



Statement for the Record

The Honorable Janet Napolitano

Secretary

United States Department of Homeland Security

**Before the
United States Senate
Committee on Appropriations**

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Chairwoman Mikulski, Ranking Member Shelby, and Members of the Committee:

Thank you for the opportunity to appear today to discuss the Budget Control Act and, specifically, the sequestration that is currently mandated to be ordered on March 1st.

The President has made clear that Congress can and should act to avoid sequestration in a balanced and fiscally responsible manner. If allowed to occur, sequestration would be disruptive and destructive to the Department of Homeland Security (DHS), its missions, and our Nation's security and economy.

The automatic budget reductions – which must be applied in equal measure to virtually every program, project, and activity that DHS has – would negatively affect the mission readiness and capabilities of the men and women on our front lines. Sequestration would undermine the significant progress DHS has made over the past ten years to build the Nation's preparedness and resiliency.

Sequestration would roll back border security, increase wait times at our Nation's land ports of entry and airports, affect aviation and maritime safety and security, leave critical infrastructure more vulnerable to attacks, hamper disaster response time and our surge force capabilities, and significantly delay cyber security infrastructure protections. In addition, sequestration would necessitate furloughs of up to 14 days for a significant portion of our frontline law enforcement personnel, and could potentially result in reductions in capabilities across the Department.

Today I would like to provide you with specific examples of the potential impacts of sequestration on the Department and the consequences that will be felt by the American People.

Impact on the Economy and the American People

Sequestration would have significant impacts on our economy, including travel, tourism and trade.

DHS's U.S. Customs and Border Protection (CBP) staff and operate 329 ports of entry (POEs) across the country, welcoming travelers, and facilitating the flow of goods essential to our economy. Each day, almost one million people arrive at these ports of entry by land, sea, and air. In Fiscal Year (FY) 2012 alone, DHS processed more than 350 million travelers at our POEs, including more than 98 million international air travelers, as well as \$2.3 trillion dollars worth of trade. Trade and travel is absolutely essential to our economy. Indeed, according to the U.S. Travel Association, one new American job is created for every 33 travelers arriving from overseas.

Any increases in wait times at the borders will have a direct impact on our Nation's economy. A study commissioned by the Department of Commerce's International Trade Administration found that border wait times at the five busiest southern border POEs result in an average economic output loss of \$116 million per minute of delay. This study states that in 2008, delays cost the U.S. economy 26 thousand jobs and \$6 billion in output.

Reductions mandated under sequestration would require furloughs and reduced staffing at our Nation's POEs and airport security checkpoints, increasing wait times for travelers and slowing commerce across the country. Reduced CBP staffing would make four to five hour wait times commonplace and cause the busiest ports to face gridlock situations at peak periods. In addition, furloughs of Transportation Security Administration (TSA) Transportation Security Officers (TSOs) would substantially increase airline passenger wait times by as much as an hour at the Nation's largest and busiest airports. Such delays would affect air travel significantly, potentially causing thousands of passengers to miss flights with negative economic consequences at the both the local and national levels.

Additional effects of sequestration would be felt by the American public from reductions to U.S. Coast Guard (USCG) fisheries law enforcement, aids to navigation, and other important activities that help ensure the safe flow of commerce along U.S. waterways and the protection of natural resources. These reductions will impact the Coast Guard's ability to respond to issues impacting the U.S. Marine Transportation System that generates more than \$3.2 trillion of total economic activity, moves 78% of foreign trade, and sustains over 13 million jobs each year. USCG also will have to reduce its patrols of the 3.4 million square mile U.S. Exclusive Economic Zone – impacting fisheries enforcement and resulting in more incursions by foreign vessels, exploiting our natural resources. Reduced Coast Guard presence protecting the U.S. fishing industry would impact an industry which generates \$32 billion in income and supports over one million jobs annually.

Reductions in the Department's preparedness and grants programs as well as the Science and Technology's (S&T) research and development (R&D) activities would affect first responders on the frontlines across the country. Vital assistance for state and local law enforcement efforts – such as training, technical assistance, security clearances, and connectivity to federal systems and technologies – would all be scaled back under sequestration.

Disaster Preparedness and Recovery

DHS, through its Federal Emergency Management Agency (FEMA), works closely with states, cities, tribes, territories, and communities large and small to help prepare for and respond to disasters and emergencies of all kinds. We provide funding through homeland security grants, support training and exercises, assess state and local response capabilities and recommend needed improvements. We also support recovery and rebuilding efforts after a disaster.

Cuts to FEMA would have significant, negative impacts on our Nation's disaster preparedness, response and recovery efforts.

Weeks after Congress passed the recent FY 2013 Disaster Assistance Supplemental Act (P.L. 113-2), sequestration would reduce the Disaster Relief Fund (DRF) by over \$1 billion, affecting survivors recovering from Hurricane Sandy, the tornadoes in Tuscaloosa and Joplin, and other major disasters across the Nation, as well as the economic recoveries of local economies in those regions. Sequestration cuts could also require FEMA to implement Immediate Needs Funding Restrictions late in the fiscal year during what is historically the season for tornados, wild fires, and hurricanes, which would limit funding for new projects in older disasters.

Finally, state and local homeland security grants funding would be reduced to its lowest level in the past seven years, leading to potential layoffs of state and local emergency personnel across our country.

Border Security

DHS's border security responsibilities are significant. Through CBP and USCG, we protect 4,000 miles of border with Canada; 2,000 miles of border with Mexico; and 2,600 miles of shoreline. The Coast Guard also ensures maritime security, protecting our Nation's seaports as well as 95,000 miles of waterways.

Facing more than half a billion dollars in cuts, CBP would not be able to maintain current staffing levels of Border Patrol agents and CBP Officers as mandated by Congress.

Funding and staffing reductions from sequestration will increase wait times at airports, affect security between land ports of entry, limit CBP's ability to collect revenue owed to the Federal Government, and slow screening and entry programs for those traveling into the United States.

Sequestration would force CBP to immediately begin furloughs of its employees, reduce overtime for frontline operations, and decrease its hiring to backfill positions. Specifically, beginning April 1, CBP would have to reduce its work hours by the equivalent of over 5,000 Border Patrol agents and the equivalent of over 2,750 CBP Officers.

Sequestration would also have significant impacts to the Coast Guard's ability to protect our maritime borders. The Coast Guard is the principal federal agency responsible for maritime safety, security, and environmental stewardship in U.S. ports and inland waterways, along the coasts, and on the high seas. While USCG is one of our Nation's five Armed Services, it is also a law enforcement and regulatory agency with broad domestic responsibilities and legal authorities.

To address reductions mandated by sequestration, the Coast Guard would have to curtail air and surface operations by more than 25 percent, adversely affecting maritime safety and security across nearly all mission areas. A reduction of this magnitude would reduce drug interdiction, migrant interdiction, port security and other law enforcement operations. Furthermore, to achieve the level of reduction prescribed by sequestration, a significant level of ongoing maintenance and training would be deferred, with serious consequences for the Coast Guard's future force readiness and mission effectiveness.

Immigration Enforcement and Homeland Security Investigations

DHS also has significant responsibilities with respect to immigration enforcement. U.S. Immigration and Customs Enforcement (ICE) serves as the principal investigative arm of the Department and is the second largest investigative agency in the Federal Government.

ICE promotes homeland security and public safety through broad criminal and civil enforcement of approximately 400 federal laws governing border control, customs, trade, and immigration. ICE also identifies, apprehends, and removes criminal and other removable aliens from the United States. Last year, ICE removed more than 400,000 illegal immigrants including 225,000 individuals who had been convicted of felonies or misdemeanors.

Under sequestration, ICE would be forced to reduce current detention and removal operations, potentially affecting public safety, and would not be able to maintain 34,000 detention beds as mandated by Congress.

ICE Homeland Security Investigations (HSI) works in over 200 cities throughout the United States and 47 countries around the world to investigate and dismantle transnational criminal organizations involved in smuggling and other cross-border criminal activities. Sequestration would reduce HSI's activities, including human smuggling, counter-proliferation, and commercial trade fraud investigations. ICE would also be required to reduce or eliminate contracts for investigative support, including those for wiretaps under Title III of the Omnibus Crime Control and Safe Streets Act.

Transportation Security

Each year, transportation systems protected by TSA accommodate approximately 640 million aviation passengers; 751 million passengers traveling on buses; more than 9 billion passenger trips on mass transit; nearly 800,000 daily shipments of hazardous materials; more than 140,000 miles of railroad track; 3.8 million miles of roads; and nearly 2.5 million miles of pipeline.

TSA is the Federal Government's lead agency for protecting our Nation's transportation systems from terrorist attacks while ensuring the freedom of movement for people and commerce. The agency manages effective and efficient screening and security of all air passengers, baggage, and cargo on passenger planes. It also deploys Federal Air Marshals internationally and domestically to detect, deter, and defeat hostile acts targeting air carriers, airports, passengers, crews, and other transportation infrastructure.

Sequestration's mandated reductions would require TSA to furlough its frontline workforce and reduce its operations at our Nation's airports, substantially increasing passenger wait times at security checkpoints. TSA would need to initiate a hiring freeze for all TSO positions in March, eliminate overtime, and furlough its 50,000 officers for up to seven days.

Cybersecurity

DHS also safeguards our Nation's cyber systems and networks, working in close partnership with the private sector. DHS is the Federal Government's lead agency for securing civilian government computer systems, and through our National Protection and Programs Directorate (NPPD), we work with our industry and federal, state, local, tribal, and territorial government partners to secure critical infrastructure and information systems.

Reductions resulting from sequestration would require NPPD to scale back its development of critical capabilities for the defense of federal cyber networks. Ongoing collaboration and information sharing between NPPD and its federal, state, local, tribal, private sector, and international partners could also be limited.

Full deployment of the National Cybersecurity Protection System (NCPS) intrusion prevention system, known as E³A, would be delayed. This delay would reduce our ability to detect, analyze, and build capabilities into NCPS to respond to emerging cyber threats. Deployment of a cyber diagnostics capability for the 118 federal agencies would be affected, leaving departments and agencies less protected and delaying risk reduction features until at least FY 2014. In addition, sequestration would disrupt long-term efforts to build a qualified cybersecurity workforce, leaving up to 20 percent of the positions at the DHS United States Computer Emergency Readiness Team vacant.

U.S. Secret Service (USSS) agents conduct investigations responding to network intrusions and data breaches resulting in the theft of financial data and personally identifiable information on a daily basis. In FY 2012, the USSS prevented over \$1.9 billion in cyber crime fraud loss and identified over \$330 million in actual loss. Ongoing collaboration with law enforcement, the private sector and academia working to detect and suppress computer-based crime through its 31 domestic and international Electronic Crimes Task Forces would be severely weakened by furloughed staffing and reductions in funding.

Secret Service Investigations and Protection

The Secret Service carries out a unique dual mission of protection and investigation through its 165 domestic and international offices. The Service protects the President, Vice President, visiting heads of State and Government, and National Special Security Events. It also safeguards the Nation's financial infrastructure and payment systems to preserve the integrity of the economy, investigates electronic crimes, investigates threats against U.S. and visiting world leaders, and protects the White House and other designated buildings within the Washington, DC area.

In addition to counterfeiting, the USSS is the lead law enforcement agency for investigating credit and debit card fraud as well as other types of bank fraud. In FY 12, USSS investigations prevented over \$2 billion in potential loss to financial institutions and citizens.

Furloughs and reductions in overtime would adversely affect the U.S. Secret Service workforce, and hinder ongoing criminal and protective intelligence investigations. All USSS Special Agents and Uniformed Division Officers would be subject to furloughs of up to 7 days.

Homeland Security Research and Development

Sequestration would also have significant impacts on the S&T, an agency which helps to strengthen our Nation's security and resiliency by providing innovative technology solutions and knowledge products across the homeland security enterprise. S&T works closely with operators,

scientists, and engineers to conduct research and development and provide critical homeland security solutions across our missions.

Sequestration would force S&T to halt ongoing R&D efforts focused on countermeasures for bio-threats, improvements to aviation security and cyber security technologies, and projects that support first responders. Funding for the university network that provides essential R&D will face significant cuts, resulting in fewer new technologies available to meet current and emerging threats.

Homeland Security Enterprise

Finally, under sequestration, DHS would be unable to move forward with important command and management infrastructure. The Department would have to scale back management integration efforts such as modernizing critical financial systems. This would hinder the Department's abilities to provide accurate and timely financial reporting, facilitate clean audit opinions, address systems security issues and remediate financial control and financial system weaknesses.

Conclusion

Hurricane Sandy, recent threats surrounding aviation and the continued threat of homegrown terrorism demonstrate how we must remain vigilant and prepared, as a Department and as a Nation. Threats from terrorism and response and recovery efforts associated with natural disasters will not diminish because of budget cuts to DHS.

Even in this current fiscal climate, we do not have the luxury of making significant reductions to our capabilities without placing our Nation at risk. If we are to continue to prepare for, respond to, and recover from evolving threats and disasters, we will need sufficient resources to sustain and adapt our capabilities accordingly.

In order to sustain frontline operations while planning for declining budgets, the Department has already taken over \$4 billion in significant reductions and cost avoidances to administrative and mission support functions over the past several years. Further reductions mandated by sequestration will directly impact the Department's frontline operations.

While we will continue to preserve our frontline priorities as best we can, no amount of planning can mitigate the negative effects of sequestration. DHS simply cannot absorb the additional reduction posed by sequestration without significantly and negatively affecting frontline operations and our Nation's previous investments in homeland security.

Thank you for inviting me to appear before you today. The Department appreciates the strong support it has received from Congress over the past 10 years. As we approach March 1, I urge Congress to act to prevent sequestration and ensure the safety, security and resiliency of our Nation.

I would be pleased to answer any questions you may have.