

Summary of Meeting – Public Session

U.S. Department of Homeland Security Homeland Security Advisory Council U.S. Secret Service Headquarters Washington, D.C. June 17, 2004

Meeting Summary:

This summary describes the discussions and actions of the fifth meeting of the U.S. Department of Homeland Security's Homeland Security Advisory Council (HSAC). The meeting was held from 12:00 noon – 1:00 PM on Thursday, June 17, 2004 at the U.S. Secret Service Headquarters, Washington, D.C.

The HSAC met in Washington, D.C. for the purposes of: (1) welcoming and swearing in new members of the HSAC; (2) deliberation on recommendations of the Task Force on State and Local Funding; (3) received reports from Senior Advisory Committees; (4) receiving briefings from DHS staff on Departmental initiatives; and (5) holding roundtable discussions with and among HSAC members.

Participants:

Council Members in Attendance:

Joseph J. Grano, Jr., Chair
Judge William H. Webster, Vice Chair
Duane Ackerman
Richard Andrews
Norman Augustine
Kathleen M. Bader
Frank J. Cilluffo
Dr. Ruth David
Lt. Governor David Heineman
MG Bruce Lawlor, USA (ret.)
Mayor Patrick McCrory
Erle Nye
Governor Mitt Romney
James Schlesinger
Dr. Lydia Thomas
Mayor Anthony Williams

U.S. Department of Homeland Security Representatives:

Secretary Tom Ridge
Christopher J. Furlow, Homeland Security Advisory Council, Executive Director
Katie Balls, Homeland Security Advisory Council Staff
Jeff Gaynor, Homeland Security Advisory Council Staff
Mike Miron, Homeland Security Advisory Council Staff
Candace Stoltz, Homeland Security Advisory Council Staff
Erica Bomsey, Office of General Counsel
Josh Filler, Office of State and Local Coordination
Tim Beres, Office of Domestic Preparedness

Public Attendance:

Approximately 20 members of the public attended the meeting. There were also approximately 20 Task Force on State and Local Homeland Security Funding Members and Staff Points of Contact.

HSAC Meeting Called to Order at 12:02 pm (EST)

CHAIRMAN GRANO: Good afternoon. I'd like to call this meeting of the Homeland Security Advisory Council to order. My name is Joe Grano, Chairman of the Homeland Security Advisory Council, more commonly known as the HSAC.

Seated next to me is Judge William Webster, our Vice Chair, and we would like to welcome our HSAC colleagues, new members, and members of the public to this open session of the HSAC.

The Council serves to provide recommendations to the Secretary of Homeland Security on a range of issues and we are pleased that the Secretary joins us today, just as he has for every meeting that we've had to date. We have returned to this facility at Wood Memorial Conference Center at the U.S. Secret Service Headquarters and on behalf of the HSAC, I would like to thank Director Basham and his staff for their outstanding support. They have been very supportive of our efforts throughout the last year.

As a reminder, deliberations and comment during today's session are limited to members of those briefing the Council and Members on the Council. At the close of the public session, we will provide information on how the public may provide comment to the HSAC.

It was nearly a year ago that the HSAC inaugural meeting took place. Since that time, Mr. Secretary, we've been successful in making recommendations on the issues you initially tasked us with, such as development of recommendations for the Department of Homeland Security Award for Excellence, to the management of the evolving language of Homeland Security, the Lexicon Initiative.

We have supported the concept to encourage better integration of multi-disciplined Homeland Security training and education programs among DHS components and external stakeholders. And we have provided member comment on critical efforts such as the National Response Plan and the National Incident Management System.

Today, we will discuss an issue of vital importance to every state and community within the nation: the effective distribution of Homeland Security funding. It is a topic that is more complex than simply appropriating money and writing checks. The report of the Task Force on State and Local Homeland Security Funding was forwarded to all Council Members prior to today and we will discuss the critical issues in the Task Force report momentarily.

But before we move to our deliberations, we have some more favorable business to deal with. At this time, I would like to recognize our two new Members who will be sworn in today. They are ex officio Members who will ensure that our efforts are linked to other key Advisory committees with Homeland Security roles.

Duane Ackerman recently took the reins as Chairman of the National Security Telecommunications Advisory Committee, commonly known as NSTAC, and he is also the Chairman and CEO of BellSouth. I was recently asked by Duane to speak at a meeting of NSTAC, so there is not only a general desire, but frankly, there is a process in place that allows us to coordinate and collaborate on issues together on behalf of our nation.

Duane, welcome to the HSAC.

MR. ACKERMAN: Mr. Chairman, I want to thank you for the opportunity to serve, to you and the Secretary. Obviously, as Chair of NSTAC, it gives us an opportunity to collaborate even more closely on matters of this importance and I look forward to being able to contribute as time goes on. Thank you.

CHAIRMAN GRANO: We welcome your help. Thank you very much, sir. Second, Mr. Erle Nye. He was named by President Bush as Chairman of the National Infrastructure Advisory Committee or NIAC. The NIAC works to advise the Federal Government on protecting our nation's critical infrastructure. In addition, Erle is the Chairman and CEO of a company called Texas Utilities. Welcome, Erle.

MR. NYE: Thank you, Mr. Chairman. Mr. Secretary, I'm just simply pleased to be included. I do have the privilege of representing a very active group, the NIAC, which you were part of creating. We've been active in our work, working on the nation's infrastructures. We are very pleased with the opportunity to interact here and we look forward to the work.

CHAIRMAN GRANO: Well, welcome, sir, and we look forward to working with you. So, Mr. Secretary, if you would please swear in the new members and then we'll turn the floor over to you for commentary.

SECRETARY RIDGE: Sure, absolutely.

(New members sworn in.)

SECRETARY RIDGE: Thank you, Gentlemen. Welcome. I'm very pleased that you recognize that we're kind of having a first anniversary, what's normally a first anniversary, yet more work. That's what you're going to get. Happy Anniversary, nice job, there's still more work to do.

To our new members, who are Erle and Duane, thank you for your service to the President and to the country in those capacities that bring you to the Advisory Council, ex officio, but I think you've noticed right away that there's -- the overlap and the interconnectedness between what you do and what the Department does and what the Advisory Council has stood up to do has a tremendous overlap and we're grateful for your presence in anticipation of your future participation. We know we've got a lot of work to do and it'll be a pleasure to work together to get it done.

Mr. Chairman, I want to thank you and Judge Webster for a remarkable year. We stood up this new department on March 1st, 2003. We opened the doors on that day, built the leadership team, built the Advisory Council, and I think you itemized six or seven initiatives that we've already completed. And I think it's important to note that even yesterday and today, as we're widely considering some adjustments in these policies -- Kathleen, your Committee, the private sector Committee and others, academe and public policy Committee continue to make recommendations there.

So, thank you on your first anniversary and our gift to you is just more assignments and more work and more opportunities to work together with both the executive and legislative branch and, for that matter, the rest of America every single day to look for ways to improve our ability to prevent, deter, or respond to a terrorist attack.

It seems to me that for 200-plus years, whenever this country's freedom's been challenged, we have found a way to not only confront it and overcome the challenge, but in the process, we have become a stronger, better, safer, healthier country. And that's just what Americans do. We know the litany of historic challenges that we've faced.

I think one of the reasons that America has been so successful in that effort is that we are united -- basically, we're on that one single idea that we cherish and have sent soldiers to faraway places to fight foreign preserve and that's freedom. Everyone in this country's freedoms are beneficiary. Everyone cherishes their freedom and therefore, when called upon, everyone, in one way or another, views itself -- him or herself as freedom's protector.

That's basically what we're trying to harness with the Department of Homeland Security. Because Homeland Security, as the Chairman and the Vice Chairman and I pointed out, and you understand, is not just about a single -- Washington-based, inside the beltway

Department. All of us understand that you cannot secure the country from Washington, D.C. We need to provide leadership and set standards. We've been very, very successful working with Congress and generating substantially more dollars out there, driving some technological investment. There are a lot of things we can do in Washington, D.C., but you can't ultimately secure the country from here.

So, Homeland Security is far less a single department or agency and far more the integration of an entire country, everybody having an opportunity in their own particular way to make a contribution to this effort. The least of which, I think, has been the role of the Advisory Council during the first year. We said we wanted to identify those individuals or groups or companies or areas of government who accepted the responsibility of doing things differently with regard to preventing an attack or securing their community or their business against an attack.

We've identified and provided recommendations for a DHS public Homeland Security Awards process. We will do that. We recognized early on that there are many terms used within the Homeland Security community. Commander, I know you'll appreciate this. We had, about six months ago, a slide presentation and depending on what pamphlet you opened or what regulation you look at or what law you refer to, you'll see acronyms and words and then next to them, you'll see entirely different definitions and meanings.

So, in time, that became the Lexicon Project. We've accepted your recommendation and we will begin building that common glossary, not so rigid that we can't recognize nuance differences and the like, but it's very, very important, as we speak the language of Homeland Security, that there's generally accepted meanings applied to everything that we do across the board.

Even before we were a Council under the new department, you helped us set up the Statewide Template Initiative – a template for the statewide plans. More recently, with Governor Romney's involvement and a great partner, the Mayor of Akron, Donald Plusquellic to take on the Homeland Security Grant Funding Task Force to make some recommendations not only to the federal government, but to the states and locals on how we can break the funding logjam. There are a lot of chokepoints on those dollars going out.

We ask you to take a look, from an academic perspective, from a business perspective, at the visa policy. We inherited visa policy in the Department of Homeland Security. I've gotten enough memos, phone calls from a wide variety of Americans and while I agree with most of their comments, the first thing I do is remind them, "Look, we didn't create it. We inherited it and we want to partner with you to find answers to this legitimate challenge -- you know, the legitimate concerns that you've expressed." And that's part of our job and you've been very, very helpful in that regard.

Securing our critical infrastructure. Here is where Erle and Duane can help. Kathleen and her Private Sector Committee has also been working on this. The private sector owns

85 percent of it and we obviously can't secure it all at the same level, so as the Department this year develops a national list of critical infrastructure in partnership with our governors and our mayors, we need to prioritize within that list where we go first in order to make sure that the security enhancements are in place so we can avoid a catastrophic loss of life or economic -- catastrophic economic consequences.

So, every step along the way, the Department, working in collaboration with the Advisory Council, I think, has made significant progress. Having said that, our reward for the first year of effort in progress is another year of effort and I can predict more progress because, again, you view yourselves as freedom's beneficiary and freedom's protector. That's why you leave your day jobs and spend several days a year with us formally, but I know how much time you spend informally dealing with the issues that you have, many of which you've identified, some we've identified, but together, where we agree are priorities for the Department.

A couple final thoughts. We are substantially safer today than we were a year ago because of our collective efforts, but it's not just because of our efforts, it's the efforts of a lot of people at the state and local level in the private sector. My colleagues in public service on the elected side know, whether they're governors or mayors, that many of their colleagues within the past year, without any encouragement, without any direction, without any impetus from the federal government or from this department, have taken on a variety of initiatives to secure their communities and their businesses and their citizens. We're going to see tremendous innovation out there, tremendous leadership, and we need that leadership at all levels and we've got a couple of great leaders here that are going to give us a Task Force report in a moment.

So, we've come a long way. We have -- at the end of the year, we take a look at -- transportation security, substantially better. More to do, you bet, but from curbside to cockpit, better. Every day, we look to innovative people, technology, and yes, sometimes even dogs. Whatever we need to make us more secure, we'll do that. It's interesting, after the Madrid bombing incident, as we took a look at mass transit and railroads, there were more uniformed and non-uniformed police assigned to those mass transit and railroad authorities before the Madrid incident. Subsequent to it, there were even additional personnel, more surveillance cameras, more public awareness campaigns and frankly, there will be more K-9 units. There is a challenge here, what do we do to respond to the challenge?

And as I conclude, I would say that every time we look at a potential vulnerability in this country, I think it's important for the country to understand we don't think if we can only do this one thing, if we can only provide this one measure that will take care of everything.

As we look at vulnerabilities, I think our responsibility is to build in systems so there's no single point of failure, so that you have redundant systems. The airlines are a good example. You start at the curb and work your way out of the hardened cockpit door.

You've got people, technology, hardened cockpit doors, more baggage screeners, rail transit system, technology, K-9s and public awareness campaigns and more to come.

Port security, you've got maritime security regulations coming online July 1, but we started overseas with the Container Security Initiative, we have the Coast Guard boarding high-interest vessels, we review every manifest, every container before that container even gets on a ship before it's delivered.

So, everywhere along the way, we try to build in systems around potential vulnerabilities, we have more than one opportunity to prevent or detect a potential terrorist or terrorist attack and you've been so instrumental and so helpful in that regard and at the conclusion of our first year, I say thank you for a fabulous first year. And having given appropriate recognition to the work you've done, Mr. Chairman, I refer back to you so we can go down for the next assignment.

CHAIRMAN GRANO: I thank you for your comments and more importantly, for the benefit of the public. The HSAC is really made up of multiple disciplines, from state to municipal government, to law enforcement, and the private sector. We have representation from the drug industry, telecommunications and financial services. It just goes on and on and on, all of the areas that have to collaborate to make our nation more secure.

And alluding to your point relative to the informal dialogue that goes on, I could tell you that the common theme that I get -- and it makes me so proud and thankful for the contributions of every member of the Council -- is that the informal dialogue is "What else can we do, what more can we do." And if there's a frustration amongst this group, it's that they want to be able to do more, despite the day job, by the way. So, we'll figure it in and we're up to the task, Mr. Secretary.

SECRETARY RIDGE: Yes, I know you are.

CHAIRMAN GRANO: We now move to discuss state and local Homeland Security funding. It is clear that President Bush and you are committed to seeing that significant funds appropriated by Congress reach the front lines in the war on terror quickly. The Bipartisan Task Force on State and Local Homeland Security funding was established to operate under this body and its State and Local Official and Emergency Response Senior Advisory Committees.

It was ably led by our HSAC colleague, Governor Mitt Romney of Massachusetts, and Mayor Donald Plusquellic of Akron, Ohio. Responding to the Secretary's call and with the urgency that is required, the Task Force has, for the last several weeks, worked to valuate impediments to the effective and speedy delivery of state and local Homeland Security funding. It was composed of members representing all levels of government. The Task Force has completed its work and has produced a report that each member was forwarded prior to today's meeting.

Governor Romney, if you and Mayor Plusquellic will please give us a briefing on the report, we will follow it with HSAC commentary and deliberation. Sir, the floor is yours.

SECRETARY RIDGE: I'd just like to add my thanks to my colleagues in public service for a terrific effort undertaken in a very short period of time. I ran into Governor Romney yesterday with a big smile on his face and I wasn't sure whether it had to do with the completion of the Task Force report or Nomar Garciaparra back in the Red Sox lineup.

I'm sure he's hitting pretty well, but in either event, he's pretty happy about it. But we're very, very happy about you and the Mayor's work and the work of the Task Force on Homeland Security funding. We've got a lot of money out there; we've just got to get it distributed quicker. I'm anxious to hear your report.

GOVERNOR ROMNEY: Thank you, Mr. Secretary, Mr. Chairman. You are absolutely correct that a very substantial number of people came together with broad backgrounds and experience. They came from two of the senior advisory committees and worked with a great deal of effort. Behind you -- and I don't know whether there are copies. I think -- yeah, there are copies of this presentation. It's on the screen behind you, but also in front of you, you should have a visual copy.

You see the names of the members of the Task Force. I would note that the Vice Chair of this group, Mayor Plusquellic of Akron, Ohio, and I were helped by a number of individuals who worked long and hard. Dick Andrews, who is the Chairman of the Emergency Response Senior Advisory Committee, kept a number of his members in tow. We also had some extraordinary contributions by members of the staff of our respective organizations. George Foresman, who is the Homeland Security Advisor to Governor Warner, carried out a specific sub-task force Task Force to go out and gather data, because we found the data was just not available to us, to allow us to understand what the problems were and how to solve them. George put together a sub-task force to go out and collect data. We sampled 10 states and a number of counties and municipalities within those states to gather the data and from that, we reached our conclusions.

Tom O'Reilly, who is the Administrator in the Office of the Attorney General in New Jersey, worked extensively on his own sub-task force, a Task Force that related to determining best practices for purchasing and procurement. The importance of that, I'll point out in a moment. Senator Balboni of New York also had a key responsibility in helping to pull together our final draft of the Task Force Report and his Chief of Staff, Terry Hastings, did a lot of work on the drafting. I think in that regard, I have to give particular note to my Homeland Security Advisor, John Cohen, who spent an enormous amount of time pulling together various viewpoints that helped to create a consensus document.

With regards to our mission, we were to understand what the funding process had been and what the cause of delays had been. Secondly, we were to examine and catalog best practices as we found them and third, we hoped to be able to provide specific

recommendations to eliminate chokepoints, to get the money unstuck, if you will, with the President's praise, that impede the timely distribution of funds to the first responders.

With regard to our guiding principles. It was our view that our highest priority has been to ensure that the men and women who serve in the front lines of Homeland Security have the equipment and resources they need to protect our communities from future attacks. In addition, it was the goal of the Task Force not to identify fault or blame, but rather to identify issues and concerns and address them.

Our hope was to reach consensus. Not to reach compromise, but instead to have people of different backgrounds, state, local, county, tribal, as well as DHS, understand the problem from the perspective of one another and then reach a common viewpoint. I think we were able to do that. I think each of us would have probably drafted a very different report if it only had been developed with our peculiar interests in mind.

But as we began to understand the broadest interests, I think we all moved, in terms of our perspectives, and reached what I believe is a very helpful consensus that I hope is also considered by Congress as they take up, I believe even today, legislation that deals with the movement of funds from the federal government and DHS grants to states, counties, and the localities.

Let me turn to the general observations summary as well. We were happy to find that the Department of Homeland Security did indeed meet its statutory requirement to obligate funds to states within 45 days. And states, for the most part, did the same thing. The obligation of funds, however, did not mean that the funds had been expended on a timely basis and we spent a lot of time trying to understand why that was. It turns out that a number of the administrative procedures which had been built up over the years by states, counties, and communities to prevent fraud, waste, and abuse do, by their nature, inherently cause delay.

And states have put in place a series of procedures, multiple bids, oversight -- counties have done the same. In some cases, a state legislature has to be involved before a grant can be drawn. In other places, county boards have to be convened. These things occur over, in some cases, many months. Some legislatures only meet once a year or biannually. As a result, these processes, by their nature, take a long time. So, when you have an urgent need, and at the same time, you're confronting processes and procedures which have been designed to prevent rapid, immediate favoritism or abuse, you end up with a conflict.

One of the areas that became very clear to us was something known as the Cash Management Act. This is a federal, if you will, procedural protection which is designed to keep the federal funds from going out and sitting in other people's bank accounts and letting all of us collect the interest. They wisely decided, a long time ago, that the federal money is going to collect its own interest.

And so, if a city or town wants to buy, let's say, a mobile command center for their region to protect it from a Homeland Security standpoint, they have to purchase that equipment, have it delivered, and send the check and then they get a reimbursement from the federal government. The reimbursement can be done virtually immediately, but they have to spend the money first. And we have a number of cities and towns that actually have a provision in their charter that they're not allowed to spend or enter into a purchase order unless the money for the item they're buying is actually in their account. So, we have the ultimate catch-22. We can't buy it until we have the money in our account and we won't give you the money until you've bought it.

These are the kinds of procedures that exist at the state level, at the county level, at the city and town level. We also found that when the legislation was originally written, it obligated the Department of Homeland Security to move money in 45 days or to obligate it in 45 days. It did the same thing to the states. We had to obligate it in 45 days, but didn't mention counties. So, counties had the money obligated to them in some instances and then they began their normal process, which might take six months to a year, to further obligate it to municipalities, because there was no deadline set by Congress on moving money through counties. So, in some cases of those that we examined, we had more bottlenecks.

Again, all of these procedures are the normal procedures employed to safeguard federal, state, and local money. But when it comes to the urgent need to protect the homeland, they seem to be in conflict.

Turning to some other observations, number four, there has been a great deal of improvement. I would note that it was indicated by a number of localities that just the formation of this Task Force caused lots of money to get unstuck.

There are some best practices that are emerging. We were very pleased to find, in Tom O'Reilly's work, that a number of municipalities have been able to take advantage of statewide procurement contracts. One state, in fact, has a system where they obligate money to communities, they established a website to say what the communities can buy, and the communities can just go on that website and pick it up. It never has to go through their purchase orders. It's coming directly off the state website. And those kinds of procedures are able to short-circuit, if you will -- shortcut, in an appropriate way, the kinds of bureaucratic processes which are normally in place.

A final observation that's a very important one and was not the center of the Task Force's responsibility, but nonetheless very important, and that is that as we looked at all the funds that have been actually spent and have been obligated, the money's going for response and protection, meaning people guarding bridges and tunnels and so forth. It is not going to prevention, per se. In the broadest sense, intelligence work, monitoring, surveying, wire-tapping, the kind of work that you look to find out where the bad guys are and keep them from doing something before they do it. Virtually no money that we can find had actually been spent in that regard.

Congress in the way it has described the grants, really focused on equipment and training, which is critical and important, and is perhaps the necessary first step. When you have an attack, the immediate thing that comes to your mind is, "Okay, how are we going to respond if this happens again?" But that's where the money's gone and there's very little effort and attention being placed on, "Okay, what should we be doing at the local and state level in the broadest sense, prevention or intelligence?"

And of course, to a certain degree, the effort is shared, but that was an area that we identified and feel that there needs to be a greater balance as Congress considers appropriations in Department of Homeland Security grants in the future.

A number of very brief findings and recommendations, because I think you will have seen them from what I've already said. Number one, the reimbursement requirement, as imposed by the Cash Management Act, is cumbersome and problematic and we would recommend that Congress exempt Homeland Security grants from the Cash Management Act and to do so for Fiscal Year '05. We'll look down the road and see if it's needed in the future, but we need to move quickly. We have an urgent need in this country to get this money into localities and that's an immediate first step.

Number two, rapid procurement and deployment conflicts at times with state and municipal buying obligations. I've indicated the stories of that to some extent and what we're suggesting is that states and local governments exercise emergency authorities and modify procurement procedures in the circumstance of needing Homeland Security equipment, training and other support, and that they basically streamline the normal purchasing procedures.

Now, they have to do that with some care because these procedures were designed over decades to prevent fraud and abuse. So, it's going to require some special care and attention and in that regard, we have a number of recommendations -- with regards to this second finding, of ways that we believe the Department of Homeland Security can help develop models -- staffing models and tracking systems to identify whether these procedures are being followed properly.

Number three, we recognize that there's a lack of national standards guiding grant distribution, tracking and oversight and that also contributes to the delays. The mere fact that it took us a heroic effort on the part of George Foresman and his team to find out where the money was and that we could only sample -- we didn't carry out a full review of all 50 states. We sampled 10 states and sampled a few communities within those states.

We really could not find the data of where the money was and where it was stuck, on the basis of sample, we're drawing our conclusions and members of our task force have the perspectives, but we believe that we should put in place a system that outlines how the grant process should work and then track how it is working and get reports to identify where the money is so we don't have to wonder in the future. And there are a number of recommendations in that regard, two pages of them.

Finally, there are urgent security needs that must be addressed. That sounds like an obvious statement, but it's meant to balance with the fact that we recognize that in Homeland Security, there are two missions. One is to use our money wisely to develop a long-term Homeland Security capability that will protect our nation long-term against a threat that's probably not going away, maybe not going away during our lifetime. And so, we need to be very thoughtful and plan-based as we spend our funds.

At the same time, we have an urgent need to get money out there immediately and to protect ourselves and to be able to respond, so we've got both of those interests that have to be balanced. And that was something that was brought to me, I think, by Mayor Plusquellic and other members of the team. "You know, Governor, the planning is all well and good, but we need to move very quickly, because we've got cops on the street that are needing to protect key, critical pieces of infrastructure and we need to get that money to them immediately."

And therefore, recommendation with regards to that is that Congress should expand the allowable uses of these funds to better address some of these short-term needs. So, as an example, to allow the funds to be used to offset incremental operational costs, including overtime and other personnel costs that might be needed on a short-term basis. And the second recommendation, that DHS should establish a comprehensive risk assessment methodology to identify high-risk, high-consequence critical infrastructure and major events and allow grant funds to be used directly to offset the costs associated with protection of those events or those targets. And so, we're looking for Congress to broaden the places where money can be expended on some of these urgent needs.

With that, I would note that this Task Force moved on an accelerated basis. We had 60 days. That's not a long time. You know, we're under attack. There's no question that the people who are attacking us are not going to be satisfied with an occasional bomb even in a mall. They want to topple the government of the United States of America. They want to kill our people and they want to subject us to poverty and death and it's not going to go away anytime immediately.

And our response has to be at a very aggressive level and we believe that we need to move very quickly. I'm sure that with time, better conclusions will be reached and we'll keep improving, but we're making progress. We've got a long way to go, but these are recommendations, Mr. Secretary and Mr. Chairman, that we present. I'd like now to turn the microphone to the Task Force Vice Chairman, Mayor Plusquellic.

MAYOR PLUSQUELLIC: Mr. Chairman and Mr. Secretary, I appreciate the opportunity, first, to have served on this Task Force. I have described it at home as one of the most rewarding experiences that I have had in my 31 years of public service. First, because the issue is so important and secondly, because the number of people around the table who were so dedicated and gave so much and the discussion was at such a high level with each trying to really reach a consensus.

As the Governor indicated, it really was rewarding and I think the product is something that we can be proud of. It's not everything that every mayor would like, Mr. Secretary. I know you knew that already, but I think some of us knew that when we sat down at the table, we've been around to know that you don't ever get all you would want in certain situations.

But the collective discussion and product, I think, is not just consensus, as the Governor said, just to reach sort of a political solution to something and water it down, but I think they're realistic and workable. And there are things that will work for us to be able to accomplish what mayors across the country have wanted, and I think I could substitute local first-responder officials have wanted, which is to deal with this urgent issue that was there, that after September 11th, we were all asked to do more to guard, to prevent. And in most cases, it's all been on the backs of those local officials, whether that's a township, whether it's a city, a county, or in some instances, a state playing -- filling the role of first-responder, protection and guarding and dealing with that prevention issue.

I don't know that there is a whole lot that I could add to what the Governor said in any specific way, but I need to emphasize just a thanks to all the Task Force members. I think we made a commitment early on to make this a consensus report and not point the finger and I think that it would not probably be appropriate to go without saying, at least from my standpoint, that we found that your officials working with us were very dedicated individuals who were really as frustrated, probably, as many mayors, but they haven't been able to figure out exactly how to help, because that's what their intent was, I believe, from the beginning. And I want to give them a great deal of credit. They gave us problems along the way.

I'm not suggesting at all that Josh caved in easily, Mr. Secretary. I want to assure you of that, but he was reasonable and rational most of the time.

I make one final recommendation of my own at the last minute and that is that we recommend the federal government and Congress never uses the word "obligate" in any bill they pass ever again. You talk about a common language. And we now, on a local level, have figured out that obligation isn't even the checks in the mail. Obligation is we still have the money, but it's what we're thinking about.

So, we have sort of reached an understanding, I think, and I recognized that when you said we need a common language and we need to know exactly what we're saying and what the meaning of those words -- I thought there was great insight into your understanding of this process and the problems that you inherited. I mean, this is a bill that you have to work with and we want to work with you in the future and this committee to really bring about, hopefully, some conclusion of this.

Not that what the Governor has said is incorrect, because I think in government, you always look to improve a system, but these are significant recommendations that I think will go a long way into improving this one particular problem, which is this stuck funds. And I expressed my appreciation for the opportunity to serve.

I think we should also point out that there are a number of the Task Force members who decided to come here to be supportive and to recognize that they are sitting behind us here and many of them spent all of the hours that the Governor and I did, dealing with each of these concepts and trying to figure out a way to bring closure to this.

And I think the last thing I would say is to repeat what I said earlier. I think we can all be proud of this document, proud of the recommendations, and hopefully, we'll have some folks here who will look at this and try to help us implement a significant improvement to the system that we have, to carry out the function that we, on the local level, have been asked to do, which is truly to be part of your Homeland Security, Mr. Secretary. So, I thank you for the opportunity here today.

CHAIRMAN GRANO: Thank you, Mr. Mayor. I'd like to congratulate the Governor and the Mayor. You think about the ability to gain consensus with so many disparate stakeholders and -- all of which have different prioritizations. I just think it's a remarkable effort on your part and I want to thank you and all the members of your Task Force.

You should know that an unusual process is taking place here. We generally, as the HSAC, vet the recommendations prior to submitting them to you in this format. But given the time constraints and the sensitivity of the issues we're dealing with and the criteria that's needed out there, again, I want to thank you in an observation that says regardless of the nobleness of the intent, there were practical issues here that were creating barriers. And I think you did a wonderful job in taking a pragmatic approach to these issues.

But without question, we all have to know that the HSAC does have a responsibility with the Task Force report and that's prior to the delivery to the Secretary and we're kind of commingling that with the session today.

To begin our deliberations, I'd like to turn to our relevant committee chairs who served on the Task Force as well. Dick Andrews is Chair of the Emergency Response Senior Advisory Committee. It's composed of members representing the law enforcement, fire service, emergency management, emergency medical, public health, and public works communities.

Dick, could you give us a sense of your committee's approach and commentary on the recommendations?

MR. ANDREWS: Thank you, Mr. Chair and Mr. Secretary. First, on behalf of the Emergency Response Senior Advisory Committee, let me express my appreciation to the Governor and the Mayor for their leadership. Those were lively sessions, they were substantive sessions and they were, in the end, very, very valuable sessions.

And really, just again, to reiterate, watching this process unfold over the course of 60 days, the enormous effort on the part of the members of the Task Force who came together very quickly representing a very broad range of constituencies into the sub-task force that was formed of gathered information in a very, very rapid way and produced a very clear report. Clearly, for the Emergency Response community of this nation, which, as the Chairman has indicated, includes not only law enforcement, but fire services and public health and hospitals, this report is of fundamental importance.

And in yesterday's meeting, we had a long, lively discussion about the recommendations and the committee members were unanimous on their view that this is a valuable, significant, important report that will enable them to do their job better going forward.

There are a couple of issues that I'd like to highlight that are included in the report that I think are of particular significance and again, which both Governor Romney and Mayor Plusquellic have referenced. First of all is the absolute importance that Congress recognizes the need to expand the definition of allowable expenses for the significant incremental operational costs that have been incurred, especially by the law enforcement community.

Local and state law enforcement officials, particularly at the local level, serve on joint terrorism task forces. They are involved in intelligence and surveillance activities and these activities have not been, so far, available for reimbursement. And it does represent, for local government in particular, but also for counties and states, a significant additional cost that needs to be recognized. As we go forward, however, we do need to maintain a balance between the prevention and detection and the preparedness sides.

This is something that we hope that we will be able to prevent all future terrorist events from occurring. And should we not be able to do that, we need to have a robust response capacity. And so, maintaining, as we go forward, an appropriate balance between the response function and the prevention and detection function is of fundamental importance to the overall emergency response community.

Also, there's a recommendation regarding the need to rationalize the grant management process at every level of government and I really want to underscore the importance of this. There are a number of different funding streams that ultimately end up at the state and local level for a variety of different purposes. It is often very, very difficult to keep those funding streams clear, to keep the deadlines clear, and to keep the objectives clear.

So, the rationalization of this process is of importance not only at the federal levels so we can report to Congress on how the money's being used, but also, it's important at the state and the local level. And I think if you take the totality of these recommendations, they will make a significant difference in not only the pace at which we're expending the money and the uses that we're expending that money for, but also, in the overall preparedness level of the nation, both to prevent, detect, and respond to terrorist events should they occur.

So, the Emergency Response Senior Advisory Committee unanimously endorsed the recommendations and recommends its adoption by the HSAC.

CHAIRMAN GRANO: Thank you very much, Dick. Governor Romney also serves as Chair of the State and Local Official Senior Advisory Committee or SLSAC. And you're getting an insight as to why we have a Lexicon Project.

The SLSAC is composed of governors, mayors, county officials, legislators, and other state and local officials. Mayor Anthony Williams is the Vice Chair and I'd like to start with you, Mayor Williams. Do you have any commentary based on the report, sir?

MAYOR WILLIAMS: Well, I want to commend Mayor Plusquellic and Governor Romney for some very good work on this report. I think before the Task Force began its work, there was a kind of general prevailing view that someone somewhere in these states was holding up the money, that it was some kind of intentional act. And as reality would have it, there wasn't any real intentional act at all. It was just your normal kind of chaos at work. And when in doubt, you know, blame it on chaos. And that's, in fact, the case.

I think what the Governor and the Mayor have really pointed out is a particularly difficult task faced by the Secretary and the Department and that they faced in looking at this, and that is, as Governor Romney is pointing out, there is this balance between preventing waste, fraud and abuse, and at the same time aggressively addressing security needs. And the problem, as we've discussed earlier, is that there is zero appetite in the American public for waste and abuse and there is zero appetite for loss of property and life. That makes the stakes very, very high. You know, it makes your risk assessment very, very difficult because essentially you can't really do any. There's just zero tolerance.

And I think we have to understand as we go into it, and with that backdrop, I really commend you all for facing a very difficult task.

I also want to commend the Task Force for pointing out -- and as the Governor said, it's a little bit outside their purview but something that's very important. I've noticed in my own comings and goings that an enormous amount of funding is going into work that is essentially after the fact -- responsive and reactive, however needed that may be, particularly on the hardware side, and not enough flowing on the preventative side. And that goes into broader issues that have been discussed about communication, sharing of intelligence. I know the Department is already making inroads on that, but I applaud the Task Force for weighing in on that.

Then my final point is just a question, and that is I think it's in finding number four you point out the need for risk assessment. My question would be the Department doing this comprehensive risk assessment and methodology. How does that relate to my understanding, which was that the funding to the states and through the states to the different levels of localities would be on the basis of a strategy and statewide plans which was driven by the Statewide Template Initiative? I thought the whole notion of the

Statewide Template Initiative was a framework and a methodology for developing the strategy and planning, doing the metrics, doing the risk assessment.

But I want to reiterate, I think it's an outstanding piece of work and I commend the task force.

GOVERNOR ROMNEY: I think you put your finger on it, which is that the type of methodology that we're describing is encompassed by the kind of template that DHS prepared. And what we've found is that in some cases we've gone to states and asked them, "Tell us how many pieces of critical infrastructure you have." Some states will say this item is, another state will say no that's not, and we need to have, if you will, some federal guidelines to help us define -- again, we're back to the lexicon -- define what critical infrastructure is and what is not, what are risks.

We went to our local officials and said, "Do you have terrorist groups in your community? Give us the names." And we could add them up and we could use this to balance how our funds were going to go. And some communities put down motorcycle gangs as terrorist groups and others only considered al-Qaida.

And because we had not given them, if you will, the template and the guidelines, it allowed such a wide degree of interpretation that we found we had to go back, provide that information, and then we ended up having something more meaningful. And we're continuing to encourage that at the DHS level as we look at all elements relating to risk and criticality to have those kinds of guidelines as part of the templates that we can employ.

MAYOR PLUSQUELLIC: And this recommendation adds operational expenses to those allowable expenses, to the list of allowable expenses now. Washington, New York City, and there may be other cities that are under certain other funding sources -- I think I was alluding to that as well -- but for a large segment out there, there are critical infrastructure, there are locations, there are events that at least the way the regulations were originally established by law, those locations are not eligible for the additional incremental costs that are incurred by whatever level of government is charged with securing those locations.

And one of the things that I try to emphasize in these meetings is that in most instances we are, on the local level, responding to some federal official who has indicated that there's chatter and they're suggesting that something might happen at this specific location. So we're really responding to the threats that in many instances the federal officials have pointed out for us. And so that seems to be the appropriate way to measure then what the federal role in this is, the federal part of our partnership here, because in each of our communities we have, at a baseball game in a major city, we have local responsibility and have had for years to have police officers there. Whoever pays for that has already been determined.

But if somebody comes in and recommends an additional officer at every entrance gate to do something, check bags, and that recommendation has been made since September 11th in response to this additional threat, it seems to me that's what this recommendation is providing for -- the additional cost, overtime or otherwise, for those operational costs at that level.

It also, by the way, does not deal with the issue of what -- how many people are in that community. There is a lakefront small community with very few people, but they happen to have a nuclear power plant situated in their community. And if they've been asked to patrol additional patrols during certain periods of time or in response to a particular threat, this operational expense that now is not covered unless there's a full orange alert would be, if these recommendations are adopted. So I think those are a couple of examples where it would make a difference from the way that we're now operating.

CHAIRMAN GRANO: Okay, and, Mayor, you're absolutely right. We went out with the Statewide Template Initiative but it really was a bottom-ups approach to provoke thought, the remaining component of that exercise, because all states have what we'll call a commonality of purpose but not commonality relative to approach, and different priorities, different definitions. And the Secretary and I and members of DHS and the HSAC members will create a series of best practices that are uniform in every state. So perhaps ten have to be the same in every state and you can add the other 90 to ensure that we don't stifle creativity and legislative bodywork that's been done and different in each state. So we need to get to that point, that interim point.

MAYOR WILLIAMS: If I can just say, Mr. Chairman, I think the Task Force's recommendation for a grand system would actually be very helpful in allowing you to have really good comparative data to drive those best practices.

CHAIRMAN GRANO: Totally agree with that, sir. Thank you.

Before we open up the floor for deliberation, as I suggested, I have requested that the HSAC respect the extensive work and negotiations of the Task Force and leave this report intact in terms of its construct relative to presentation. What we will do through our deliberations is come up with a series of recommendations, Mr. Secretary, that we will add to the report, rather than try to change it, because it is a consensus document, unique as that is in government, so we're going to go with it.

SECRETARY RIDGE: And it's even more unique because it's a consensus report but it's not around the lowest common denominator. It's easy to drive a consensus around the lowest common denominator. This is a very high-level -- I think, Mayor, one of the things that struck me among your comments were that it's realistic, it's workable.

It's very pragmatic. But working with the governors, what your Task Force has done is very, very helpful.

CHAIRMAN GRANO: I'll open it up for deliberation and start with the first question, if I may, Governor. In your review, you talk about measurement standards of the money being applied, and is it being spent where we say it's being spent. But on the qualitative side, any suggestion or did you see any process that would allow for what we call in the private sector an ROI? Is there return on the investment? Are we, in fact, safer because we spent the money? Do you see any of that embedded in the process?

GOVERNOR ROMNEY: Well, I must admit that the concept of ROI and net present value is almost nonexistent in government generally, but applying it here is just is not a --

CHAIRMAN GRANO: Each one just wants a return on investment.

GOVERNOR ROMNEY: Yes, almost anywhere else. These concepts are foreign and in many cases the protection of a life has infinite value, and how do you determine what the return on investment will be if you believe you're protecting a life. And yet what we have done to substitute for that, I believe, is by coming together and bringing the best minds we have in our communities to say what are those areas where we feel the greatest -- where are the areas where the greatest risks exist, where are the greatest threats, and what actions can we take that are the most economic in protecting against those risks, and let's do the most economic things first.

And that, we felt, was necessary to be done on a regional basis. One of the observations of our task force is the desire to -- I think we talked about requiring, demanding, encouraging regionalization, and the idea was that at least as we looked long term and we have a little more time to put in place the response to these threats, that we need to be thoughtful about what we need in a particular region. So, rather, in my state we have 351 cities and towns, and I'm a little state geographically, and yet each one of those is looking for a mobile command center and a hazmat team and a bio-containment facility and a monitoring system, well, we're going to waste an enormous amount of money.

We've tried to move pretty quickly out of the box here, but now we're taking the time to say, "Wait, let's divide our state into regions, let's determine what each region ought to have, what type of capacity each region should have, how much hazmat capacity per person in a region." And then we've assigned an agent, city or town in each region, and that agent, city or town, as the sponsor provided by DHS, purchases, according to that formula. And on that basis we believe we're addressing money where it has the most significant impact.

CHAIRMAN GRANO: And is that transferable to other states, in your mind -- that process?

GOVERNOR ROMNEY: Absolutely. And there may be other states that are doing it just as well or better than we are. But there is increasingly a great deal of sharing going on in this process that DHS put in place of asking us to gather our plans, our homeland security plans, and then share them with one another. It has allowed us to begin to pick up some of those practices. We did that yesterday in our SLSAC meeting. We had two

states present their strategies and that begin to give us perspective as to how other states are doing it.

But fundamentally, the idea of having some regional effort and dividing -- defining regions in a meaningful way has moved us towards making sure the money is being spent in those ways that really address the greatest risk and the greatest vulnerability.

MAYOR PLUSQUELLIC: Mr. Chairman, if I might add to that. And it came up yesterday in our meeting and we were not charged with anything other than looking at the unstuck money problem, but we did have some discussions during the Task Force meetings about the need, and I think it would be very appropriate to bring it up in response to your question now, for a standardized federal training program very similar -- and I'm going to use the term -- to the FEMA model that most local officials are accustomed to dealing with on a regional basis, a plan that deals with natural disasters. Unfortunately, we can't prevent a tornado so it's mostly response from you.

But having been involved in training sessions both within the Akron community, where we brought in the whole county emergency management agency, as well as traveling with a number of community, including private sector individuals to Emmetsburg to have a mock training response training to a mock disaster. We found it an excellent way to get people to do the kinds of things that are more standardized, really, on a national level.

There may be more tornados in one place and more hurricanes or something in other parts of the country, but the kind of response you need is pretty much the same no matter where you are. And to not have a standardized federal analysis, a training model, it seems to me would not be consistent with the great work that FEMA does for local communities to come in. And they're pretty tough. I mean, they come in and make an analysis, and if you don't have -- if you haven't done something, they're going to recommend it, the press gets full copies of these things and starts talking about, "Mayor, why didn't you have enough of those cars out on the street or pieces of equipment or backup beds or whatever it is?"

It seems to me that the additional part of this that helps to identify and standardize and helps us to analyze from a professional way, rather than all of us going out and hiring private companies and a lot of other things that we don't do when we talk about natural disasters. And this just fits nicely with what FEMA does, so I would think that's something that the HSAC would want to look at down the road.

It's not a criticism. I look at DHS and the work that they've done in a short period of time. I don't know how you take on every imaginable problem out there and try to come up with a new department to deal with all of them, but it certainly is, again, in the long term, as our committee looked at the things that need to be done, it's something that I think is a natural fit for Homeland Security to work closely with FEMA to help us design those plans.

SECRETARY RIDGE: Mayor Plusquellic, you're on to something here, and actually you will see a natural outgrowth of this recommendation built upon the first standardized interdisciplinary document that we've created, which is our National Incident Management Plan, where everybody accepts specific responsibilities. And it's all hazard planning, to your point. There are certain things that we would want to do in the event of a natural disaster but certain basic things if it's a biological, chemical or whatever.

So we've got a National Incident Management Plan that exists, and then from that, to your point, with the encouragement of your recommendation, we move to the standardization of training and exercises and equipment, and it's a natural follow-on so it's not viewed as a criticism. It's a very constructive sequel consistent with where we plan on going, but you give us the impetus to keep going the right direction because it's just a natural outgrowth of what we're trying to do.

And not that we've got anything against consultants. Consultants are good. But there are certain things that we'd like to be able to provide for you because of the integration of the country and our mutual agreement that there are certain common standard practices we all should adopt. So you're onto something there.

MAYOR MCCRORY: I would just like to say to my colleagues in the private sector, I know you and your organizations don't have any problems with miscommunications. What this group has done under Mayor Plusquellic and Governor Romney's leadership, they have broke through and gotten the facts and realized the breakdown wasn't the intent, which by the way the feeling behind the scenes, well, it must be political, it must be turf, it must be mistrust; it was miscommunications, it was lack of processes. The Task Force identified that and that was so extremely important.

The other thing I want to emphasize is we've seen the transfer of the discussion of funding for not who gets the funds but what infrastructure needs to be protected, and then once you decide that we determine who gets the funds because every jurisdiction is different. Sometimes the state is responsible, sometimes the city, or the sheriff. It's different in every region of the country and every state, and emphasis needs to be put on that, and I think that's going to save us some money, too Mr. Secretary.

So I am so impressed with what this group has done. In fact, Mr. Chairman, I recommend that this group continue to stay intact. They're bringing up other issues that are usually a breakdown in communications and processes, like regional cooperation. I mean, Governor Romney just brought up an excellent point that's true in my region, is you don't want to spend money on every small department buying all this equipment when, in fact, it needs to be centralized and shared and have inter-local agreements.

And this is the type of communications that you have to have when the intent is on everyone's part is the same, but if we're not talking to each other we're going to break into our own isolated boxes. And so I would just like this group to consider how do we follow through with this and maybe some of the other discussions that were brought up in their discussions. I think they've done an outstanding job.

MAYOR PLUSQUELLIC: Mr. Chairman, if I could put it in perspective, though, with the Governor and I, that's the first positive thing that the Mayor's ever said.

MAYOR MCCRORY: The City of Ashford and the City of Charlotte has had much competition lately, but we won't go into those details. I would like to say the New England Patriots beat the Carolina Panthers, but the next time we meet we'll get some money for the operating expenses.

DR. THOMAS: I just had a follow-up question of the Governor. Your concept of regionalization within the state is obviously an excellent one. I was wondering whether or not during your deliberations whether or not you had any discussion about the same level of cooperation across states because you can certainly get the same economies of scale when you start looking at that, or lack thereof if you don't.

MAYOR PLUSQUELLIC: The answer is yes. In our own state, we recognize that on our borders or other properties are the pieces of critical infrastructure for which we are partially responsible. In one case, we have a nuclear power plant that's just over our border and clearly the preparation to prevent attack and to respond to attack relating to that, that installation, has to encompass two states. And so when we look at the regions required for preparation of a homeland security nature, we do have to determine whether the region includes a portion of another state and make sure that our plans encompass that state as well.

And, you know, some states just said we can use counties as our regional organization but in some states they have large counties and that works, in others the counties aren't aligned on a homeland security basis, they weren't established on that basis, and so you have to group counties or cut them in half. In my state, the counties just didn't line up with what we thought were the risks and threats, so we had to develop new regions. But I think you are absolutely right, that in planning for homeland security a state like Delaware, for instance, has to make sure that its plan is encompassed by and encompasses those of the surrounding states.

MAYOR MCCRORY: If I may add that we have to have incentives to do that because it's going to be typical because of the political boundary not to cooperate, but we have a nuclear power plant right on the other side of our border in South Carolina and I'm proud to say that Charlotte has shared a grant. We received a \$7 million grant and we've included the South Carolina counties in our grant. And I think Kansas City, by the way, has done something similar. I think ways to give incentives to make us cross state boundaries and create regions is extremely important.

GOVERNOR ROMNEY: Let me also just add to the response. There are a number of barriers to that kind of cross-state regional planning and one of those is quite significant, relates to liability and the ability of first responders to cross state lines and be protected from liability. It would be obvious if we were to see a foreign force land troops at our

border that we wouldn't have our law enforcement stopping at the county line or the state line, saying, "Sorry, we can't go across there."

But the nature of the attack that we are undergoing as a nation is just as real and just as severe and just as intent on the destruction of our nation as foreign troops lining on our shores. They're invisible and more insidious and we're going to need to adjust and adapt our liability boundaries and our liability procedures and mutual sharing arrangements because right now, while we talk about the kind of planning needed - being able to effectively respond is a difficult thing to do.

MR. ANDREWS: In response to Lydia's question and the Governor's just comments, the Emergency Preparedness and Response Section of DHS, has been working on this issue of interstate liability. There is a master agreement in place. EP&R briefed us yesterday on the progress that they have been making. They are going to be recommending some significant changes to FEMA's rules with regard to reimbursement issues as well as other issues relating to interstate liability. There still are some open issues, though, that haven't been resolved, varying compensation and issues of who holds the liability in the interstate transfer of resources that still need to be resolved, but I think some progress is being made.

Also I might mention that in the best practices we know in some areas of the country they have interstate procurement agreements so that states have, within a region of the country, decided that they're going to share procurement processes. So one state might work on fire services equipment, another state works on personal protective gear, so there's been a level of cooperation that the states have really undertaken in response to the need to try to expedite the grant process.

DR. THOMAS: I would think that if we looked at a number of these items we'd find the same thing that we're finding with the funding Task Force, and that is if it's not a lack of desire or will to do the right thing, there are just these barriers to being able to accomplish that that were set up for other purposes. And so the idea of identifying those and going down that list and doing what we can to eliminate them is clearly a very important topic.

MS. BADER: Thank you, Mr. Chairman. As we've talked about this, I think we're all cognizant of it but I haven't heard it said yet, we also can't just look state to state. I don't think Detroit can ignore Windsor and I don't think San Diego can ignore Tijuana. So we are going to have to look at those communities where we do have cross-border issues and deal with that as well in some fashion.

I thought Mayor Williams started us off well earlier when he talked about the fact this has to be driven by strategy and fundamentally the issuance of the recommendation on grant programs enables this to be driven strategically.

The comment on regionalization, I'm totally supportive of that because, in fact, it does, as Lydia says, allow economies of scale -- as long as that's what it's about. What we cannot afford is to have regionalization in how things are doing so that you're coming to the critical infrastructure group, which private industry, as we've conceded, owns about 85

percent of, and asking us to do something different in one region than in another. Of course, this is, again, where you get back to federal standards because we run our businesses not only nationally against standards but globally against standards, and you would create great difficulty, I think, if you went to something else.

The comment was made on communications. Absolutely critical, yes, among ourselves, but I found myself at the Kennedy School of Harvard three weeks ago defending how these monies were being put out and spent and I wish I'd had your report because I didn't have the answers. You really do have some really important information here that we need to get into the right kind of press as well because some of the flak that has been sent hasn't really been in the spirit of let's make this a safer country, and we need to deal with that.

My last point. The comment -- a recommendation was made on page 12 that DHS should establish a comprehensive risk assessment methodology to identify high-risk/high-consequence. And it's my understanding you're already doing that so, I mean, obviously there will have to be some further discussion of that. My only plea would be from private industry that we bring sector expertise into those programs at the beginning, at the middle, at the end. And what we do, what we try to do what these folks are doing, which is get consensus, not get -- what did you say, Governor -- compromise, and that fundamentally this is about partnership, not promulgation. We have to work harder at that for more transparency and how we use methodologies to identify risks because industry does have subject matter experts on their own risks and we need to use that expertise.

DR. DAVID: Governor, Mayor, first I want to applaud the fact that you have identified the need for, I'll term a systems approach and balance in a couple of dimensions: one is across the spectrum from prevent clear through to respond and recover; the other is balancing urgent short-term needs with long-term strategy and planning. I think both of those dimensions are absolutely vital.

But with that said, I would ask if, in your mind, there is another tier of recommendations that could flow from what you've written that has to do with metrics that has to do with how we would tell if things were better as opposed to just different. I raise that because you admitted that the data didn't exist to bring forth these recommendations, so if we were to say, 12 months from now, repeat this, what recommendations would you have with regard to what data ought to be collected for more easy analysis and how we would actually measure improvement.

GOVERNOR ROMNEY: Well, I would note that when a task force is formed to evaluate such a thing that -- I would suggest that when DHS completes the process it's going through, and that is to define what is needed in a particular area or region and take a city or an urban area and say, all right, an urban area of this level, this nature, this population, and with this level of risk, because not all urban areas are going to have the same level of risk, but given this level of risk, the number of critical infrastructure points and so forth, this is what it should have for protection or for response, for event

consequence management and for prevention, and then it can measure that community against that template. And that's what -- and the communities want that as well.

We did not -- when I said that we had a hard time gathering data, we never asked them what they bought with their money. All we were trying to do is whether they actually got the money to spend it, but we never went to the next step, which is did you buy something that was actually useful or not. We just said, no, we're just trying to make sure that the money's getting through the pipeline, but another task force someday will have to say are we spending -- on the stuff we're ought to be spending.

And that's what led us as a state, and I know other states as well, to the conclusion that, gosh, we've got to create a statewide homeland security plan, then divide that into our region, and define what is needed for each region. And so we put a list together of the pieces of equipment and capabilities and training necessary for each region and then we have a priority, and then each dollar we get, we have a formula that we take all of our regions, we have a formula, and 22 percent goes to that region and 18 percent to this and 17 and so forth across our regions, and then they spend according to the items that have been defined for their region.

So when we're finished with this we can say, okay, here's how far we are on each region, we've got x percent to go. Clearly, that will be updated and changed time after time, but I think we will benefit. We've done that on our own at the state level. We're continuing to work on that. DHS does the same thing and provides that template, if you will, those metrics for us. I think we'll be able to measure have we been buying the right equipment, have we been carrying out the right training, do we have the right staffing level. All of those things we can measure ourselves, as we proceed.

MR. JOSH FILLER: I would just add to the Governor's comments one of the things that we have been tasked as a Department through Homeland Security Presidential Directive Number 8 is to map out those metrics on a national scale based on a suite of different threat scenarios, risk scenarios and attack scenarios, and then determine whether or not different communities have the capabilities based on their training, on exercises that have been done and equipment purchases that have taken place to determine are they as prepared as they need to be given their population density, critical assets and threats and the threat scenarios, and then measuring them. And that's going to be an ongoing process. We are in the process of developing the metrics, but the process of continuously evaluating ourselves will go on for some time.

MAYOR PLUSQUELLIC: Mr. Chairman, if I could add, too, I think the question is a very common question that's asked of local governments all the time. How many police officers do we need? And there are experts out there who will tell you, and so many thousand people, you need this number of officers. If you ask the Mayor of Pittsburgh or the Mayor of Cleveland, both of whom in the last nine months or so went through a process of announcing to their community that they had to lay off police and firefighters and the uproar was just horrible, emotional almost backlash, it becomes a very difficult timing because, and the Governor mentioned earlier, it's always something that we put as

a high priority to be the most effective and efficient government, and until it comes to one of our family members being protected, when we close a fire station we think of that family member's house going on fire or catching on fire, or any of those issues that we deal with on a regular basis. But I think it's a constant question that every department, every city, local department as well as DHS has to continue to search for and try to figure out and make the recommendations on what knowledge we have, and based on that knowledge here's the best examples we can use or what typical other cities or other communities or other locations have done to protect.

And I think to some extent maybe we can -- and I might use this term, all get down on our knees and thank God, or we can all collectively sort of take some credit for the fact that we haven't had another tragedy, and that must mean that our folks out there on the front line are doing something right. We don't know any way to measure how many times that some terrorist that's already here in our country has gone by a location and thought about doing something but maybe saw a couple of police officers. Those are the kinds of things that are impossible to measure. I worked at BBF Goodrich, a company that moved to Charlotte, by the way -- and they were very big on measuring certain things that are very easy to quantify. I would suggest, and maybe I don't need to belabor this point, but there are a number of things in my business that are impossible to quantify down to the very last penny, and I can tell you last night in Akron, Ohio we did not need a fire department at all, we shouldn't have had them on, because we didn't have a fire. But I only know that after the fact. And so until we can predict those things, I don't know of any other answer. And I'm not trying at all be facetious because it's an important one we all struggle with, but it's a constant sort of attempt to figure out a model that works and then duplicate that, and I think that's where this federalization or national standard really is important for us to develop through DHS.

LIEUTENANT GOVERNOR HEINEMAN: Mr. Chairman, Mr. Secretary, I'd just make a couple of comments. One, I think this is an excellent report. I want to say on the incremental operational posture of law enforcement, I think that's critical. This week in my state, in Nebraska, beginning tomorrow we're hosting the College World Series. It takes on a different security assessment in light of the homeland security needs. Dr. Thomas mentioned regionalization. I see in my state both within the state and when we're involved in a tri-state communications project with South Dakota and Iowa and Nebraska -- it's even funded by DHS, if I'm correct, Josh.

And the third thing I want to make a point, the Mayor asked the Task Force be extended. I think the challenges -- not that the Task Force needs to be extended, but we as local and state officials have got to increase our cooperation, our collaboration and our communications between ourselves. We absolutely have to do that.

The final area that I'd like to bring up may be a little forward, future thinking here. I'm fortunate in my state to be serving as Director of Homeland Security and Chair of our Homeland Security Policy Group. We approve all funding for both homeland security and bioterrorism at our level so it's integrated and coordinated. I think that's something that we need to look at in every state. I know it's in two silos back here and many states

exist that same way, but that's a future funding problem -- coordination and integration -- I believe we need to resolve this, generally speaking, across the country.

CHAIRMAN GRANO: You know, a couple of tenets I think you wouldn't disagree with whether they're in the private sector or in government, and one is that what is measured gets done and there has to be some degree of measurement not only where money's going but also in how effectively it's being spent. So that's what I meant by the ROI, the return on investment, from a qualitative perspective. And we have an obligation to the American people, frankly, to do that.

And the second tenet that I'd like to share with you is that people always do what they're paid to do, and that's a way of life at any level in any society. If we have any leverage in terms of getting best practices and then tie it to the allocation in the budget. If you don't do at least these ten things, you don't get funded. I think you'll find that people will gravitate to the window and that's what I think we're going to have to do and I've been expressing that view for some time now.

MAYOR PLUSQUELLIC: You must not have ever done that before to local government.

GOVERNOR ROMNEY: The time will probably come, Mr. Chairman, when the federal government can say you get the money spent within this time or we'll be taking it back, and you'll be sure it's going to get spent. We're not ready for that yet because people would spend it, in some cases, not wisely just to get it spent. But the time will come that we're not going to have this speed problem.

SECRETARY RIDGE: I think your point, if we set those standards, these are the hours of training you need, this is the basic equipment you need, these are the kind of exercises you need to conduct, are measurable. There are certain intangibles here that we cannot measure, but certain of these requirements can be measured, to your point, Mr. Chairman, your point, Mayor.

So the follow-on to the incident management system and actually talking to some of the appropriators on the Hill, you don't have to worry about the dollars being audited down the road. They'll be scrupulously audited by us, by the inspector generals, by the Congress of the United States, and everybody -- I think everybody understands that. There are some things we will not be able to measure but there are clearly a clear multitude of standards that we can set, requirements that we can put in place and then measure whether or not you've met them. And I think that will go a long way in answering and responding to both your suggestion and your challenge to us: Set the standards and hold us accountable.

MAYOR MCCRORY: Mr. Chairman, I think is very important, and that is the prevention aspect and not just the response. It's an equal partnership and I think we do all have a bias right now in spending the money on response, but I'll tell you, in my city I'd rather prevent it than have to respond to it. And I think that's where the operating part is so important.

CHAIRMAN GRANO: That's been a common theme. I've been hearing that throughout the nation everywhere we go. There is not enough money's being spent on the prevention component.

MS. BADER: Not just prevent, but perhaps root cause. I mean, you can talk about just prevent, but if you're always going to be fighting it, why not go deal with some of the root causes?

GOVERNOR ROMNEY: Mr. Chairman, I would note that the thought would encompass responders. That must mean a different group of people, that means only the FBI or the CIA, I actually believe a great deal of the prevention work is being done by the person on the beat and an enormous portion of prevention is being done by citizens, and so the funding to encourage more reporting, more gathering, more collection, more dissemination, those kinds of things I think have to take on a higher degree of priority in terms of the Congress's focus.

CHAIRMAN GRANO: I would just like to add one other point here, and we are kind of discussing to some degree benchmarks. I want to suggest to the two of you that your Task Force has just created a benchmark, and that is dealing with the oxymoron of a legislative process and practical application in a real world. I think you broke the code here and I'd like to suggest to you, Mr. Secretary, that we use this as a benchmark going forward and trying to enhance the collaboration between private sector and the government -- or even more importantly to the beat cop in Darien, Connecticut. And I think that's important and I commend you. A great piece of work, frankly. Great piece of work.

So any other further points of deliberation on the issue?

So, Mr. Secretary, I think you'll be in a position to move with the report and the recommendations.

Gentlemen, again, thank you very much.

(Applause.)

Governor, could we impose for the other members of your Task Force that may be in the audience, could they please stand up and perhaps be identified?

GOVERNOR ROMNEY: Yes, please stand -- and key members of the staff also that -- members of the Task Force, key members of the staff.

MAYOR PLUSQUELLIC: The next thing I was going to say was, I think they've all volunteered to help and assist in this effort to try reach out to members of the Congress, Senators and congressional representatives, to get them to understand the issue and the importance of these recommendations. I know the Governor and his staff have already

talked to some of us about starting this process immediately after this meeting to think about how we -- where we go from here and how we can all help. I think that our job isn't done. We need to embrace this and explain the importance of these and how it gets that money unstuck. And I think all of us have made that commitment as well.

SECRETARY RIDGE: But I want to add on to that, if I might, Mayor, with great respect. Obviously, there's a federal component, but we need the National Governors Association, the National League of Cities, the US Conference of Mayors and others. The chokepoint isn't just -- it's really all about, ultimately, reimbursement.

As you and the governors ably pointed out, it is the conflict between a process designed to slow things down for scrutiny, opposed to the need to make the right kind of investments. It's something that will require not only consideration by Congress, but we need the states and local governments -- particularly if we get that year break, if we can get some relief from the Cash Management Act, as it relates to the fiscal year '05. That gives us an entire year to go through, work our way through that maze of impediments, which I think, I'm grateful -- everybody pointed out, impediments designed by well-intentioned people, nothing political about it, nothing clandestine about it, just a natural outgrowth of a system of government that is federalized when we have multiple layers of government and a mutual interest at all levels to protect the public's investment.

So I think it's important that we not only focus on the federal component, but the state and local component. And if we can convince the powers that be to give us relief for that year, then we'll have an entire calendar year to really focus on reimbursement and the adjustments that we need to make for state and local regulations and statutes. So I appreciate that. Thank you, Mr. Chairman.

CHAIRMAN GRANO: And you can test the process.

SECRETARY RIDGE: Of course.

GOVERNOR ROMNEY : I would also suggest, Mr. Secretary and Mr. Chairman, that if we could have, as the Mayor's just indicated, endorsement and support from the National Governors Association, I'll go after that, and I know you have some sway with the mayors. If we can bring these groups together, the fact that we've all signed off on these things, I'm relatively confident I can get the NGA to -- because we've had their chairman, as well as been part of this effort to sign on, and then we can go to Congress and say, "Look, we've all looked at this. These are things we need. Maybe we'll see more things down the road but we need this right away; let's act on this." If they see some consensus coming on a bipartisan basis and at the different levels of government, I'm hopeful that they'll act.

CHAIRMAN GRANO: And I can assure you support from the private sector as well.

We're in good shape. All right.

We do have other what we call Senior Advisory Committees. Our Private Sector Senior Advisory Committee is led by Chairwoman Kathleen Bader and Vice Chairman Herb Kelleher. And we do get a report from each of the so-called SACs at each of our meetings. So I'd turn the floor over to Chairwoman Bader.

MS. BADER: Thank you, Mr. Chairman, Mr. Secretary. Since we met last, we have continued on the process we've been on to not only bring the members of our Senior Advisory Committee up to speed by introducing them to all of the subject matter experts across the Homeland Security Department and other departments that deal with security issues, to taking a shift from that, once we've gotten them up to speed, to reaching out to private industry on the issues of critical infrastructure and what the vulnerabilities are within the specific infrastructures that each of us represents as members of that task force.

We have gone to those industries. We have talked to them about what their assessment processes are. We have talked to them about the steps that were taken within their industries to minimize those vulnerabilities. We have garnered from, I will say, hundreds of industry leaders representing thousands of employees across this country, what are the issues that have to be solved by that industry in order to address those vulnerabilities.

And we have met as a group and fundamentally looked at how those industries audit for compliance to best practice; how, in fact, they establish best practice; how they communicate that; how they audit against compliance to best practice -- if they do; not all industries do -- fundamentally how they communicate with DHS.

We've walked through an assessment process across the critical infrastructure industry. We've looked at the impact of regulations and we've asked this group of people to listen to the feedback from the 13 sectors that fundamentally we've gone and worked with, the CEOs and the Chief Security Officers within those industries. And we have listened for the common themes that came back across the industries. We've established what those are; I'm not going to talk about those today because that's still a draft that will come to you formally, but we've established fundamentally four issues that we hear across a multitude of industries as being critical to deal with.

We've determined sub-task forces that have on them the critical people to those industries, whether it is my co-chair Herb Kelleher for airlines or someone else for another industry. We will be working to put recommendations not only back to you, but back to those industries as to how they have to deal, therefore, with what we see as gaps in how they're dealing with critical infrastructure potential.

CHAIRMAN GRANO: Kathleen, any additional support you or your group need from this membership or from DHS that you'd like us to work on?

MS. BADER: The only point I'll make, and it was made by a number of the industry people and I've already made it once here today, and that is that industry really feels the need to be engaged up front, that DHS is doing an excellent job of beginning to look at

what is critical infrastructure, where is the most significant infrastructure relative to high-risk, high-consequence; but that the methodologies that are used to establish what is high-risk and what is high-consequence, as a result, have to be transparent, and that industry needs to be engaged, you know, in the beginning, at the middle, and at the end -- again, for consensus, not for compromise.

CHAIRMAN GRANO: Good point.

Okay, our Academe and Policy Research Senior Advisor Committee is chaired by Dr. Jared Cohon. He's unable to be with us today, but we do have our Vice Chair, Dr. Ruth David. Ruth, could you please give us your Committee report?

DR. DAVID: Let's see, first of all, my script says that I'm supposed to say I'm glad to be filling in for Jared Cohon, who is in London. Not clear that I'd rather be in Washington than London, so I'll let that go. I know, you find that astonishing.

We have only met via telecon since our last physical meeting in February. I will say that we've opted to focus our Senior Advisory Committee, broadly speaking on the theme of taking systems approaches. So it's looking end-to-end at every problem, looking at every problem in a strategic context. This, of course, comes from the techie in our midst.

We applied that first, of course, to looking at the visa issue and understanding that sometimes the boundaries are getting in the way of taking a truly end-to-end integrated approach. But we're big believers in somehow stepping back from the immediate need to fix immediate issues and stepping back and saying, "If I were to redesign this in an unconstrained sense, what would it look like?" And then, is there a way to migrate from where we are to where we'd like to be? We tend too often, I think, to focus on the quick wins and may run the risk of precluding the option of developing the more strategic viewpoint.

So one consistent theme you will hear from our SAC is, let's step back, let's look at it strategically, let's look at things end-to-end as we approach other problems.

I would, in that context, say the next issue that we're taking on will probably be equally difficult, and it's the whole issue of how we invest research and development dollars. We've talked about this before. We've talked with Dr. McQueary about the challenge of doing truly joint research and development investment strategies in an environment where the dollars are -- bend differently, shall we say, and have different constraints on those dollars.

So the approach that we've opted to take, and it will play out the next few months, probably, is to look at the impact of the current system on our ability to wisely invest, specifically in the research and development area, and to hopefully come forward with an impact analysis and a recommendation so that we have some facts to provide to you to give you hopefully some leverage to remedy those kinds of issues.

CHAIRMAN GRANO: Earlier today, in the discussion of the lack of synergy with varying departments, organizations in the system, we came up with an analogy to discuss with you, and that's a fellow mayor in the form of Michael Bloomberg. What he did in the financial services industry, when no one could get their collective act together in a synergistic system, he created the ultimate outsource, by going to the client, creating it, and getting the buy-in. Of course, he got very rich in the process, and we know that that's not government's intent, but somebody somewhere is going to come up with a solution. And it's going to be -- the part from the legacy system of the patchwork approach that you're alluding to. And it's been done. And it can be done here, no question.

Governor and Dick Andrews are also heads of the two SACs I had mentioned. Above and beyond working on this issue of procurement and getting the money out, anything else going out in your respective groups that you'd like to share at this time?

MR. ANDREWS: Yes, there are a couple other issues that our Committee discussed at some length yesterday. And one of these the Lieutenant Governor has alluded to, and that is, since our Committee includes not only first responders, but first responders broadly defined to include hospitals and public health officials, that it's very important to enhance the coordination between the Department of Health and Human Services and their various funding initiatives, and the DHS funding programs, because the hospitals in particular are very much part of the first responder community, and I think in DHS's role as the coordinator of these activities, it would be very appropriate for DHS to ensure that this kind of enhanced level of coordination with the Department of Health and Human Services and their various programs occur. This is an issue that has come up several times at meetings of our Advisory Committee, and one that I wanted to bring to everyone's attention.

A couple other issues. We received a very interesting briefing on crisis communications yesterday and some of the issues related to crisis communications. And the Committee will be working with the Department of Homeland Security in some of the initiatives that they have planned over the coming months, relating to crisis communication and how we really empower the American public to deal with the kind of threat information that they so very often receive.

And then finally, the Committee is eager to work more closely with the EP&R Under Secretariat in DHS. We're looking forward to their attending at future meetings, particularly as we move to implement the Homeland Security Presidential Directive 8, which EP&R, and along with the Office of Domestic Preparedness, has a specific responsibility for.

Also, the first responders are very interested, particularly at the local level, in the efforts of the infrastructure protection part of DHS. As the data and information begins to be developed with regard to critical vulnerabilities, that that information be available to the first responders, who often have a difficult time accessing that information. And several different models were discussed, one in Orange County, California, a couple of other locales, some of the lessons that perhaps were learned through the Y2K process of how,

for the first responder community, can get better access to some of this critical infrastructure information.

And then also, within the Science and Technology part of DHS, as standards are being developed for first responder equipment, various emerging technologies, that, again, that the first responder community needs to be part of this.

Finally, we received a very interesting briefing from the Defense Threat Reduction Agency regarding some of the methodologies that they have developed for what they call a "balanced survivability assessment," and there was a lot of interest on the part of the members of the Emergency Response and State and Local Officials SACs about how some of those methodologies might be applied at the state and local level, and whether a program that's going to train the trainers for some of the lessons that DOD has learned and the lessons that the Defense Threat Reduction Agency's learned, how that might be applied at the state and local level as we go through this risk assessment process.

So it was a very interesting discussion, and again, trying to raise the number of issues, looking to the future, and then also that we look forward to kind of monitoring the rate of implementation of the recommendations of the funding task list, because, again, it's of such critical interest to the first responder community.

SECRETARY RIDGE: What I think we ought to do, Dick, because Homeland Security does have the responsibility to coordinate activity with other federal agencies that have primary responsibility, and to your point, the public health component, the hospital component, the bioterrorism component, that's really over at HHS. We have some of that; we work in collaboration with HHS. Maybe in the next couple of weeks, you and your group could refine the areas of particular concern between now and the next meeting, we could at least begin that discussion. I'm sure Secretary Thompson would be amenable to that. Again, if everything's a priority, nothing's a priority. So if you identify some of the areas, priority areas that you're looking at, we can begin that collaborative process.

The crisis communications, we are close to getting a handbook completed as an initial contribution to the whole conversation about crisis communications, state and local level. We do need to do continued work about communication between the levels of government, or among the levels of government, and how they are to act or respond at the time of an incident. And naturally, the mayor would feel obliged to respond, but the governor might feel obliged to respond, the county executive might feel obliged to respond, but of course, they want the federal government to respond.

And so getting with the state and locals and the first responders and just coming up with a protocol -- we talk about standards. How do we handle these so that we're sure that there's a unified, sustained message at the time of an incident.

You should know, beginning at the end of July, we've identified ten regions that we are going to invite the regional media in and the state and locals and the first responders and

we're going to do tabletop exercises, so that the media can understand what the mayor's got to go through, and the county executive, and the governor's got to go through in the decision-making process and matrix, and the federal government and the first responders go through, and then everybody else can understand the pressure on the media, and how can -- in those limited instances, be mutually supportive. And I think it's going to be very, very helpful -- it's a very helpful process. We're going to do that ten times; we've identified ten regions we're going to do that.

And then I just wanted to assure you that the standards that we've begin to set with regard to the personal protective gear for first responders, we wouldn't make a move without checking with the first responders. And what I think I need to get for you is an indication for you and your committee, with whom we have worked in the first responder community, to begin to set some of these technical standards. So I've got my own homework.

CHAIRMAN GRANO: Very good. I'll add that we shared with DHS a new piece of software that's been developed that allows, at the point of sale, whether it's a policeman on the beat or the security guard, a management information system that lets you know whether the protocol is being adhered to. You have this problem with 35 percent turnover of a security guard. I have no clue they're doing what they're supposed to be doing. We found that out in no uncertain terms during the blackout, when the grid went down recently. This system would allow a management information system is internalized, that would tell you whether protocol's being followed, no matter whether they were just hired, which is wonderful.

DR. DAVID: Mr. Secretary, I'd like to add just one thing. First of all, I applaud your workshops that you're doing with the media. I'm privileged to sit on the NAE steering group that's helping with that. But I also participated in sort of an advance mini-workshop in a city -- I'll protect the innocent -- not too long ago, and it reinforced in my mind the need for something like the glossary of common terms, because one of the things that was surfaced in that very short scenario was the reality that some of our reporters don't know the difference between radiological and nuclear. And so when you have that level of basic information that's missing from the media, I think there's a very serious problem here.

So I would encourage you, as we formulate these workshops, to think about -- one of the recommendations of the Lexicon group was to do this outreach to media and others about what the project is about, how it can be a resource for them as they move forward, because I will tell you that education is desperately needed.

GOVERNOR ROMNEY: Our Committee did meet after our joint meeting, and there were two topics that we took up that may be of interest to the entire group. We looked at the rail and transit security efforts following the widespread reports of potential threat, in that regard, to see how well we're responding. In some respects, there were some elements of benchmarking or best demonstrated practices that came from that.

The Department of Homeland Security, we found, did communicate to rail companies and to light rail, as well as transit operators, a series of steps that they believe should be taken to meet a basic level of security. They sent this information to all of us and our various agencies responded. But the fact that they had metrics, and that they communicated them right away at the same time the threat came in, was a very favorable approach.

In addition, we heard from Chief Hanson of the Washington, D.C. Metro Transit Police Department and she described what's being done in this area. It was quite impressive, and for a lot of us, with the older system, we wish we could incorporate some of the things that she's leading here.

But again, there's a great deal of knowledge and action being taken to protect our rail and transit systems, and the sharing of that seems to be going pretty well, and in some respects, may be a bit of a model for some of the other aspects of our security efforts.

Secondly, our group could not stand away from the recommendation we have made about looking at intelligence and prevention and the need to enhance our prevention. We decided as a group that we would take on the task of determining, or defining, if you will, the different steps of prevention, different elements of prevention, and determining who's responsible for which piece. What should localities be doing? What are they responsible for, in terms of prevention and intelligence work? What is the state responsible for? And then what do we leave to the federal government?

And we're just going to try and understand, to begin with, how different states are doing it, how different localities are doing it, gathering the information. We don't begin to have the authority to define those boundaries, but we're going to gather the information to understand what different people are doing, what different models are, and present to one another those different models, and then present them to this group to give you a sense of what we find is being employed by different communities.

I would note that, based on the work we've already done, there's a wide range of difference between different cities, in terms of what they think is necessary from an intelligence or prevention standpoint, and different states. And in some cases, the federal government or, let's say the FBI or CIA or others that might interface think that we're going too far and other's we're not doing enough, so we really want to try and get a better sense of what we should be doing.

And in that regard, we asked for the Department of Homeland Security staff to work together with our staffs to help us gather this information. That will be step one, gathering a set of data that will help us understand where we are, and ultimately, with the objective of reaching some recommendations.

SECRETARY RIDGE: Governor, you're right on. You know, one of the responsibilities of the Department is to not only connect ourselves with the intelligence machinery within the federal government to get that to you, but to use you as a resource.

As part of this project, I would volunteer that some of our analysts sit with you, at least from a Homeland Security perspective, if we took advantage of your state police and your local police, what would be the intelligence requirements, the technical requirements, the kind of observations, the kinds of things we would like to know, and plug that into the plan.

I applaud the initiative, and I assure you, we will try to serve your group in every way possible. That's clearly something we want to do. We've got the Homeland Security information network that is an internet-based system that will be completed by the end of July. We hope to have it secure by the end of December. You and I were on the secure telephone. We have secure video we're putting in place. But more importantly, once we have the internet connections to you, your Homeland Security advisor, your state police chief, chiefs of the major police departments, you know, setting some of those technical requirements and who has what responsibility.

I think the fascinating exercise, and a very important one, we can't possibly, within the Department, analyze every piece of surveillance and recon that is generated in Boston, let alone (inaudible) and Cambridge and every place else, let alone times 50 states. There's a filtering process so we'd -- it's a very exciting initiative you've undertaken, and we really look forward to working with you on it.

MR. FURLOW: I sat in that meeting yesterday. It was very good, I enjoyed the conversation, but the Governor said something that we have put on the table. It's very tough to say -- we cannot protect everything. We have to be pragmatic and understand our expectations.

MR. CILLUFFO: I think the push-pull dynamic, though, is so important. It's not just requirements as they are driven by the feds or requirements as driven by state and local. And I think you may want to build on how some of the international -- some other countries are doing some interesting things along these lines. I just came back from NATO and saw some interesting insights as to how others are doing the push-pull dynamic. Obviously, we have our own federalist form of government and our republic is different than others, but there are some potential lessons that can be gleaned and insights that can be gleaned from how others are doing this abroad.

MR. FURLOW: I'd love to get your help on suggestions of countries that we might want to learn from for our effort.

CHAIRMAN GRANO: There's also an issue of managing the public's expectations. The public phase is almost at a zero tolerance, and it may not be where they should be. Maybe it should be somewhat more open.

MR. CILLUFFO: It might be an interesting case study, Chris, find out how much information came through, certainly, from past records, how much information came up through, say, a sheriff or a police officer on the beat, or who's getting information and how that's been passed on.

DR. DAVID: Governor, it would also seem to me that there is another important stakeholder group when you talk about intelligence and understanding the threat, and that's private industry. And I don't know how you interface with them in this regard, but it seems to me they're a very important aspect and they need to understand. And yet, they may have insights to help understand from an intelligence perspective as well.

CHAIRMAN GRANO: Well, Mr. Secretary, for the first day of the new year, as you can see, we're busy. And I certainly would like to extend our appreciation for all the fine work that you heard from the membership today, the task force. Again, Governor, and Mayor, just terrific. And reports from the varying SACs -- I am delighted with the progress made therein.

That ends our public session today. Those of the public who wish to comment on this meeting or any inquiry into the HSAC, you can write us at the Homeland Security Advisory Council, U.S. Department of Homeland Security, Washington, D.C., 20528. Or you can contact us through a website, www.dhs.gov/hsac. We would love to hear from you.

As you know, for compliance purposes, our meetings are, in fact, posted in the *Federal Register*.

We are going to end the formal session here with the public. We will meet briefly in ten minutes as a group to set the agenda for the next meeting.

So thank you very much for your participation, all of you.

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