aviation Security

The Transportation Security Administration (TSA) has made significant improvements in aviation security since September 11, 2001, by implementing a layered, risk-based security approach. These advances include hardened cockpit doors; a greatly expanded Federal Air Marshals program; arming some pilots through the Federal Flight Deck Officers program; offering voluntary self defense training to crew members; and screening 100 percent of passenger and checked baggage. TSA will continue these efforts in 2007 by requesting \$4.7 billion for aviation security, including \$3.7 billion for aviation screening operations, which ensures sufficient resources for Transportation Security Officer

staffing at our Nation's airports. Combined with the funds provided in 2006, TSA will apply over \$100 million to enhance air cargo security over two years. TSA will commit over \$690 million to the purchase, installation, and maintenance of baggage screening devices, including in-line systems that will increase baggage throughput up to 250 percent. The Budget also provides more than \$80 million for emerging technology at passenger checkpoints. This technology, as seen in the picture depicted below, will enhance the detection of prohibited items, especially firearms and explosives, through the use of additional sensors such as whole body imaging, automated explosive sampling, and cast and prosthesis scanners.

The 2007 Budget proposes to replace the two-tiered aviation passenger security fee schedule with a single flat security fee of \$5.00 for a one-way trip. The single fee corresponds better with actual security screening, which normally occurs only once in a one-way trip regardless of the number of trip segments. The new fee is expected to increase collections by an additional \$1.3 billion, for a total of \$3.3 billion. The revenue generated by aviation security fees will cover about 70 percent of core aviation security costs. Aligning costs to fees will improve the overall management of aviation screening by encouraging system managers to improve system efficiency. Requiring users to pay for aviation screening and security is what was intended by the Congress and will free up other homeland resources to be spent on needs that are more dispersed across the general population.



Passengers at Miami International Airport are screened by emerging technology at the security checkpoint. Passengers stand in the trace portal for a few seconds while several puffs of air are released. The machine then analyzes the air for traces of explosives and alerts screeners if explosives are detected.

Improving DHS Management

To evaluate lessons learned since its creation in 2003 and to improve its performance, DHS conducted its Second Stage Review in 2005. The review was a systematic evaluation of the entire Department's operations and programs. From across the Department and elsewhere in the Federal Government, DHS gathered subject matter experts to examine whether the Department's organization was suited to tackle the challenges of prevention, protection, and all-hazards response and recovery. In addition, DHS actively sought input from hundreds of public and private partners at the Federal, State, local, tribal, and international levels. The review was conducted under the premise that DHS must prioritize threats based on risk, must perform its work quickly, and must be an effective steward of public resources.

The Second Stage Review resulted in a Department-wide restructuring, particularly in DHS' preparedness, policy, and intelligence offices. New offices were created to improve intelligence and screening activities and others were eliminated to streamline the Department. These changes also created a more effective Department by restructuring the organization according to the offices' responsibilities. As a result, coordination and information sharing between DHS entities, one of the original reasons for the Department's creation, have been enhanced. Moreover, the efficiencies gained from the restructuring will help the Department address the constantly changing threats and risks to the Nation.

RESTRAINING SPENDING AND MANAGING FOR RESULTS—Continued

In the event of a national emergency, it is crucial that first responders, State and local governments, and the Federal Government are able to communicate with each other. The 2007 Budget recognizes the importance of this goal. The Administration created SAFECOM in 2001 as a Government-wide initiative to improve interoperability, and over the last three years Federal agencies—mainly DHS—have provided over \$2 billion in grants for interoperability. However, a lack of shared technical standards and coordinated operational plans has hampered the creation of regional communication systems that are interoperable, either in an emergency or on a daily basis. In 2007, DHS will set basic interoperability standards so that Federal grant dollars can be better used to ensure that our Nation's first responders can communicate in an emergency. Every region participating in the 2006 and 2007 Urban Area Security Initiative will be required to develop and implement a plan for emergency incident-level interoperability. For 2007, States will be required to develop an interoperable communications strategy as a condition for receiving DHS homeland security grants.

The 2007 Budget also provides \$48.5 million for additional procurement personnel. These resources will improve the management of high-risk contracts and other major homeland security contracts. In addition, the Budget provides \$12.6 million for additional personnel to improve the Department's financial internal controls process, including its financial reporting and financial management.

Update on the President's Management Agenda

The PART was developed to assess and improve program performance so that the Federal Government can achieve better results. A PART review helps identify a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. The PART, therefore, looks at all factors that affect and reflect program performance, including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results.

Forty-seven DHS programs have been assessed through the PART process, and a majority of these programs have demonstrated results by meeting or exceeding performance goals. DHS regularly reports on hundreds of performance measures, including all of the measures used in the PART assessments. The latest Performance and Accountability Report showed that DHS programs met 73 percent of their performance targets in 2005. Following are a few examples of programs that were examined under the PART process during 2005.

The PART assessment of Immigration and Customs Enforcement's (ICE) Automation Modernization program (ATLAS) yielded a rating of Results Not Demonstrated, due to a combination of new measures, lack of performance data, and an inability to adequately plan and obligate its resources. The 2007 Budget reduced ATLAS' funding until the program sets program milestones, gathers performance data, and uses existing resources to accomplish short-term goals.

The assessment of CBP's Border Security Inspections and Trade Facilitation secured an effective rating. The program consists of a layered system of people and technology to target, screen, and interdict international cargo and travelers that pose a potential risk to the Nation's security while facilitating the flow of legitimate trade and travel.

The USCIS Immigration Services program is responsible for reviewing applications and granting immigrant, non-immigrant, and citizenship benefits to eligible individuals while ensuring the integrity of the immigration system. This program, first assessed with the PART in 2002 as adequate, was reassessed in 2005 and rated Moderately Effective. The improvement was partly due to USCIS progress in meeting the President's goal to decrease the backlog of immigration applications. At the

end of 2005, the backlog had fallen by over 2.5 million cases (from a high of 3.8 million in January 2004) and had achieved a six-month or better cycle time in 9 of 16 applications.

Additionally, to combat immigration fraud and ensure the right benefit is provided to the right person, this program established a Fraud Detection and National Security office and developed a joint anti-fraud strategy in partnership with other Federal agencies. This assessment also revealed that more work is warranted to improve the efficiency of USCIS business operations. The Budget provides additional resources for USCIS to more effectively leverage technology in support of the collection and processing of immigration applications.

The table below provides an update on DHS' implementation of the President's Management Agenda as of December 31, 2005.

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
Status	●	●	●	●	●
Progress	●	●	●	●	●

For the Human Capital initiative, DHS has been consistently making progress toward creating a state-of-the-art human capital system that serves the third largest Federal department. In 2006, DHS will continue to implement the phased transition to a new performance-based workforce management system for several thousand more employees. For Competitive Sourcing, DHS has finalized its plans for 2006 public-private competitions and has also developed a long term plan. As part of the Financial Performance initiative, DHS has made progress in partially resolving some of its audit material weaknesses but still needs to draft a Department-wide remediation plan for resolving those weaknesses. In E-Government, DHS continues to struggle to meet its electronic government and information technology (IT) goals. While the Department made progress on monitoring the cost, schedule, and performance of priority IT investments, it will need to continue this progress and its attention to IT security to improve the management and integrity of its IT resources. DHS continues to lead two Presidential E-Gov initiatives. Disaster Management, www.disasterhelp.gov, provides Federal, State, and local emergency managers better online access to disaster management-related information, planning, and response tools. SAFECOM, www.safecomprogram.gov, reduces costs to local, tribal, State and Federal public safety agencies through coordinated planning and guidance. For the Budget and Performance Integration initiative, DHS' 2005 Performance and Accountability Report included additional performance measures, and showed that 73 percent of performance targets were met or estimated to be met.

Initiative	Status	Progress
Real Property Asset Management	●	●
Eliminating Improper Payments	● ↑	●

Arrow indicates change in status rating since the prior evaluation as of September 30, 2005.

In support of the Real Property Asset Management initiative, DHS has made progress in gathering accurate and current inventory data and in transitioning border station control from the General Service Administration to CBP. For the Eliminating Improper Payments initiative, DHS completed the statistical sampling for all its programs that are risk-susceptible for improper payment and the results show a very low incidence of improper payments. DHS has begun recovery audit work at two of its largest contracting areas, ICE and CBP, and will expand the efforts to the Coast Guard in 2006. DHS is ensuring strict internal monitoring controls for Hurricane Katrina expenditures.

Department of Homeland Security
(In millions of dollars)

	2005 Actual	Estimate	
		2006	2007
Spending			
Gross Discretionary Budget Authority:			
Departmental Management and Operations	541	791	958
Office of the Inspector General	82	82	96
Citizenship and Immigration Services.....	158	114	182
United States Secret Service	1,175	1,200	1,265
Customs and Border Protection.....	5,325	5,898	6,580
Immigration and Customs Enforcement.....	2,987	3,630	4,444
Transportation Security Administration.....	5,719	5,870	6,223
Coast Guard	6,324	6,812	7,117
Preparedness.....	3,984	4,032	3,420
Federal Emergency Management Agency	3,084	2,731	3,093
Science and Technology	1,110	1,467	1,002
<i>Domestic Nuclear Detection Office (non-add)</i>	—	315	—
Domestic Nuclear Detection Office.....	—	—	536
Information Analysis and Infrastructure Protection	887	—	—
United States Visitor and Immigrant Status Indicator Technology.....	340	337	399
Federal Law Enforcement Training Center	222	279	244
All Other	10	4	4
Total, Gross	31,948	33,247	35,563
Less Fee-Funded Activities.....	-2,519	-2,621	-4,631
Total, Discretionary budget authority (net).....	29,429	30,626	30,932
<i>Memorandum: Budget authority from enacted supplementals</i>	67,145	-23,078	—
Total, Discretionary outlays	38,358	43,846	42,765
Mandatory Outlays:			
Flood Insurance Fund:			
Existing law	1,314	17,566	165
Legislative proposal	—	5,040	560
Citizenship and Immigration Services:			
Existing law	1,479	1,749	1,777
Legislative proposal	—	—	25
All other:			
Existing law	-2,793	3,592	-1,708
Legislative proposal	—	—	-31
Total, Mandatory outlays	944	22,907	788
Total, Outlays	39,302	66,753	43,553
Credit activity			
Direct Loan Disbursements:			
Disaster Assistance	—	692	355
Total, Direct loan disbursements	—	692	355