



TESTIMONY OF

KEVIN K. MCALEENAN
Commissioner
U.S. Customs and Border Protection
Department of Homeland Security

For a Hearing

BEFORE THE

United States Senate
Committee on Finance
Subcommittee on International Trade, Customs, and Global Competitiveness

ON

“Trade and Commerce at U.S. Ports of Entry”

July 18, 2018
Washington, D.C.

Introduction

Chairman Cornyn, Ranking Member Casey, and distinguished Members of the Subcommittee, thank you for the opportunity to appear today to discuss trade and commerce at our nation's Ports of Entry (POEs). As the lead U.S. Department of Homeland Security (DHS) agency for border security, U.S. Customs and Border Protection (CBP) works closely with our domestic, international, and industry partners to protect the Nation from a variety of dynamic threats, including those posed by cargo arriving at our POEs, while facilitating lawful trade and commerce.

The United States experiences an immense volume of international trade, a critical component of our nation's economic security and competitiveness. In Fiscal Year (FY) 2017, more than 11 million maritime containers arrived at our seaports, while another 10 million arrived by truck and three million arrived by rail at our land ports. In addition, more than half a billion postal and express consignment packages arrived through air travel. Among these were the 110 million express consignment carrier (ECC) shipments and 500 million international mail shipments that arrived in the United States in FY 2017.

CBP's cargo security and trade facilitation missions are mutually supportive: by utilizing a risk-based strategy and multilayered security approach, CBP can focus time and resources on those suspect shipments that are high-risk. With Congress' continued support of CBP's dedicated men and women, we will continue to keep Americans and our economy safe, while facilitating the ever-increasing volume of international trade and travel.

Growing our Workforce

The people of CBP do the critical, sometimes dangerous, work of keeping Americans safe. The FY 2018 Omnibus provides \$7.7 million to hire 328 new CBP officers. CBP officers are multi-disciplined and perform the full range of inspection, intelligence analysis, examination, and law enforcement activities relating to the arrival and departure of persons, conveyances, and merchandise at air, land, and sea POEs, including the interdiction of narcotics at POEs, in the international mails, and in ECC environments.

CBP has faced challenges in the past in meeting our hiring goals. However, we have taken decisive action, while recognizing that much work remains to be done to ensure we have enough officers and agents to meet our needs well into the future. Over the last two years, more than 40 individual improvements to CBP's hiring process have resulted in significant recruitment and hiring gains, despite record low unemployment around the United States and intense competition for highly-qualified, mission-inspired people. With Congress' support, we are making investments in our capability and capacity to hire across all frontline positions. We are focusing our efforts to attract qualified candidates and expedite their progress through the CBP hiring process.

CBP has embraced the use of social media, and is working to more effectively identify the best return on investment in digital media. CBP has introduced a mobile app for applicants in our hiring pipeline to keep them engaged during the process. CBP will also introduce an "applicant care" component whereby a dedicated employee is assigned to an applicant to help them navigate

the process. CBP is leveraging private sector expertise and experience in recruiting and human resources to provide additional capacity.

CBP's streamlined frontline hiring process has led to significant reductions in the average time-to-hire. In the last 12 months, close to 60 percent of new CBP officers on-boarded in 313 days or less, with more than 17 percent on-boarding within 192 days. While work remains to be done to improve the process, the current overall CBP officer average of 294 days to on-board is a significant improvement from the 469-day overall baseline established in January 2016. This streamlined process has helped us to grow our workforce by reducing the number of qualified candidates who drop out due to either process fatigue or accepting timelier job offers elsewhere. CBP's background investigation time is approximately 90 days for a Tier 5 level investigation, which is required for all of CBP's law enforcement officer applicants, and 90 percent of CBP applicants overall. This is considerably faster than the government average for the same level of investigation. CBP is also recognized as having a best practice quality assurance program, which other agencies regularly drawn upon.

In addition, to improve CBP staffing at certain locations, CBP utilizes group incentives such as recruitment incentives for several hard-to-fill locations, including Raymond, Montana; Jackman/Colburn, Maine; and many locations across Texas, Arizona, North Dakota, and Southern California.

As a result of these and other improvements, CBP's FY 2017 hiring totals surpassed FY 2016 totals, including an increase of 21 percent for CBP officers. The total number of CBP officer applicants increased by 89 percent between FY 2015 and FY 2017, including a 45 percent increase from FY 2016 to FY 2017.

CBP recognizes how critical our trade enforcement and facilitation role is in protecting our Nation's economic security. We know that for every dollar invested in CBP trade personnel, we return \$87 to the US economy, either through lowering the costs of trade, ensuring a level playing field for domestic industry, or by protecting innovative intellectual property. We are working to ensure a fair and competitive trade environment where the benefits of trade compliance exceed the costly consequences of violating U.S. trade law. The FY 2019 Budget request includes \$2.1 million to fund 26 positions to support CBP's implementation of the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA), one of the most impactful pieces of trade legislation for CBP in more than a generation. TFTEA specifies new trade facilitation and enforcement operational requirements, organizational changes, and new authorities and services. TFTEA includes substantial changes to trade enforcement, particularly in the area of Anti-Dumping and Countervailing Duties; establishes processes for investigating claims of evasion of anti-dumping orders; enables the use of donations of technology from the private sector for enforcing intellectual property rights; and simplifies drawback processing to spur domestic manufacturing and exports.

Protecting our Nation and our Economy

CBP uses a multi-layered, risk-based approach to target those shipments deemed to be of highest risk. Once a high-risk shipment is identified, CBP utilizes technologies including large-scale x-ray and gamma-ray imaging systems, as well as a variety of portable and handheld technologies,

canines, and radiation detection technologies at our land, air, and sea POEs. For CBP, technology is a force-multiplier that helps us work more efficiently, with less risk to our front-line personnel.

Centers of Excellence and Expertise

CBP created the ten Centers of Excellence and Expertise (Centers) to strategically enforce customs laws while also facilitating the flow of legitimate trade. The Centers focus on three primary goals: facilitating legitimate trade through risk segmentation; improving trade enforcement efforts; and enhancing expertise within CBP. The Centers centralize and consolidate post-release activities of importers on an account basis. This means that they manage all entry summaries for an importer, where previously, these entry summaries would need to be processed at each POE where the cargo entered. Transforming how CBP processes trade increases uniformity of practices across POEs, facilitates the timely resolution of trade compliance issues nationwide, and further strengthens critical agency knowledge on key industry practices.

Aligning CBP's trade approach to the industry level sets the foundation for understanding business decisions and incorporating that knowledge into the operational execution of effective and focused enforcement efforts. As the Centers increase their industry level expertise, they provide a basis for scoping out risk within their respective industries from a national perspective, with an approach that balances compliance and enforcement and reaches down to the commodity and account level. The national authority afforded to the Centers broadens CBP's capacity for identifying systemic trade violations and strengthening detection and intervention techniques. The Centers also regularly engage with the trade community to gain invaluable information on legitimate business practices, which can be used to fine-tune detections of illegitimate business practices.

As an example of the Centers' enforcement and compliance efforts that level the playing field for businesses, the Pharmaceuticals, Health and Chemicals Center collaborated with U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigation (HSI), the U.S. Food and Drug Administration (FDA) and foreign Customs counterparts to stop the importation of illicit pharmaceuticals and medical equipment. In FY 2017, enforcement operations resulted in seizures of over 500 counterfeit, controlled, or FDA regulated goods, eliminating a significant amount of illegal pharmaceuticals from the supply stream. Additionally, the Base Metals Center coordinated special operations nationwide to target complex transshipment schemes to evade Anti-Dumping and Countervailing Duties resulting in over \$15 million in recovered revenue. The Centers continue to strengthen America's economic competitiveness and security through integrated industry knowledge and expertise, innovative trade processing procedures and trend analysis, and strategic and impactful trade enforcement actions.

National Targeting Center (NTC)

At CBP's NTC, advance data and access to law enforcement and intelligence records converge to facilitate the targeting of travelers and cargo that pose the highest risk to our security in all modes of inbound transportation. The NTC takes in large amounts of data and uses sophisticated targeting tools and subject matter expertise to analyze, assess, and segment risk at every stage in the cargo/shipment and travel life cycles. As the focal point of that strategy, the NTC leverages classified, law enforcement, commercial, and open-source information in unique, proactive ways

to identify high-risk travelers and shipments at the earliest possible point prior to arrival in the United States.

The NTC operates 24 hours a day, in collaboration with federal, state, local, and international partners, to effectively identify, target, screen, and interdict inbound and outbound passengers and cargo across all international modes of transportation that pose a threat to national security, public safety, agriculture, lawful trade, and safe travel. The NTC also works to detect anomalies, trends, and violations in the global supply chain to target high-risk shipments. This high-level analysis, as well as the development of analytical tools, helps CBP identify emerging threats, including those posed by transnational criminal organizations, and take action to counter them. Furthermore, CBP collaborates with the trade community on illicit trade threats by utilizing information received from the trade community to enhance targeting capabilities.

The NTC has established the Integrated Trade Targeting Network (ITTN) as an integrated operational network between all CBP's trade targeting assets to improve communications, coordinate actions, and standardize procedures for more effective trade targeting. In addition, to the ITTN, the NTC also partners with ICE-HSI on the Tactical Trade Targeting Unit to utilize all available trade data for further research to bolster trade and targeting operations related to fraud and trade based money laundering investigations.

To bolster its targeting mission, the NTC collaborates with critical partners on a daily basis, including ICE-HSI, the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), the U.S. Postal Inspection Service (USPIS), and members of the Intelligence Community (IC). ICE-HSI and USPIS investigative case data is fused with CBP targeting information to bolster investigations targeting illicit narcotics smuggling and trafficking organizations. Moreover, the NTC works in close coordination with several pertinent task forces, including the Organized Crime Drug Enforcement Task Forces (OCDETF), the High Intensity Drug Trafficking Areas, the Joint Interagency Task Force-West (JIATF-W), the DHS Joint Task Force-West (JTF-W), and DHS Joint Task Force–Investigations (JTF-I). Effective targeting and interdiction prevents inadmissible high-risk passengers, cargo, and agriculture and bioterrorism threats from reaching U.S. POEs, extending our border security initiatives outward and making our borders not the first line of defense, but one of many.

Non-Intrusive Inspection (NII) Technology

CBP uses NII equipment and radiation detection technologies to maintain robust cargo, commercial conveyance, and vehicle inspection regimes at our POEs. NII technologies deployed to our Nation's land, sea, and air POEs include large-scale x-ray and gamma-ray imaging systems, as well as a variety of portable and handheld technologies. CBP currently has 304 large-scale NII systems and over 4,500 small-scale systems deployed to, and between, POEs. NII systems enable CBP officers to examine cargo conveyances such as shipping containers, commercial trucks, and rail cars, as well as privately owned vehicles, for the presence of contraband without physically opening or unloading them. CBP is establishing the Model Port concept as the guiding framework to streamline the cargo and passenger vehicle inspection process to increase the volume of vehicles examined. We anticipate completing testing and evaluation of drive-through x-ray system pilot programs this year. Additionally, we anticipate completing the technical architectural framework that will be used within the design for the Donna, Texas land POE through the

Donations Acceptance Program (DAP). We will continue to adapt our deployment of NII systems so that we can work smarter and faster in detecting contraband, while expediting legitimate trade and travel.

Scanning all arriving conveyances and containers with radiation detection equipment prior to release from the POE is an integral part of CBP's comprehensive strategy to combat nuclear and radiological terrorism. In partnership with the Countering Weapons of Mass Destruction Office's Domestic Nuclear Detection Office (DBDO), CBP has deployed nuclear and radiological detection equipment, including 1,280 Radiation Portal Monitors (RPM), 3,319 Radiation Isotope Identification Devices, and 35,294 Personal Radiation Detectors to all 328 POEs nationwide. Utilizing RPMs, CBP is able to scan 100 percent of all mail and express consignment mail and parcels; 100 percent of all truck cargo; 100 percent of personally-owned vehicles arriving from Canada and Mexico; and nearly 100 percent of all arriving sea-borne containerized cargo for the presence of radiological or nuclear materials. Since the RPM program began in 2002, CBP has scanned more than 1.41 billion conveyances for radiological contraband.

CBP officers also utilize NII, as well as spectroscopic and chemical testing equipment and narcotics detection canines, to detect and presumptively identify illicit drugs, including illicit opioids, at international mail and express consignment carrier facilities. In 2016, CBP tested four handheld tools and a new reagent test kit to provide immediate presumptive testing for fentanyl. Based on the results of the pilot, the Office of Field Operations (OFO) procured 12 systems for further testing across San Diego, Tucson, El Paso, and Laredo Field Offices. Last year CBP purchased over 90 handheld analyzers for deployment. Handheld analyzers improve officer safety, and provides a near real-time capability to increase narcotic interdiction.

Between October 1, 2003 and April 30, 2018, CBP conducted more than 87 million NII examinations, resulting in more than 20,000 narcotics seizures and more than \$79.2 million in currency seizures.

Automated Commercial Environment (ACE)

We are committed to making sure that international commerce is secure and streamlined by continuing to invest in the Automated Commercial Environment (ACE). ACE is the "Single Window" through which all import and export data are reported by industry to more than 47 partner government agencies, automating 269 different forms and streamlining trade processes. Built on a modernized platform, ACE has resulted in a 44 percent reduction in wait times for truck processing at land POEs and a bond processing time that is 68 times faster. With the strong support of Congress, in February 2018, CBP deployed the last of the seven major scheduled core ACE deployments, and all phases of cargo processing are now in ACE. Looking ahead, CBP is focused on sustaining all deployed ACE capabilities and ensuring ACE operates as a highly available and reliable system.

In addition to funds for sustaining core ACE, CBP received \$30 million in the FY 2018 Omnibus for enabling ACE enhancements, which have been publicized to CBP, trade, and PGA users. These enhancements enable further streamlining of aspects for the trade process for both industry and government and also strengthen trade security. For example, system enhancements to enable

de minimis functionality will provide CBP access to previously unavailable admissibility data for low value shipments, resulting in improved cargo processing and use of enforcement resources.

CBP's strategic goals and priorities are informed, in part, by the Customs Commercial Operations Advisory Committee (COAC) and through active dialog with CBP, industry, government agency and congressional stakeholders. The resulting CBP trade mission agenda includes program initiatives for advancing trade facilitation, security and enforcement objectives. There is an ongoing demand for ACE capability enhancements, and CBP follows a governance process to prioritize funding for initiative automation based on evaluation criteria that account for the interests of the trade community, the potential to reduce burden on the trade community, impact to CBP users, the nexus to existing and emerging priorities and workload efficiency and operational improvement opportunities. In addition to this list of funded ACE enhancements, CBP is continuing to work through additional emerging requirements and securing funding for their development. CBP will continue to solicit input from the trade community on these efforts.

Looking to the Future

CBP continues to look for more capable technologies that are more efficient and effective, and CBP is actively engaging with our Nation's best minds in and outside of government to find innovative solutions to the challenges facing our country. For example, a key enabler of RPM efficiencies in the maritime environment is employing the concept of remotely operated RPM lanes at select seaports. CBP, together CWMD/DNDO, worked on a pilot throughout FY 2017 to pilot RPM remote operations at the seaport in Savannah, Georgia. The goal is to provide CBP field offices and ports with increased flexibility to reduce RPM operations staffing demands and redirect staff to other high priority mission areas where and when feasible.

CBP is also partnering with DHS Science and Technology (S&T) to access emerging technologies and tools from start-ups and others. From innovative surveillance approaches that can provide multi-sensor data direct to our agents, to tools to protect our canines and blockchain technology to increase transparency in supply chains, CBP will continue to push for more efficient and effective ways to support our personnel and carry out our mission. For example, S&T is conducting proof of concepts deployments in partnership with CBP that are directly focused on applications of blockchain and distributed ledger technology to shipping, logistics, and customs by providing visibility into globally distributed supply chains to help facilitate the movement of legitimate goods while combating the distribution of counterfeit goods.

Facilitating Trade through Partnerships

CBP is committed to fulfilling our complex missions, and to do that, we are working with our partners across the country and around the world. I am actively seeking to deepen our partnerships across all levels of government and with our international counterparts to ensure that information is shared quickly, resources are spent where they are most needed, and that the American people and economy are kept safe.

Unified Cargo Processing

CBP and the Mexican tax service recently signed a memorandum of understanding on Unified Cargo Processing (UCP). UCP currently operates at eight POEs along the U.S.-Mexico border, with the memorandum merging two former cargo pre-inspection sites into UCP. UCP eliminates

duplicative inspection efforts while reducing border wait times and costs for the private sector. The new arrangement looks to expand the process to possibly more than a dozen locations. CBP and the National Service for Agro-Alimentary Public Health, Safety and Quality – Mexico’s agency responsible for inspecting incoming goods for pests and diseases – also signed a memorandum to enable collaboration between the two agencies on agriculture safeguarding, agriculture quarantine inspections at ports of entry, and information sharing. The memorandum promotes cooperation and information sharing to enable the United States to handle legitimate and safe shipments quickly while addressing those that pose a risk.

Partnerships in the International Mail and ECC Environment

E-commerce and international mail and ECCs play an increasingly important role in the U.S. economy. Evolving business models, with increasing volumes of imports of small, just-in-time packages, have significantly altered the dynamic of the international trade environment and CBP’s enforcement of trade laws, including those related to intellectual property rights and import safety.

This shift in international commerce has created significant benefits for U.S. businesses and consumers. It has also created operational challenges for CBP. E-Commerce shipments pose the same health, safety, and economic security risks as containerized shipments, but the volume is higher and growing. Over the past five years, CBP has seen a nearly 50 percent increase in express consignment shipments, and an astonishing 200 percent increase in international mail shipments.¹

Rapidly increasing shipment volumes strain already limited CBP resources, particularly at express consignment hubs and International Mail Facilities (IMFs). In addition to sheer volume challenges, e-commerce shipments often involve other risks, such as undervaluation, and are a higher risk for import safety or Intellectual Property Rights (IPR) violations, and illegal drugs. For example, of the more than 34,000 seizures of counterfeit and pirated goods in FY 2017, approximately 90 percent were in the express carrier and international mail environments.²

To address the numerous complexities that have emerged from the growth of e-commerce, in 2016, CBP established a dedicated E-Commerce and Small Business Branch. CBP has been actively engaging with Congress, the trade community, and other domestic and international government agencies to find solutions to personnel and other operational challenges posed by the shift to e-commerce. As a result of the Branch’s efforts, CBP finalized an e-commerce strategy that focuses on adapting CBP’s workforce staffing models and operations to implement a more agile and effective enforcement of e-commerce shipments, creating better compliance through new incentives and measures, and educating and engaging all our stakeholders to facilitate lawful e-commerce opportunities and address threats. The strategy will strengthen CBP’s ability to protect U.S. consumers, improve targeting and management of threats in the e-commerce environment, maximize trade revenue collection, increase international mail enforcement, and create stronger partnerships here and abroad.

¹ In FY 2013, CBP processed more than 76 million express bills; in FY 2017, CBP processed approximately 110 million bills. In FY 2013, CBP and the USPS processed approximately 150 million international mail shipments; in FY 2017, the number of international mail shipments swelled to over 500 million shipments.

² FY 2017 IPR Statistics are reported online: <https://www.cbp.gov/sites/default/files/assets/documents/2018-Apr/ipr-seizure-stats-fy2017.pdf>.

With the support of Congress, CBP has made significant investments in and improvements to our drug detection and interdiction technology and targeting capabilities in the international mail and ECC environments. CBP receives advance electronic data (AED) on over 40 percent of all international mail shipments with goods. An increasing number of foreign postal operators provide AED to the U.S. Postal Service (USPS), which is then passed on to CBP to target high-risk shipments.

CBP, in close coordination with USPS and U.S. Food and Drug Administration, provided technical assistance on the “*Synthetics Trafficking and Overdose Prevention (STOP) Act*”, which were largely incorporated into H.R. 5788, the “*Securing the International Mail Against Opioids Act of 2018*”, which the House passed on June 14th.

This legislation seeks to address these challenges in a multi-phase process which emphasizes risk-assessment, technology, and collaboration across the Federal government and with our international partners. We support efforts to expand the ability of USPS to greatly increase the availability of AED (which is the foundation of a sound targeting mechanism) for international mail, to develop new scanning technology, and to collect fees to help cover the cost of customs processing of certain inbound mail items.

CBP and USPS now have an operational AED targeting program at five of our main International Mail Facilities (IMF) with plans for further expansion. USPS is responsible for locating the shipments and delivering them to CBP for examination. Thus far in FY 2018, CBP has interdicted 186 shipments of fentanyl at the John F. Kennedy International Airport (JFK) IMF, a participant in the AED program. One hundred and twenty-five of those interdictions can be attributed to AED targeting. CBP and USPS continue to work with foreign postal operators to highlight the benefits of transmitting AED.

Preclearance

First established in Toronto, Canada in 1952, preclearance has since expanded to operations in 15 airport locations and one land border ferry operation in six countries, which include Aruba, the Bahamas, Bermuda, Canada, Ireland and the United Arab Emirates. Staffing consists of more than 600 CBP Officer and Agriculture Specialist positions. Preclearance supports DHS’s extended border strategy and CBP’s layered border strategy by preventing terrorists, criminals, and other national security threats from boarding commercial aircraft bound for the United States, as well as protecting U.S. agricultural infrastructure from invasion by foreign pests, disease, and global outbreaks. CBP intends to match the speed at which host countries and airports are willing to move forward with negotiations and airport designs, and we look forward to working with our partners to expand this program.

Private-Sector Partnerships

An essential component of CBP’s trade facilitation operations is our close and effective collaboration with our private industry partners. For example, CBP works with the trade community through the Customs Trade Partnership Against Terrorism (CTPAT) program, which is a public-private partnership program wherein members of the trade community volunteer to adopt tighter security measures throughout their international supply chains in exchange for

enhanced trade facilitation, such as expedited processing. CTPAT membership has rigorous security criteria and requires extensive vetting and on-site visits of domestic and foreign facilities. This program has enabled CBP to leverage private sector resources to enhance supply chain security and integrity while facilitating legitimate trade.

CTPAT membership has grown from just seven companies in 2001 to more than 11,000 certified partners today, accounting for more than 54 percent by value of goods imported into the United States. The CTPAT program continues to expand and evolve as CBP works with foreign partners to establish bi-lateral mutual recognition of respective CTPAT-like programs. Mutual recognition as a concept is reflected in the World Customs Organization's Framework of Standards to Secure and Facilitate Global Trade, a strategy designed with the support of the United States, which enables customs administrations to work together to improve their capabilities to detect high-risk consignments and expedite the movement of legitimate cargo. These arrangements create a unified and sustainable security posture that can assist in securing and facilitating global cargo trade while promoting end-to-end supply chain security. CBP currently has signed Mutual Recognition Arrangements with New Zealand, the European Union, South Korea, Japan, Jordan, Canada, Taiwan, Israel, Mexico, Singapore, and the Dominican Republic and is continuing to work towards similar recognition with China, Brazil, Peru, Uruguay, Australia and India.

CTPAT is also transitioning the Importer Self-Assessment program into CTPAT Trade Compliance, thus aligning with the World Customs Organization Authorized Economic Operator model. This effort includes the extensive development of new benefits. New benefits include AQUA lane, an expedited clearance system for CTPAT sea carriers. AQUA lane allows CTPAT terminal port operators that qualify under a set of predetermined mandates to immediately unlade their cargo upon arrival in the United States. CBP is currently piloting advanced unloading at 20 seaports; in FY 2018, the trade community requested advanced unloading nearly 10,000 times. CBP granted permission at a rate of almost 80 percent. Other benefits under development include Importer of Record identity theft monitoring, known as CTPAT Defender. CTPAT Defender will provide a level of protection for our trusted partners.

CBP has also been re-engineering our operations in collaboration with the Port of Los Angeles' Trans Pacific Container Service Corporation (TraPac). The TraPac terminal in the Port of Los Angeles has invested in technology and infrastructure to upgrade the terminal to an automated terminal environment that supports both the targeted NII x-ray/gamma-ray imaging of targeted commerce, and the 100 percent mandated radiation scanning of all incoming commodities at the TraPac terminal. In a joint effort, TraPac, DNDO, and CBP developed a new and innovative method for automated radiation scanning of inbound containers in the terminal's intermodal rail yard. Since December 2016, the terminal's automated conveyor systems transport inbound containers through CBP RPMs before the containers are loaded onto railcars.

Similar to TraPac, through a public-private partnership agreement, CBP and DNDO continue to work with the Northwest Seaport Alliance to employ a straddle carrier portal at the Pierce County Terminal in Tacoma, Washington. The straddle carrier portal will provide a fixed portal radiation scanning capability that will require fewer CBP personnel to conduct radiation scanning of cargo containers and will allow the port to regain some of its operational footprint and more quickly process cargo destined for rail transportation.

Infrastructure

CBP supports a vast and diverse real property portfolio, consisting of more than 4,300 owned and leased buildings, over 28 million square feet of facility space, and approximately 4,600 acres of land throughout the United States. Effective and efficient POE infrastructure is critical to CBP's mission to secure and facilitate lawful trade and travel.

Land Border Ports of Entry Modernization

Of the Nation's 328 official POEs, 110 are land POEs responsible for operating 167 separate crossings along our borders with Mexico and Canada. Most of the land POE inspection facilities were not designed to meet the post-9/11 security and operational missions of CBP. Rather, they were built to support the distinct operations of legacy DHS components, such as the U.S. Customs Service, the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, and the U.S. Immigration and Naturalization Service.

Today, CBP's operations entail sophisticated targeting and communication systems, state-of-the-art detection technology, and a cadre of professional law enforcement personnel to identify, screen, and inspect high-risk persons and cargo and maintain an efficient stream of cross-border travel and trade. However, the success of our operational strategy depends heavily on the condition and operational utility of the inspection facilities and the availability of CBP personnel. Several land POEs were built more than 70 years ago and require renovation or replacement to meet present-day operational and security standards. Many constructed as recently as 15 to 20 years ago also require significant modernization to address growing demands for additional processing capacity, new security requirements and enforcement technologies, and the need to maximize the efficiency of existing personnel and resources. To construct and sustain these land POE inspection facilities, CBP works in close partnership with the General Services Administration(GSA), which manages the majority of the land POE facilities.

GSA, in coordination with CBP, continues to construct and modernize land POEs along the Northern and Southern borders, and to complete additional enhancement and expansion projects. Thanks to the funding provided in the FY 2018 Omnibus, CBP is working with GSA to ensure that our priority requirements in locations including Otay Mesa, California, and Alexandria Bay, New York, receive much-needed updates.³ In Texas, the two large-scale modernization projects are Laredo I and II. Laredo Bridge I was completed in April, and pedestrian, bicycle, and POV traffic resumed at this crossing on April 20, 2018. Laredo Bridge II is on track for completion in December 2018. We look forward to working with GSA and Congress to ensure that our physical infrastructure meets CBP's needs now and in the future, such as the planned Phase II construction of the Calexico West land port of entry in California.

A key aspect of CBP's three-pronged Resource Optimization Strategy is the exploration of partnering with public-private sector through such activities as reimbursement and potential acceptance of donations. Thanks to the support of Congress, CBP received authority to enter into agreements under Section 560 of Division D of the *Consolidated and Further Continuing*

³ Alexandria Bay, NY; Lewiston Bridge, NY; San Luis I, AZ; Otay Mesa, CA; Blaine, WA have been identified as priority requirements to be funded from the proposed \$14.8 million.

Appropriations Act, 2013, Pub. L. No. 113-6 (Section 560); Section 559 of title V Division F of the *Consolidated Appropriations Act, 2014*, Pub. L. No. 113-76 (Section 559); and Section 550 of the *Consolidated Appropriations Act of 2016*, Pub. L. No. 114-53, and more recently under Sections 481 and 482 of the *Homeland Security Act, 2002*, as amended by the *Cross-Border Trade Enhancement Act, 2016* (codified at 6 U.S.C. §§ 301 et seq.).

Under Section 560, CBP received authority allowing the Commissioner to enter into no more than five agreements, under certain conditions, to provide new or enhanced services on a reimbursable basis at U.S. POEs. CBP implemented this authority, entering into agreement with the participating locations⁴ before the December 31, 2013 statutory deadline. In January 2014, CBP received additional authority under Section 559, which authorized CBP to enter into partnerships with private sector and government entities at POEs to reimburse the costs of certain CBP services and to accept donations of real and personal property (including monetary donations) and non-personal services. Sections 481 and 482 supplanted Section 559 while making permanent CBP's donation acceptance and reimbursable services authorities in addition to removing the annual statutory limit on the number of air reimbursable services agreements. This allows for small air POEs with fewer than 100,000 international passenger arrivals annually to compensate CBP for the salaries and expenses of up to five CBP officers and authorizing the Commissioner to determine if advanced payment is warranted to enter into an agreement in place of cost reimbursement.

Each provision responds to CBP's efforts to find innovative approaches to meet the growing demand for new and expanded facilities and, in particular, the ongoing modernization needs of CBP's land POE portfolio.

Reimbursable Services Agreements

Section 481 expands CBP's authority to enter into Reimbursable Services Agreements (RSAs) similar to the FY 2013 "Section 560" authority and FY 2014 "Section 559" authority. This authority allows CBP to support requests for expanded services, including customs, agricultural processing, border security services, and immigration inspection-related services at U.S. POEs or any facility in which CBP provides or will provide services; salaries for additional staff; and CBP's payment of overtime expenses at airports. There is no limit on the number of agreements CBP can enter into at POEs or facilities. However, at airports with fewer than 100,000 arriving international passengers annually, Section 481 only expanded the authority to permit CBP to be reimbursed for the salaries and benefits of no more than five full-time equivalent CBP officers beyond the number of such officers currently assigned. These provisions will allow CBP to increase the impact of this program to additional stakeholders and the traveling public. Additionally, the law stipulates that agreements may not unduly and permanently impact existing services funded by other sources.

CBP evaluates each RSA proposal based on a single set of objective and carefully vetted criteria to ensure that final recommendations will be most beneficial to CBP, to the requesting parties, and to the surrounding communities. The main factors of consideration include the impact on CBP

⁴ The Section 560 participating partners are the Dallas/Fort Worth International Airport Board, the City of El Paso, Miami-Dade County, the City of Houston/Houston Airport System, and the South Texas Assets Consortium.

operations; funding reliability; community and industry concerns; health and safety issues; local/regional economic benefits; and feasibility of program use.

RSAs enable stakeholders to identify enhanced services needed to facilitate growing volumes of trade and travel at specific POEs, and enable CBP to receive reimbursement so that we can fulfill those requirements. The Section 481 authority provides stakeholders and CBP the flexibility to meet situational or future demand for extended or enhanced services to secure and facilitate the flow of trade and travel at participating ports. At land POEs, this authority enables CBP to open and staff additional lanes or provide services for extended hours to reduce wait times and expedite commercial and personal traffic. At airports, RSAs enable CBP to staff additional booths on an overtime basis during peak hours. At seaports, RSAs enable CBP to provide additional processing of cruise passengers and commercial cargo, furthering the facilitation of travel and trade.

In the first five years of the program, CBP will have entered into agreements with 149 stakeholders, providing more than 483,000 additional processing hours at the request of our partners—accounting for the processing of more than 10.2 million travelers and nearly 1.43 million personal and commercial vehicles. The program continues to expand as new agreements are signed every year, as authorized by the Section 481 legislation.⁵

Donation Acceptance Authority

Section 482, the Donation Acceptance Authority, authorizes CBP and GSA to accept donations of real property, personal property, including monetary donations, and non-personal services from public and private sector entities for OFO activities at certain ports of entry. Accepted donations may be used in support of POE construction, alterations, operations, or maintenance-related activities, including but not limited to: land acquisition, design, and the deployment of equipment and technologies. These donations are expected to reduce border wait times, support increased traffic flow and volume, create jobs, and address critical operational and regional border master plan infrastructure and technology priorities across the United States.

Since standing up in FY 2015, the CBP Donation Acceptance Program (DAP), which oversees implementation of Section 482, has approved 22 donation proposals, totaling approximately \$206 million in planned and realized improvements in U.S. POE and important CBP initiatives. Of the 22 donation proposals approved to date, 13 entail small to large-scale improvements to the land POE infrastructure, primarily along the U.S. Southern border. These infrastructure improvements, some of which entail state of the art inspection technologies and joint binational processing enhancements, have and will continue to lend themselves to a more secure, reliable, and efficient cross-border transportation network.

The DAP continues to grow and mature, as has its ability to explore, foster, and facilitate partnerships in support of non-infrastructure initiatives, including luggage for canine training purposes and the provision of passenger biometrics services and data at major air POEs.

In sum, CBP is implementing business improvements, thoroughly and systematically analyzing POE infrastructure needs and exploring alternative sources of funding to bridge current and

⁵ A full list of current participants is available at <http://www.cbp.gov/RSP>.

anticipated mission resource gaps. Both the Reimbursable Services Authority and the Donation Acceptance Authority enable CBP to build effective partnerships with stakeholders to address the port requirements necessary to support growing volumes of travel and trade.

Conclusion

International commerce is dynamic and requires continual adaptation to respond to emerging threats and rapidly changing conditions. I am proud of CBP's dedicated workforce, which continues to meet these challenges with integrity and commitment. With the ongoing support of Congress, CBP will continue to protect the people and economy of the United States while facilitating legitimate trade and travel. Chairman Cornyn, Ranking Member Casey, and distinguished Members of the Subcommittee, thank you for the opportunity to appear today.