

U.S. TRAVEL AND TOURISM ADVISORY BOARD

Room 4830
DOC Building
14th & Constitution Avenue. N.W.
Washington, DC

Tuesday,
September 17, 2013

The meeting was convened, pursuant to notice,
at 1:35 p.m., MR. TODD DAVIDSON, Chair, presiding.

APPEARANCES:

MEMBERS OF THE BOARD

MR. TODD DAVIDSON, CHAIR
CEO, Travel Oregon

MR. SAM GILLILAND, VICE CHAIR
Chairman and CEO, Sabre Holding

MR. ROSSI RALENKOTTER
President and Chief Executive Officer
Las Vegas Convention and Visitors Authority

MS. HOLLY AGRA
President
Chicago's First Lady Cruises

MR. JOHN SPROULS
Chief Executive Officer
Universal Orlando Resort
and Executive Vice President
Universal Parks and Resorts

MS. MARYANN FERENC
Founder, President and
Chief Executive Officer
Mise en Place, Inc.

MR. JONATHAN ZAK
Founder, Chief Executive Officer and
President
Amadeo Travel Solutions

MS. CAROL WALLACE
President and Chief Executive Officer
San Diego Convention Center Corporation

MS. INGRID RIVERA ROCAFORT
Executive Director
Puerto Rico Tourism Company

MR. ROBERT LYNCH
President
Americans for the Arts

MS. KATHLEEN MATTHEWS
Executive Vice President
Marriott International, Inc.

MR. BRIAN MULLIS
Founder and Chief Executive Officer
Sustainable Travel International

MS. SHERRY RUPERT
Vice-President
American Indian Alaska Native
Tourism Association

MR. KIRK HOESSLE
President
Alaska Wildland Adventures

MS. HOLLY ARNOLD KINNEY
Executive Director
The Fort, LLC

MS. LAURA MANDALA
Managing Director
Mandala Research, LLC

MS. MAUREEN BAUSCH
Executive Vice President of Business
Development
Mall of America

MR. ADAM SACKS
Managing Director
Tourism Economics

MS. ROSEMARIE ANDOLINO
Commissioner
Chicago Airport Authority

MR. WILLIAM D. TALBERT
President and Chief Executive Officer
Greater Miami Convention and Visitors Bureau

MR. MICHAEL FRIAS

U.S. GOVERNMENT

MR. KEN HYATT
Acting Deputy Under Secretary of
International Trade
Department of Commerce

MR. DOUGLAS SMITH
Assistant Secretary for the Private Sector
Department of Homeland Security

MR. ED RAMATOWSKI
Deputy Assistant Secretary for Visa Services
Department of State

Mr. JOHN WAGNER
Acting Deputy Assistant Commissioner for
Field Operations
Customs and Border Protection

MS. SUZY SHEPHERD
Director, Electronic System for Travel
Authorization (ESTA), Admissibility and
Passenger Programs
Customs and Border Protection

MS. VANESSA BALGOBIN
Senior Transportation Industry Analyst
Department of Transportation

MS. ISABEL HILL
Director
Office of Travel and Tourism Industries
Department of Commerce

MS. JENNA PILAT
Deputy Director
Office of Advisory Committees

MR. CHRIS THOMPSON
Chief Executive Officer
Brand USA

I N D E X

	<u>PAGE</u>
OPENING REMARKS & INTRODUCTIONS	
Todd Davidson, Board Chair	7
WELCOME REMARKS	
Ken Hyatt, Acting Deputy Under Secretary of Commerce for International Trade	13
DISCUSSION & DELIBERATION OF PROPOSED ADVOCACY RECOMMENDATIONS	
Bob Lynch, Advocacy Subcommittee Chair	
Maureen Bausch, Advocacy Subcommittee Vice-Chair	19
SUBCOMMITTEE REPORTS	
* Business Climate Subcommittee Report Maryann Ferenc, Business Climate Subcommittee Chair	43
* Research Task Force Report Rossi Ralenkotter, Research Task Force Chair	52
* Travel Facilitation Subcommittee Report John Sprouls, Travel Facilitation Subcommittee Chair	56
* Infrastructure & Sustainability Subcommittee Report Holly Agra, Infrastructure & Sustainability Vice-Chair	62
* Common Vetting Task Force Michael Frias, Subcommittee Chair	122
BRIEFING ON CUSTOMS AND BORDER PROTECTION STAFFING MODEL	
John Wagner, Acting Deputy Assistant Commissioner for Field Operations, Customs & Border Protection	66
BRAND USA UPDATE	
Chris Thompson, Chief Executive Officer, Brand USA	98
NATIONAL TRAVEL AND TOURISM STRATEGY & EXECUTIVE ORDER UPDATES	
* Department of Transportation Update Vanessa Balgobin, Senior Transportation Industry Analyst, Department of Transportation	117

* Department of Homeland Security Update Douglas Smith, Assistant Secretary for The Private Sector, Department of Homeland Security	131
* Department of State Update Ed Ramotowski, Deputy Assistant Secretary For Visa Services, Department of State	146
DISCUSSION OF MID- TO LONG-TERM INDUSTRY ISSUES Sam Gilliland, Board Vice-Chair	155
NEXT STEPS Todd Davidson, Board Chair	160
ADJOURNMENT	165

P R O C E E D I N G S

OPENING REMARKS & INTRODUCTIONS

Todd Davidson, Board Chair

1
2
3
4
5 CHAIRMAN DAVIDSON: Well, good afternoon,
6 everyone. I want to begin by thanking our colleagues
7 at Commerce. And Ken, I know you're the tip of the
8 spear for the Commerce Department here today, but to
9 you and to Jenna and our other colleagues, that was a
10 fabulous briefing with the NEC.

11 To be able to have that kind of access and
12 opportunity to the White House just, again, speaks
13 volumes to the way the administration holds this
14 industry in such high regard. So thank you for all
15 your work in helping coordinate that lunch briefing for
16 us today.

17 I also want to thank Laura. There you are.
18 Ms. Mandala, thank you so much for the reception and
19 for the dinner last night at Lilly's. It was a true
20 treat and we really appreciate you going above and
21 beyond in having Mandala Research sponsor us in that
22 way. So thank you very much for the reception you did
23 last night.

24 (Applause)

25 CHAIRMAN DAVIDSON: It was referenced a little

1 bit earlier in Ken's comments as he opened up the
2 briefing with the NEC that a few of us that were able
3 to come in early were able to sit down and have a very
4 informal meeting with Secretary Pritzker. We kind of
5 referred to it as a bit of a coffee klatch where we
6 were able to meet in her conference room.

7 For me, one of the great take-aways from that
8 meeting was her assurances that this industry has not
9 lost momentum with this administration. Sure, some of
10 the faces may be changing at the table, but the
11 commitment to the U.S. travel and tourism industry is
12 not only not waning, but it's continuing to accelerate.
13 So that's just a tremendous testament.

14 With her assurances about how travel and
15 tourism is going to continue to be held in such high
16 regard within this administration, we were able to have
17 a very engaging conversation with her.

18 I shared a little bit about the work that
19 we've done to date, how at our inaugural meeting in
20 January of 2011 we had a very special guest who went by
21 the name "Mr. President" and how he came and issued the
22 executive order, and subsequently this board
23 immediately had a short-term action item, and that was,
24 help impact the development of the national travel and
25 tourism strategy.

1 That kind of became our 90-day work plan as we
2 were trying to also form our subcommittees and start
3 dealing with some of our other issues of industry
4 concern as well.

5 Following that, Sam did a beautiful job of
6 really talking about his three terms on the Travel and
7 Tourism Advisory Board and how this board has evolved
8 over time and the kinds of things that have contributed
9 to its success over time.

10 Amongst those were obviously unity of purpose,
11 how even though we come from very segments of the
12 travel and tourism industry, as well as our Federal
13 partners coming from different departments and
14 agencies, there's a unity of purpose here in terms of
15 what it is we're trying to do.

16 There's also great transparency in our work,
17 in the industry's ability to articulate the things that
18 we felt need to be changed or addressed, but also our
19 Federal partners' ability to advise us, to provide us
20 with data, and to ask us for assistance.

21 For example, when Douglas has said we've got
22 TSA pre-check but we need the industry to help us
23 bolster the recruitment, and subsequently members have
24 responded by including it in their industry newsletters
25 and in other ways, but helping solicit recruitment for

1 that.

2 I guess the third item that has kind of led to
3 our success is just the high degree of respect that we
4 have for one another and for our respective roles. As
5 the Secretary said yesterday, America needs to both
6 promote and to attend to the visitor's experience. When
7 you think about role as the Travel and Tourism Advisory
8 Board, we place such an important role in providing
9 that advice and counsel to the Secretary, especially in
10 the area of the visitor's experience.

11 When you think about visa, visa processing,
12 wait times at Customs and Border Protection, at our
13 airports and such, NextGen, the business climate, we're
14 impacting that visitor's experience in moving forward.

15 In so doing, we're obviously unleashing the power of
16 the U.S. travel and tourism industry to create jobs.
17 We know that's near and dear to this administration's
18 heart and it's near and dear to ours, and we know it to
19 be true. We have an administration that obviously
20 knows it to be true and embraces that as well.

21 Point in fact, tourism exports here to date
22 are up 8.9 percent, while the overall exports for the
23 U.S. economy are up about 1.5 percent. I understand
24 that tourism is responsible for about 30-plus percent
25 of all U.S. export growth so far this year. I mean,

1 these are very impressive numbers.

2 I think we can all take, as members of the
3 Travel and Tourism Advisory Board, a certain level of
4 satisfaction that we have helped move that needle
5 ahead. But we're also not a group to rest on our
6 laurels, so we've got a great agenda today, not the
7 least of which is we'll be deliberating and adopting
8 our Advocacy Subcommittee's recommendations.

9 We'll hear updates on the strategy
10 implementation, we'll be outlining the work that will
11 lead up to our final meeting of this board in December,
12 and we'll discuss a little bit about the elements of
13 our final report, including how we want to gain an
14 understanding and help formulate forthcoming
15 recommendations from our successor Travel and Tourism
16 Advisory Board.

17 Then we also want to, with that, identify what
18 would be the elements of that final report. We'll have
19 a discussion on some of the near-term, as well as long-
20 term, issues that we expect this industry to face so
21 that we can help kind of set the table for the board
22 that will take over in January of 2014.

23 So I know many of us were here for the
24 briefing, but I would be remiss if I didn't afford us
25 the opportunity to go around very quickly and just

1 introduce ourselves again for the record, our names and
2 who we're with. I'll start with our Vice Chair. So,
3 Sam?

4 (Whereupon, the committee members introduced
5 themselves.)

6 CHAIRMAN DAVIDSON: Thank you, everyone.

7 I would now like to turn our meeting over to
8 Acting Deputy Under Secretary Commerce, Mr. Ken Hyatt.

9 Ken?

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 I know different folks will update different pieces of
2 it. I think people know that the SIAT -- we published
3 the results of the survey a couple of weeks ago. I
4 think it was September the 5th. I know each of you
5 have been reaching into our website to read all the
6 behavior shifts that we're observing, the changes by
7 State, but there's a lot of additional data that's just
8 come.

9 A couple of the highlights. As Todd has said,
10 last year's performance was great; this year's
11 performance is great. As I always joke with Sam on my
12 interest in life is a 5-plus percent compound annual --
13 every year until the end of 2021, so I remain focused
14 on that number each year, each time I sort of see that
15 stuff.

16 But we published the SIAT results. Again, I
17 would ask that you go in and look at them. There is
18 both information on arrivals by market, and as people
19 know Europe is down in 2012. A number of the
20 traditional source markets were down, United Kingdom,
21 France, Italy, Spain, Netherlands. It just takes all
22 of you. Jonathan and I were talking even last night
23 about where the growth is coming from. You sort of
24 know where the growth is coming from, right?

25 MR. ZUK: I have to.

1 MR. HYATT: You sort of know where the growth
2 is coming from. But China is up 35 percent, Brazil 19
3 percent, a resurgence from Japan, up 14 percent. Not
4 only changes on the market side, but changes in shifts
5 in behavior itself.

6 I know Chris Thompson might speak about some
7 ideas that Brand USA has, but one of the things I
8 noticed was that friends and family travel is down.
9 We've been actually in a conversation around what might
10 you do to target something like that very, very
11 specifically, but shifts in purpose of the trip, first-
12 time visits, use of travel packages, et cetera. Again,
13 40 reports on the OTTI website, which I would suggest
14 that you look at, sort of, one.

15 Two, I think, as many of you know, certainly
16 the Research Committee, the Bureau of Economic Analysis
17 has done a six-month evaluation of the SIAT and the
18 results of that evaluation are very consistent with the
19 Research group that was done, that had previously
20 looked at it.

21 They looked at this and said although our
22 sample size is smaller on a percentage basis, the data
23 collected is as good or better than that of other
24 countries reviewed, and they issued a thorough report
25 that concludes the methodology is sound.

1 As Isabel told me the story, she listened to
2 this report by the expert with all kinds of detail and
3 data, and then sort of said, so can you net this out
4 for me? The net out was, this is a really good survey
5 and the methodology is sound.

6 We are now working with Census to evaluate
7 whether the collection costs are in line with other
8 surveys, sort of using their expertise. But I think
9 the work dovetails very nicely with that which the
10 Research Committee did. So that's sort of one piece of
11 the update.

12 Secondly, as many of you know, the ITA within
13 which the Office of Travel and Tourism Industry sits,
14 is in the midst of a reorganization and will be
15 effective on October 1. As part of that, we are
16 elevating tourism. The National Travel and Tourism
17 Office will appear as of October 1, which is an
18 elevation. We are actively recruiting ahead of that
19 office.

20 As we elevate and recruit, we're also working
21 to find a new Assistant Secretary for Industry
22 Analysis, which is the Nicole Lamb-Hale job. Many of
23 you know Nicole Lamb-Hale. So we're working that very
24 aggressively, both pieces of that, but I think it is
25 again another step forward in the elevation and the

1 focus on tourism.

2 The final thing I think I'll just say is we
3 have a Tourism Policy Council meeting scheduled on the
4 26th of September, so the timing of this meeting is
5 sort of lining up to be able to hear recommendations
6 and then integrate into a Tourism Policy Council
7 meeting, which Secretary Pritzker will lead, and we
8 expect that same sort of high-level attention that we
9 have been able to accomplish in the last couple of
10 years with that.

11 With that, let me turn it back and again thank
12 you. I think, as Secretary Pritzker said yesterday,
13 one of the things that is of great interest is both
14 looking at the recommendations, the medium and long
15 term, and again, what can we accomplish that adds value
16 in the next three years. But thank you again.

17 CHAIRMAN DAVIDSON: Thank you, Ken, very, very
18 much. All right. That was great, Jenna. Thank you.

19 (Laughter)

20 CHAIRMAN DAVIDSON: All right. Thanks. Well,
21 Ken, thank you very much.

22 Moving forward in our agenda, next up is the
23 discussion and deliberation of our proposed Advocacy
24 Subcommittee's recommendations. As I turn it over to
25 Bob and Maureen, just a little bit of a reminder for

1 TTAB members that Bob and Maureen will review the
2 letter, they'll summarize for us the process that they
3 went through to develop it, they'll discuss the issues
4 and recommendations that are included in that, and then
5 we will discuss the letter. Our goal is to reach
6 consensus in terms of the adoption of the letter.

7 So with that, I will turn it over to Mr. Lynch
8 to begin the discussion.

9 Bob?

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 **DISCUSSION & DELIBERATION OF PROPOSED**

2 **ADVOCACY RECOMMENDATION**

3 **Bob Lynch, Advocacy Subcommittee Chair**

4 **Maureen Bausch, Advocacy Subcommittee Vice-Chair**

5

6 MR. LYNCH: Great. Thank you. Thank you very
7 much. I just want to say a word, first, about the
8 committee members who are there. Maureen is Vice Chair
9 of the committee and she has asked me to make the
10 presentation, but will jump in with corrections at any
11 point she wants to.

12 I want to say that at our meetings and on the
13 phone today is: Holly Arnold Kinney, who is here;
14 Ingrid Rivera Rocafort who's here; Sherry Rupert who's
15 here; Sam Gilliland has been part of today's meeting,
16 but well represented by Bruce Sharendoff over the last
17 months, and Tasha from his team there today. I want to
18 mention Naric Rome from Americans for the Arts who has
19 been with me on all of this.

20 Laura Mandala, and Rossi Ralenkotter are on
21 the committee but they have their own committee, the
22 Research Committee, so they weigh in as they can. So
23 with that we've had a terrific group, also with a lot
24 of help from Todd and Sam along the way. Ron Herman
25 was with us today at the meeting and Jenna, as always--

1 she's not here in the room to thank, she has run
2 downstairs for a task--has been terrific. So that's
3 the committee.

4 We have been working on the ideas that go into
5 this letter over the last many months and then along
6 the way several other letters have suggested
7 themselves, which we will be working on for our
8 December presentation. I'll talk a little bit about
9 that.

10 I want to say that this particular letter had
11 one version that came up to all of you maybe a month
12 ago that we sent out. Everybody on the entire
13 committee was able to weigh in. We took all of those
14 suggestions and we accepted them all, so that first
15 version was a version everybody saw and we were able to
16 accept them all.

17 Then when that version went out there were
18 some additional comments. In particular, Brian Mullis,
19 I just want to just mention, did some terrific comments
20 largely around sustainability in the tourism industry.

21 We took a look at those comments.

22 That was not that long ago, this past week,
23 and incorporated some of the comments and made the
24 determination that they warranted fuller exploration
25 and a letter, separately perhaps, related to

1 sustainability issues that would be something we'd work
2 on in the next months for the December meeting. So
3 that's the second version that some of you may have
4 seen.

5 Last night, Jenna sent out yet another version
6 because Brian came back with some wonderful additional
7 suggestions, smaller suggestions, and that is in the
8 letter that you would have received late last night in
9 your email or is in the packet that's in front of you
10 today. So you do have, but you may not have looked at,
11 the latest version that has Brian's additional edits.

12 So with that, that last version is what we
13 talked about in our committee today and I'm going to
14 just give you a quick snapshot of that. You can see in
15 the red what the additions were.

16 Before I do, I'll just say that our committee
17 should feel pretty good after the National Economic
18 Council presentation by Byron, because many of the
19 things that they were talking about were things that
20 happened to be in our letter, things like promotion
21 related to the broader industry, facilitation of
22 impediment reduction like Global Entry, supporting
23 technology innovation as it relates to markets and
24 aggregating markets, the bully pulpit Federal convening
25 for advancing the cause, advocating for the cause, and

1 partnerships, Federal, State, local, and private. So,
2 there seems to be some good connectivity there.

3 So with that, the letter that you have in
4 front of you, the first thing I'll say is that all of
5 the suggestions that are in this letter in red that you
6 just are receiving now, our committee looked at today
7 and accepted. They all seemed to be things that
8 enhanced the letter and they were things that pretty
9 much were all accepted, sometimes moved slightly in the
10 body of the letter. So that's the first thing that
11 I'll say.

12 As far as the letter itself, the highlights of
13 this letter are, first of all, thematically set out at
14 the bottom of the first page. We said that our set of
15 policy issues falls into four broad categories, so as
16 your ideas came in and as our committee members' ideas
17 came in, they generally fell in one of these four
18 areas.

19 The first one is advocacy in the sense of
20 raising this understanding of the value of tourism
21 across Federal agencies. So there are many other
22 Federal agencies. They don't think they're about
23 tourism, but we know they're about tourism because
24 they're about content for tourism, or they're about
25 control mechanisms that relate to tourism.

1 MS. AGRA: Excuse me. I'm sorry. Our
2 committee had just one final request for edits in this
3 area.

4 MR. LYNCH: Okay.

5 MS. AGRA: And we were hoping that as you set
6 out that your policies fall in the four broad
7 categories, that we could add "that enhance sustainable
8 green growth, balancing people, planet, and profit" so
9 that not only tourism, but green, sustainable tourism
10 moves across all four of these sectors.

11 MR. LYNCH: So how do you want to say that?

12 MS. AGRA: "Our policy issues fall into four
13 broad categories that enhance sustainable green growth,
14 balancing people, planet, and profit." I apologize for
15 the --

16 MR. LYNCH: Okay. So we'll just put it out
17 there as something we can discuss afterwards.

18 The second point there is about strengthening
19 the content and the demand for why people come to our
20 country and travel. So, more understanding of
21 investment and basically encouraging that investment,
22 whether it's historical, natural, or cultural, which,
23 when I came to my very first meeting here there was a
24 lot of talk about--and we put the words in there--the
25 authentic experience that is available uniquely in this

1 country. We made an edit in that sentence to add the
2 words, "and territories" and have put territories in
3 throughout the letter as an amplification of States."

4 The third point is communicating, doing a
5 better job of communicating, the availability, the
6 locations of tourism content. We had a long discussion
7 about, and maybe we'll learn more today, about Brand
8 USA.

9 Brand USA urges wonderfully people to come
10 here, but as we just talked about in the economic
11 discussion finding out what to come to see and what to
12 do in particularly those authentic locations needs more
13 work. So we see that third point as an enhancement of
14 the Brand USA efforts.

15 Then finally, enhancement of travel through
16 the support of things like Global Entry and TSA Pre-
17 Check, NextGen, and so on, both the enhancements and
18 the impediments to travel. So those are the four
19 general areas that we were trying to tackle in the
20 letter and that themselves stand as things that we hope
21 that the Secretary would be able to speak about.

22 Under "maintain the leadership of the Tourism
23 Policy Council", the idea there is to continue the good
24 work of the Council, having the people who are by
25 mandate in the statute asked to come and then

1 encouraging and continuing to encourage others who --
2 some of them have been coming but they need to know
3 it's important, and constantly be asked to come,
4 whether it's Department of Agriculture for agro-
5 tourism, the National Endowment for the Arts for
6 cultural tourism, and there may be others, but those
7 are the ones that our committee had in there.

8 The next point in here is the idea of working
9 better, jointly advocating with other aspects of
10 society, other governmental levels. So for example,
11 the U.S. Conference of Mayors has recommendations that
12 relate to Federal financing for content, particularly
13 content in the communities across America that are
14 helped by things like Preserve America, the National
15 Historic Registry Program, Community Development Block
16 Grants, Mayors' Institute of City Design, all of which
17 are destination enhancements, in our opinion.

18 The next section that you see is one section -
19 - it's related to American Indian and tribal assets
20 where in our committee this morning we made a number of
21 changes. They are clarification changes, not so much
22 content changes, but they have to do with the use of
23 the word "American Indian" versus "indigenous" and
24 enhancing clarification that we're talking about public
25 lands, waterways, tribal communities, et cetera. I'm

1 not sure I have to read it out because it's
2 clarifications along those lines, but those were some
3 changes that our committee made this morning.

4 And this again includes strengthening
5 community development efforts, such as U.S. Department
6 of Housing and Urban Development and programs such as
7 cultural programs, the Institute of Museum and Library
8 Services, museums and libraries, humanities, arts.

9 The next section there talks about the
10 reauthorization of the Transportation Enhancement
11 Program of the U.S. Department of Transportation
12 because the Enhancement Program has provided so many
13 destination improvements that we feel are an asset for
14 tourism.

15 Encourage State and territorial level
16 strategies to develop tourism economies from the
17 National Governors Association. The National Governors
18 Association, again, is another partner in States and
19 territories.

20 We would like to encourage the urging and the
21 encouraging of them and local level leaders to use tax
22 credits and other kinds of incentives for the creation
23 of cultural districts, creative corridors, innovation
24 hubs, et cetera, that are hugely interesting now in the
25 broad business community and in the international

1 community and we felt would be a great asset here.
2 Largely, we're looking at the bully pulpit of the
3 Secretary.

4 When I go to meetings of the U.S. Conference
5 of Mayors, the League of Cities, the National Governors
6 Association in my own work, I often see the Secretaries
7 of State or Commerce or Labor there, so it's a great
8 opportunity for this message to be carried to those
9 venues.

10 Continue the strong communication through the
11 reauthorization of the Travel Promotion Act and the
12 Brand USA. I've already referenced the value of that,
13 but we talk in here, as was discussed in the previous
14 presentation, incorporation of information mechanisms,
15 the content databases and so on that helps provide a
16 better way to find those global products.

17 In the section there called "Implementation of
18 the National Travel and Tourism Strategy" we excerpted
19 recommendations that were already in that strategy.
20 Our point here is to expand those recommendations--to
21 support and possibly expand those recommendations.
22 One, was the holding of a summit on travel and tourism
23 with Federal agency leaders, along with State and
24 private sector leaders, fostering better communication
25 among them.

1 The promotion of regional tourism was a
2 section that we wanted to see enhanced, partnering with
3 State, local, tribal, territorial governments on
4 promotional campaigns was another, then the creation of
5 a National Travel and Tourism Office at the Department
6 of Commerce. We make the point that we know that that's
7 been done, but we're specifically looking for action
8 that increases the staff there and the resources for
9 this move.

10 That section in pink there which was suggested
11 as an addition we accept related to workforce
12 readiness, but we're suggesting moving it down under
13 the last paragraph there.

14 That last paragraph is specifically related to
15 what we talked about as number four at the very
16 beginning and it is related to eliminating impediments
17 and creating enhancements like Global Entry, Pre-Check,
18 NextGen, enhancing the visa process, and there will be,
19 the thought is, a separate letter on that, although we
20 want to confer with other committees because we know
21 that other committees are addressing that information
22 themselves.

23 Then finally, increase outreach efforts for
24 travel and tourism. We have recommended adopting a
25 communications plan. Some of you have seen that

1 Maureen did a wonderful job in drafting a
2 communications plan that could very well be another
3 letter, or we're going to discuss that over the next
4 months, both communicating in general but also crisis
5 preparation and a capacity building plan.

6 The final point that I'll make there is that
7 we're along the lines of the discussion that Jenna had
8 asked all of us to have about public/private
9 partnerships. We were recommending in here already
10 that there's many individuals and organizations in the
11 private sector who are professionals in this work,
12 marketing and so on, and we recommended creating
13 partnerships that will get the word out throughout the
14 industry through these alternative mechanisms.

15 So that's an outline. You've all read it, but
16 I just wanted to give you an outline of what we're
17 thinking. I think that that's my report, unless any
18 other committee member wants to add anything to that.

19 MS. MATTHEWS: I just have a question about --
20 first of all, really good job on the Advocacy
21 Committee.

22 MR. LYNCH: Thank you.

23 MS. MATTHEWS: I had a chance to kind of
24 provide some input earlier, but since then Secretary
25 Pritzker yesterday sort of challenged everybody to

1 really focus on, you know, what we might describe as
2 WIGs, Wildly Important Goals, essentially trying to
3 winnow what we focus on particularly in the next three
4 years where the existing administration could really
5 rally around delivering a few things.

6 So I wonder as we look at this, which has
7 skinnied down to some real direct proposals like having
8 a national conference, you know, whether there's a
9 further winnowing that we might even consider in these
10 proposals, having been given kind of that advice and
11 directive. So I would only tee that up as one
12 possibility.

13 The other one is that we heard some discussion
14 around things like the Recreation.gov website, whether
15 we need to call out Brand USA in your marketing piece
16 at the end, the communications marketing, by name,
17 because they are particularly able, I think, to do a
18 lot of the marketing type work. That's their charge.
19 Maybe that's also a more specific call out, but I just
20 kind of wanted to open that as a possibility.

21 Are we, with all of our letters, knowing that
22 we've been told to focus on near-term deliverables that
23 we could actually achieve -- there would be stretches--
24 whether that's maybe a good strategy for us to think
25 about.

1 MR. LYNCH: I mean, one thought on that, you
2 know, because I would imagine that if adopted that
3 strategy we would have to reapply it to all the
4 letters.

5 MS. MATTHEWS: Right. I know.

6 MR. LYNCH: And so one thought would be to
7 move forward in the format that we are going.

8 MS. MATTHEWS: Right.

9 MR. LYNCH: And then charge each committee to
10 come back with a half-page --

11 MS. MATTHEWS: Prioritization, here's the
12 number-one priority.

13 MR. LYNCH: Yes.

14 MS. MATTHEWS: One, two, three, or whatever.

15 MR. LYNCH: Because it's a good point in that
16 we have not prioritized a number of things. None of
17 the letters, I think, are really prioritized.

18 MS. MATTHEWS: Right. Right.

19 MR. LYNCH: And we certainly could. Most of
20 the wildly important and hard-to-achieve goals have big
21 money chunks attached to them and so how realistic
22 would also be a question to have a dialogue about. But
23 I think it's a good idea as a next step.

24 MR. GILLILAND: Yes. I think a little bit
25 later when we have the discussion on mid- and long-term

1 issues that we'd like to move and address, I think
2 there's really two or three things that I think we'd
3 like to focus on. That would be prioritize the existing
4 recommendations, either ones that we've done over the
5 course of the term or that are coming forward in the
6 next several months. So we'll be prioritizing there.

7 What gaps are there in terms of what our
8 subcommittee really wanted to work on but we didn't
9 have time to before we got to the end of this session,
10 and in the last -- what types of things might we
11 suggest that the next board focus its energies on as
12 well.

13 So I think there's probably those three
14 categories, and some of that we'll get to and talk
15 about others. There will be a little bit of homework,
16 I think, after we have that discussion. So, it's good
17 to have that.

18 MS. ROCAFORT: I just want to add, there was a
19 really important point, you know, the issue of which
20 one is important and which one is achievable. They may
21 not be the same, depending on the priority of the
22 administration, et cetera, because there may be some
23 really important ones but are going to take a little
24 longer. So that's something we also have to think
25 about and weigh.

1 MS. RUPERT: I think there's one thing that
2 all letters could do that's actionable, again, to
3 reemphasize to the Secretary of Commerce is that
4 dedicated staff and person for the Tourism and Travel
5 Department in the Department of Commerce. When you get
6 that director of the OTTI, can they get a staff to
7 implement these recommendations from the advisory
8 board?

9 MR. HYATT: And obviously one of the questions
10 will be, and how might the industry partner with us to
11 implement, because part of the resource question
12 depends upon whether we're doing it alone or with you.

13 So that's another, I think, secondary question, which
14 is, how might you help? Because that might change
15 whether it's -- if you're working with us versus if
16 we're doing it.

17 MR. MULLIS: So it sounds like one out-product
18 of our work, of this particular work, could be an
19 action plan that defines timeline, priority, ease of
20 implementation, rules and responsibilities, and other
21 private sector partners, government.

22 MS. PILAT: I think we'll get into that in a
23 little bit further in the partnership discussion that
24 Business Climate will get into in a little bit.

25 MR. HYATT: Can I ask one question about your

1 recommendations? And this is just a point of my own
2 information. The red edition on workforce, one of our
3 secretary's priorities is this issue of workforce. How
4 much work is being done out there now with the
5 Department of Labor, with community colleges, on
6 building the skill sets for tourism? Is this very
7 natural? Is it happening all over the place, is it not
8 happening at all? I know the answer in manufacturing.
9 I don't actually know the answer with respect to
10 tourism.

11 MS. FERENC: I think we just had a meeting.
12 Labor was at our subcommittee meeting so I can add to
13 that a little bit.

14 CHAIRMAN DAVIDSON: Please. Yes. I mean, it
15 was Brian's, I think, recommendation. But go ahead,
16 please, first.

17 MS. FERENC: It is a natural, and I think
18 there is much work being done. How well is it aligned
19 with what Labor has available in terms of the money
20 that is available and the focuses that are current, it
21 is not as far along in those areas.

22 But there are lots of opportunities and there
23 are lots of community college programs that could be
24 even just mildly shifted and that could fit what Labor
25 is doing and what Labor is looking to support and the

1 jobs that they are looking to create or the ways in
2 which they're looking to put people back to work and
3 the different sectors that they're looking to put back
4 to work.

5 I think there are a lot of naturals. They're
6 most of the way there in some cases with different
7 community colleges and it's something that our
8 subcommittee is planning on working on.

9 MS. MATTHEWS: It's very fragmented. I mean,
10 I probably get a proposal a week. The University of
11 the District of Columbia: will you underwrite a shift
12 in our program to move from general education into
13 tourism-related jobs that can actually result in
14 employment at the end of a graduating degree? I think
15 you'd find this in every State, you know. So actually
16 coordinating that. There's a valuable role in
17 coordinating that.

18 MS. RUPERT: The restaurant industry -- the
19 National Restaurant Association has a national program
20 called ProStart which is an accredited high school
21 program, training in tourism and restaurant capacity
22 for management to culinary, and it's a graduated
23 program and it goes right into community colleges and
24 universities. So that's a great tourism resource
25 that's a national program.

1 MS. AGRA: Ken, I would just add, in an urban
2 center like Chicago, the connection has been made so
3 almost every university has a hospitality/tourism/
4 cooking institute, including we even have our own --
5 Kendall College has hospital and cooking institute and
6 they are connecting with the hospital industry. So if
7 you want to look at a city that is working on that,
8 we'd invite you to come over and we can give you a tour
9 of all the universities.

10 MR. SPROULS: Yes. UCF, University of Central
11 Florida, now has the largest hospitality management
12 school in the country, and there was an advisory board
13 of all of the major players in town that advise on
14 curriculum and everything else, the internship
15 programs. It's very, very robust.

16 MS. ANDOLINO: If I could say, too, to build
17 on what Holly just said, Mayor Manuel really connected
18 the community colleges well for logistics, so to
19 support all of the cargo and trade. I mean, that's all
20 part of what's coming into the aircraft and everything
21 and it supports our industry as well around the exports
22 and imports.

23 MR. GILLILAND: And Maryann, did you say that
24 your subcommittee wants to make recommendations here
25 before the end of the --

1 MS. FERENC: That's correct. Our intention is
2 to make the recommendation on this issue, not at our
3 December meeting.

4 MR. LYNCH: And Brian, the two workforce red
5 lines that are in here were your suggestions, so do you
6 have any comments?

7 MR. MULLIS: No. I just felt like it was
8 important to balance out the discussion on growth with
9 capacity building because I think we all recognize the
10 need for those that are in the industry looking to fill
11 positions and the challenges that we encounter in doing
12 so. So by balancing those recommendations, it seemed
13 appropriate to fit in this letter.

14 Just for some clarification, I did this letter
15 one time and it was requested at the last meeting, and
16 general board support for integrating the concepts of
17 sustainability into the various letters as appropriate
18 to those communications. So sorry about the last-
19 minute edit on this particular piece, but I'm glad it
20 was received favorably.

21 MR. LYNCH: So are there any additional
22 comments that anybody wants to make? The one
23 additional comment that I have was at the beginning of
24 this line to be added that says "enhanced sustainable
25 green growth balancing people, planet, and profit", so

1 that's one addition. Are there any other additions?

2 Then maybe we could discuss that one, briefly.

3 MS. FERENC: This is not an addition, but just
4 a suggestion as you're working on the communications
5 piece. In the last board that I sat on -- marketing --
6 thank you. Marketing, Communications & Outreach
7 Committee that we had, actually we did a lot of work on
8 the communications plan and crisis plan so there's some
9 great information there. Brian and I both could
10 certainly be resources for you on that.

11 MR. LYNCH: Great. So if there aren't any
12 other additions, then just on that one addition, those
13 words sound great to me. They sound more like it's
14 sort of something that ought to be in every letter, so
15 like a general principle of everything. So I would
16 actually defer to Todd to, you know, just give us some
17 thoughts on that. It seems fine to me, but it's a sort
18 of over-arching for all of our work kind of comment, it
19 seems.

20 CHAIRMAN DAVIDSON: Okay. When we had our
21 conference call a week or so ago specifically on this
22 letter and we were looking at some of the suggested
23 additions related specifically to sustainability that
24 Brian had submitted, there was discussion around having
25 a letter that dealt with these sustainable tourism

1 recommendations specifically. Kathleen, though, very
2 aptly pointed out that we should also make sure that
3 sustainability is woven into all our work.

4 That is what I believe Brian attempted to do
5 with what are now I would call these red-line edits
6 that we're looking at here today to at least invoke
7 those principles throughout this letter without
8 actually stating them overtly. These are these
9 principles, but rather just making sure they're
10 imbedded in the letter.

11 So that is my take. I know the recommendation
12 is coming from another subcommittee, that they felt
13 that maybe a more overt statement was required. I
14 would guess I would just entertain any comments from
15 other members of the board. Jonathan?

16 MR. ZUK: I'm part of that subcommittee and
17 we discussed the pros and cons of one letter compared
18 to weaving it into everything that we do, and we feel
19 that one letter will be focusing on it one time and
20 then it might be put aside and sort of forgotten. We
21 figure that we normally think that we need to say it in
22 everything we do. It's not too aggressive, but
23 absolutely mention it in everything we do all the way
24 through because it's important in everything we do.

25 MR. LYNCH: And that's very understandable, so

1 that's a great clarification. So, in everything we do.

2 CHAIRMAN DAVIDSON: Any other thoughts or
3 comments on the letter? Kurt?

4 MR. HOESSLE: Just that I don't think anyone
5 on our committee that made this recommendation attaches
6 specific words. I mean, there may be different ways to
7 use these same sorts of words that would fit better
8 with the overall feel. I don't think we're trying to
9 say exactly what to say, but we don't mind saying
10 sustainability, that particular word, and backing up
11 that concept.

12 CHAIRMAN DAVIDSON: Okay. Terrific. Thank
13 you.

14 Any other comments? Any questions for the
15 subcommittee from any other members of the board?

16 MS. ANDOLINO: Just one clarification.

17 CHAIRMAN DAVIDSON: Yes.

18 MS. ANDOLINO: I think when Kathleen talked
19 about the communication, were you going to add Brand
20 USA in there somewhere, too, in the marketing strategy?
21 Was that part of the comment as well?

22 MR. LYNCH: Yes. I made that comment and I
23 actually thought we had it in there. I thought we did
24 have it in here, but I want to make sure it's where
25 Kathleen would like it to be. You were talking about

1 at the end, so I'm happy to put it there, too.

2 MR. MULLIS: I see it on page 4, specifically
3 under the reauthorization of the Travel Promotion Act.

4 MR. LYNCH: Right.

5 MS. MATTHEWS: I just don't see it in the
6 communications piece at the end of the marketing.

7 MR. LYNCH: Yes. So we'll put it in there.

8 MS. MATTHEWS: I mean, I would just say, such
9 as Brand USA, or including, but not limited to Brand
10 USA.

11 CHAIRMAN DAVIDSON: Perfect. You good with
12 that?

13 MR. LYNCH: Yes.

14 CHAIRMAN DAVIDSON: All right. You have
15 absolute power.

16 (Laughter)

17 CHAIRMAN DAVIDSON: All right. Thank you,
18 Kathleen, very much.

19 Any other thoughts or comments?

20 (No response)

21 CHAIRMAN DAVIDSON: If not, I will entertain a
22 motion to approve the Advocacy Subcommittee letter, as
23 amended.

24 MR. RALENKOTTER: So moved.

25 MS. FERENC: Second.

1 CHAIRMAN DAVIDSON: All right. Motion from
2 Rossi, second from Maryann. All those in favor,
3 indicate by saying aye.

4 (Chorus of Ayes)

5 CHAIRMAN DAVIDSON: Any opposition?

6 (No response)

7 CHAIRMAN DAVIDSON: All right. Motion
8 carries. The letter is adopted, as amended. All right.
9 Bob, Maureen, members of the subcommittee, thank you.
10 Excellent work. Really, really good work. And to
11 everyone else, thank you for your engagement as we made
12 sure that the subcommittee's recommendations were the
13 full board's recommendations as well. So, nicely done,
14 team.

15

16

17

18

19

20

21

22

23

24

25

SUBCOMMITTEE REPORTS

1
2
3 CHAIRMAN DAVIDSON: Moving on to other work of
4 our subcommittees, I'm going to start with Maryann, not
5 only because we're just going to start with Business
6 Climate and alphabetically that works, but more
7 importantly you issued a specific request to all the
8 subcommittees.

9 MS. FERENC: That is correct.

10 CHAIRMAN DAVIDSON: And on behalf of the
11 Business Climate Subcommittee, so perhaps you'd like to
12 give us a bit of an update on that, as well as then
13 your Business Climate Subcommittee report.

14 MS. FERENC: Absolutely.
15
16
17
18
19
20
21
22
23
24
25

SUBCOMMITTEE REPORTS**Business Climate Subcommittee****Maryann Ferenc,****Business Climate Subcommittee Vice-Chair**

1
2
3
4
5
6 MS. FERENC: Absolutely. In a challenge from
7 someone seated at the table here at our last board
8 meeting, the recommendation that we made that
9 surrounded public/private is we were calling it
10 collaborative, which is synonymous with the
11 public/private partnership.

12 We accepted the challenge to do something more
13 specific, perhaps more long-lasting, stronger in that
14 recommendation, and so we began doing some additional
15 work with Commerce, and particularly spent quite a bit
16 of time with Jenna and Isabel, in terms of how to do
17 that, how do you move forward and create this model,
18 create this platform, if you will.

19 And it became very obvious that one of the
20 next steps that we needed to do -- and as you can see,
21 that step is reflected in so many of the conversations--
22 the presentation we had today at lunch, the
23 conversation we just had now from the Advocacy
24 Committee, and other things have been said around the
25 table--is to look towards the two sides of the table

1 here and say, what does the public need, public
2 agencies need from the private sector to get those high
3 priorities done? What do they most need from the
4 private sector? What would be those dreams and what
5 would be most valuable? And as well to ask the private
6 sector to look and again say, what is most valuable and
7 what can you do, what do you want to do, what are the
8 motivators?

9 We had a conversation in our subcommittee,
10 what are the motivators for the private sector to step
11 forward, obviously that benefits in some way, if it's
12 more travel, if it's more business, it's increasing
13 commerce, but serving both of our needs. What are some
14 of the other motivators that might match up with some
15 of the asks from the public sector?

16 So that really is the conversation that we
17 want to have around the table. We obviously don't have
18 enough time to have that conversation at the right
19 length that it needs to be had, but we will continue to
20 have that in subcommittee and full board, the
21 subcommittee with inviteds, whoever would like to
22 participate, continue to have that conversation. We
23 certainly want to have some of that conversation today.

24 I think it also fits into what Sam kind of
25 talked about and what the Secretary challenged us to

1 yesterday: what are our priorities, what are the things
2 that we think that are achievable, and then where does
3 the private sector fit in into assisting those things
4 to become a reality? How do we have successes? What
5 can we do, as Kathleen brought up? What can we do?

6 What are those next things that we can do and
7 where does the private sector really plug in? How does
8 it work for them? So that's the conversation that we
9 want to have. It certainly has entered all of our
10 different conversations, but I think there are
11 different levels at which it happens.

12 There's some general levels and there are some
13 very specific levels, some of them cost money, some of
14 them cost time, and we want to identify that because
15 the goal is to put together that platform that can
16 assist the public sector to look beyond what the
17 challenge is and the blocks might be to the
18 public/private partnerships and collaboratives to ways
19 that it can be done and to successes.

20 We believe that if we look at the successes
21 that we've had to date and we put some more specificity
22 to that and more meat on those bones, that we can
23 create future successes. So that's the goal here and
24 that's why we're asking the question that we hope some
25 of you have had time to discuss in your subcommittees,

1 or if anyone has in conversation around here today, or
2 that you will join us on our next subcommittee call and
3 get specific about that.

4 If anyone new has it, we forwarded what our
5 recommendation was the last time that we met. So are
6 there any specifics of that conversation we want to
7 have, or do you want to have that as we move towards
8 the next steps?

9 CHAIRMAN DAVIDSON: I think as we move towards
10 the next steps would be great.

11 MS. FERENC: Okay.

12 CHAIRMAN DAVIDSON: Thank you, Maryann.

13 MS. FERENC: It also leads to what some of our
14 next recommendations, and one of the recommendations
15 that we kind of bring forth in December is around the
16 public/private partnership for art is related. That
17 came out of the Advocacy Committee, that perhaps it had
18 a better place within a recommendation and business
19 climate committee.

20 There are lots of very interesting ideas out
21 there around that, so bringing forward something around
22 that. Then the other two sections that we are working
23 on, two recommendations that we plan to bring forward,
24 are around labor and working on the workforce
25 development issue. As I said, we had Labor at the

1 table there. They have goals that absolutely align
2 with our industry. There are opportunities that are
3 there for our industry.

4 There are opportunities for a public/private
5 partnership within their model and within their goals
6 and within the structure that they currently have set
7 up, and there are some very immediate opportunities
8 over the next two years that we think that we can bring
9 forward in a recommendation on workforce development.

10 Likewise, we are very fortunate to have not
11 only Labor, but SBA at our meeting, and a
12 recommendation specific to small business, yet another
13 recommendation we plan to bring forward in December. I
14 think it's going to be somewhat simple and
15 straightforward, because again I think it's something
16 that will be achievable. There are certainly again
17 opportunities for us to align with SBA about things
18 that they are doing, places where there is already
19 money and places where the private sector can be
20 helpful.

21 One of the things that we absolutely see is
22 that easier private sector participation is that the
23 marketing of all of these different programs is
24 something that the public sector needs help with.
25 There are lots of great programs that the SBA is doing.

1 They are not penetrating the tourism industry,
2 throughout the tourism industry, to any -- to the great
3 degree that they could be, and so the marketing of
4 those programs is something that is something that is
5 going to be one of the easier things that we're looking
6 for, if you will, that we can do within that realm, as
7 well as them looking for other public/private
8 partnership opportunities within that.

9 So that is what the committee is working on.
10 We also are taking a look at the other -- the taxes
11 placed upon our industry and how that affects our
12 business climate. I don't know that we'll have --
13 referring to Brian there, I don't know that we'll have
14 a recommendation on that but we certainly will bring
15 forth some more information on that issue to be
16 considered for perhaps future boards.

17 Any other comments from any board members or
18 any of our subcommittee? Carol?

19 CHAIRMAN DAVIDSON: Any questions or comments
20 for Maryann or for the subcommittee?

21 MR. HYATT: Do you have any guidance for us as
22 to how we can help identify partnerships? Again, I'm
23 thinking very concretely out a couple of weeks with the
24 Tourism Policy Council meeting. Is there a task you'd
25 ask us to do?

1 Again, it seems to me this industry -- there
2 are lots of opportunities. It again goes to, how do
3 you actually create and execute them? So I guess I was
4 just asking if the committee has any advice on how we
5 use the Tourism Policy Council meeting, if there are
6 hypotheses you have as to partnerships that we should
7 be exploring, if there's a question you want us to
8 analyze, it would be very timely.

9 CHAIRMAN DAVIDSON: Okay.

10 MS. FERENC: And I think that we could
11 absolutely produce that following our conversation, say
12 I think a subcommittee meeting by phone following our
13 conversations with both Labor and SBA, we could
14 actually cover something within the next two weeks.

15 MS. MANDALA: Ken, if I could just add to
16 that, I think it's a tremendous opportunity for both
17 the State tourism organizations and conventions and
18 visitors' bureaus to make those opportunities available
19 through the SBA opportunities available, because Las
20 Vegas, for example, if you make that available to local
21 businesses who then can take advantage of SBA products
22 and services, you know, it benefits the city and the
23 State overall. So I would say that is one easy fix,
24 connecting with State and CVVs.

25 MS. FERENC: And Laura, one of the great

1 things about the face-to-face meetings certainly is the
2 opportunity to sit down with SBA today. We've done
3 several phone meetings, but the opportunity to sit down
4 today with someone from SBA. We made so much progress
5 along those lines. Yes, I can do that, and I'm going
6 to be your original point of contact.

7 Visit Florida has agreed to be like sort of a
8 pilot program with that. I'm going to be your original
9 contact, here's the next thing I think we can do,
10 here's the next thing I think we can do. He went away
11 to three strong deliverables that he's going to come
12 back to us with, and so it was that face-to-face where
13 we made some real progress on that that we had not yet
14 been able to do.

15 VOICE: Maryann, are there any other areas
16 that you wanted to tackle, like taxation, that you want
17 to get to by December?

18 MS. FERENC: No. They're currently --

19 MR. RALENKOTTER: Just one comment on the
20 private/public. We had the perfect example of that.
21 In fact, our industry probably does it more than
22 anybody else with Co-Op, Match, and with Brand USA. It
23 was all predicated on being able to get the industry so
24 we can give you some more things to figure out if it
25 matches or not, Ken.

1 CHAIRMAN DAVIDSON: Thank you. Thank you,
2 Rossi.

3 (Laughter)

4 MR. RALENKOTTER: A lot of good ideas for it.
5 But part of this is the mind-set change as we deal
6 with the other pieces of the government as we move
7 forward the travel industry, is to get people to think
8 about co-op, or to think about match, or to think about
9 how you bring the private part in, because we're
10 accustomed to that because we all never have enough
11 money to spend to promote our product or our
12 destination.

13 So I think that mind-set thought, that thought
14 process, needs to be part of how you move that forward,
15 that platform. It really does because it's not just
16 the Federal Government doing their thing, and guy, if
17 you want to come along, fine. It's a partnership. So
18 that's what we have really created here and so I think
19 that could be a good part of that.

20 CHAIRMAN DAVIDSON: Any others?

21 (No response)

22 CHAIRMAN DAVIDSON: All right.

23 Well, Rossi, we've got you up next for any
24 update you may have from the Research Task Force.

25

SUBCOMMITTEE REPORTS**Research Task Force Report****Rossi Ralenkotter, Research Task Force Chair**

1
2
3
4
5 MR. RALENKOTTER: I will ask Laura if she has
6 something, then I'll just kind of close. Anything that
7 we want to add on to those? We completed our
8 recommendations but anything on that?

9 MS. MANDALA: Well, I mean, we were really
10 pleased to see the results of the BEA analysis and how
11 that did dovetail with the findings that we had come up
12 with through the task force. So now our focus is going
13 to be on, what are the funding implications now that
14 BEA has found this to be a solid and helpful study?
15 What can we do to gain more funding to move forward?
16 Because, you know, our recommendations include
17 expanding that study.

18 We're glad we have status quo through 2014,
19 but now our goal is to enhance it. So we want to
20 reconvene our task force. We've got part of that task
21 force that's focused on funding. We'd love to
22 reconvene them, along with our government partners, to
23 have a serious look at what are the funding options to
24 expand the survey of international air travelers.

25 MR. RALENKOTTER: I think the other important

1 outcome of this subcommittee is the consensus that the
2 SIAT research and the research where our industry needs
3 to stay in Commerce, we need to have that Good
4 Housekeeping Seal of Approval for that.

5 So we get past that and now we believe that
6 expanded methodology, expanded sample size, is
7 important for us to be able to provide the type of
8 information that we all use to make marketing decisions
9 and to also meet the mandate of the Travel Promotion
10 Act. One of the things that we hope to talk about a
11 little bit later are the metrics, and what are the
12 metrics to say that Brand USA has been successful,
13 because if we went around this room all of us would
14 probably have about 18 different things that we think
15 are indicators.

16 So we need to kind of distill that down. So
17 the biggest thing is that we've got consensus on that.

18 Now it comes down to what Laura said, the financing of
19 that, or how do we pay for this? I think this is the
20 perfect opportunity for that private/public partnership
21 to go forward because we have traditionally over the
22 years paid for additional surveys, cross tabs
23 information.

24 The bigger the sample size, the more
25 opportunity there's going to be for that. It's going

1 to allow us to drill down into that data more
2 effectively than we had in the past. So, we'll come
3 back at the December meeting with that. Also, the
4 immigration bill is still moving in some direction.

5 Hopefully there will be some resolution to
6 that by the time we meet at our last meeting, but we
7 were pleased that we were able to get those parts of it
8 that is going to stay in Commerce. We know we need to
9 expand it. It will satisfy the needs of travel
10 promotion.

11 CHAIRMAN DAVIDSON: Thanks, Rossi. Thanks,
12 Laura.

13 VOICE: Laura and Rossi, anything else that
14 you were hoping to accomplish by December? It sounds
15 like you're going to come back around on the funding of
16 these. Anything else that you were hoping to accomplish
17 that you won't be able to get to by the December
18 meeting?

19 MS. MANDALA: Well, I mean, depending on the
20 results of this meeting because funding is very
21 complex. So I'm not sure we're going to have definitive
22 recommendations in December. We'll have an update from
23 our meetings with Commerce and with our task force, but
24 I'm not sure we're going to be able to come up with a
25 definitive answer at that point.

1 VOICE: But there weren't other --

2 MS. MANDALA: There were not. We were focused
3 on this issue.

4 MR. RALENKOTTER: I know one thing though that
5 will come back in December, is that there has to also
6 be a commitment from Commerce that whatever funding
7 that is going to come down, that there's a commitment
8 to expand the sample size and expand the methodology of
9 what we want to do and to be able to look forward to
10 other types of data gathering sources. So it's some of
11 that.

12 CHAIRMAN DAVIDSON: All right. Thank you
13 both.

14 John, Travel Facilitation Subcommittee.
15
16
17
18
19
20
21
22
23
24
25

SUBCOMMITTEE REPORTS**Travel Facilitation Subcommittee Report****John Sprouls, Travel Facilitation Subcommittee Chair**

MR. SPROULS: Yes. Thank you. My report will be very short because we spent all of our time talking with Ed and with Douglas about progress against all of the recommendations that we put in our letter. Since they're both going to be making a report, I don't want to steal a lot of their thunder.

I would say we had a very robust discussion around visa fees and how the process of non-immigrant visa fees, how State is able to take all that money and be able to manage it in order to continue to grow its service. It's not the same model that was followed for passports or for immigration visas, and it will be interesting to see what would happen if State could have full fee retention against all the services they provide and how they would then be able to not only move forward more quickly, but be able to budget more effectively in terms of supporting the travel and tourism industry.

So I think it's something that obviously would have to be some sort of a legislative solution, but it's something that they think would work and I think

1 people on our subcommittee think as well.

2 We talked about some of the issues. For
3 example, having passport renewal automatically continue
4 your global entry, and that there are really systemic
5 IT issues as to why that can't happen now. But CBP is
6 going and Homeland Security are going to include
7 information as much as we can with respect to people's
8 passport renewals to tell them, there is something you
9 need to do in order to make sure your Global Entry
10 continues, but that down the road this is something
11 we're talking about if we can figure out how to make
12 the systems talk to each other.

13 MR. WAGNER: Global Entry, when you renew your
14 passport, does not deactivate.

15 MR. SPROULS: It doesn't deactivate, you just
16 don't have the right information.

17 MR. WAGNER: It'll work. You can just go in
18 and update.

19 MR. SPROULS: Yes. It's a simple process but
20 you've got to go in and do it.

21 MR. WAGNER: It'll actually still work at the
22 kiosk.

23 MR. SPROULS: Will it?

24 MR. WAGNER: Yes. As long as your name
25 doesn't change it works.

1 MR. SPROULS: Excellent. I didn't know that.
2 Thank you.

3 On the Homeland Security side, we talked a lot
4 about the 2014 budget, whether it comes through the
5 immigration bill, whether it comes through the JOLT
6 Act, or whether it just comes through appropriations.
7 The idea that we need 4,300 new officers in CBP has got
8 to be top of mind for everyone here because it's going
9 to make a tremendous difference in what happens at our
10 borders in terms of when all the international visitors
11 come in. John is going to talk about everything
12 they're doing in terms of being as efficient as
13 possible. When you're 4,000 people short, there's only
14 so much efficiency you can pull out of the system.

15 Then we also talked about, and Rosemarie, I
16 may put you on the spot, the automated passport control
17 pilot in Chicago, which was being launched the last
18 time we met, which sounds like it's having an enormous
19 impact in Chicago and is something that we should
20 probably be talking to airport authorities in all of
21 the major ports --

22 MS. ANDOLINO: I would be happy to talk about
23 that, too. I'll let John go first, but if I could it
24 is a great example of a public/private partnership
25 because it's the public, whether you're an airport as

1 well as the government--we're both governments--and our
2 airline partners that made this all happen. It was a
3 three-legged stool. John, why don't you go ahead and
4 then I'll catch it on the end.

5 MR. WAGNER: And really, we went from a
6 conversation in my office to being operational in about
7 a year's time.

8 MS. ANDOLINO: Six months.

9 MR. WAGNER: From start to finish, though,
10 with Vancouver, and then only a couple of months after
11 that with the launch in Chicago. We just launched one
12 this week as well. So the way we designed it, it's
13 really easy to do so it keeps our bureaucracy out of a
14 lot of the delays and hang-ups that we get caught up
15 in, quite honestly. But it's worked great, so we're
16 thrilled. Thank you. I was just there Friday.

17 MS. ANDOLINO: It's amazing.

18 MR. LYNCH: Who was the specific process
19 change? Was this a pre-kiosk --

20 MS. ANDOLINO: Are you talking about it or do
21 you want to touch on it?

22 MR. SPROULS: It seems like it should be in 20
23 places all at once immediately.

24 MS. ANDOLINO: Absolutely.

25 MR. SPROULS: It makes that kind of an impact.

1 That's it. I'll let Ed and Douglas take it when they
2 get to their reports in terms of the bulk of the things
3 that we talked about with respect to our facilitation
4 letter.

5 CHAIRMAN DAVIDSON: Terrific. Thank you,
6 John.

7 MR. SMITH: We'll go deeper, but just to put
8 in the parking lot, if you will, what you just
9 mentioned earlier, Kathleen. It's the little things
10 like this. Our new Secretary here from Chicago,
11 Danielle Burnham. Think big thoughts and things that
12 you can truly make happen. We're not going to change a
13 million things, but this project, as we've seen in
14 Chicago, is a big thing.

15 I mean, as we go through the day, I think to
16 Kathleen's point I would highly encourage--and you guys
17 can hold all of us accountable--to focus on the things
18 where you can move the needle substantially. We're not
19 getting a visa waiver for Brazil. Can we get kiosks in
20 19 more airports? Yes. So I'd just encourage that. I
21 know John is going to go a lot deeper.

22 Not to embarrass John, but for those of you
23 who haven't met John before, John is actually -- and I
24 will embarrass him. He is the father of Global Entry.

25 He was, day one, who never stopped working this

1 program. So the success of Global Entry, for all the
2 people that say that government bureaucracies don't
3 work and people don't know what they're doing, poster
4 child right here. Plus, he plays a great Black Sabbath
5 cover --

6 (Laughter)

7 CHAIRMAN DAVIDSON: Well, tell you what.
8 John, I know we've got your report scheduled for about
9 2:45, so about three or four minutes from now. So I
10 think we'll go ahead and we'll finish up. We have one
11 more subcommittee report, and then John, I'm going to
12 toss it over to you.

13 But Holly, on Infrastructure and
14 Sustainability?
15
16
17
18
19
20
21
22
23
24
25

COMMITTEE REPORTS**Holly Agra, Infrastructure & Sustainability Vice-Chair**

MS. AGRA: Yes. We had a very healthy and busy subcommittee meeting. We followed up to our recommendation from June which was to increase focus on NextGen air traffic control. Right now we're in phase two of that, which is working with the FAA to create community meetings and inform business and stakeholders across all sectors of business in cities of gateway cities and major metroplexes.

One thing that came up, speaking about public/private partnerships, is the FAA's interest in having their entire board serve as their volunteer public relations team, so they have created some wonderful videos and Twitter pages, Facebook pages which they would like to translate to Jenna and have her give that all to us. We can communicate the experience of NextGen as we did with Global Entry, I think we'll be looking at a different conversation next year, a year from now.

We are finalizing some future recommendations for December regarding a reauthorization of MAP 21 and how we might influence the tourism strategy by requiring the States to present travel and tourism

1 initiatives when applying for these grants.

2 We are reviewing the infrastructure and
3 promotion of public lands, enhancing tourism to iconic
4 parks and lands. We're interested in exploring how we
5 can affect investments in private development in
6 national parks and national forests. We want to get a
7 briefing from the Department of interior as to why are
8 there so few hotel operators, why are there so few
9 restaurateurs within national parks and national
10 forests?

11 Why can't we spur private investment and
12 create more sustainable practices and more sustainable
13 competition and also encourage the influx of more hotel
14 rooms and availability. So we're anxious to report
15 back to you on that. We are also going to be getting a
16 briefing from the Department of Transportation on the
17 Infrastructure Bank, as well as gas and road tax
18 allocations so we can make a recommendation on how to
19 fund infrastructure projects across the Nation.

20 Finally, we are working to recommend green,
21 sustainable growth and how it intersects into
22 everything we do here at the TTAB. So, thank you very
23 much. We'll report back in December.

24 MR. GILLILAND: Holly, anything that you won't
25 get covered by the December meeting that you had hoped

1 to topic wise?

2 MS. AGRA: Well, you know, surface
3 transportation is much bigger than our small
4 subcommittee or even this entire committee, so I think
5 that there will always be future recommendations on
6 that topic.

7 MR. GILLILAND: Just so I'm clear, surface
8 transportation is a big, very broad topic area. Are
9 you talking more about the infrastructure of roads and
10 bridges or are you talking about the broad range of
11 everything?

12 MS. AGRA: Well, we don't want to concentrate
13 solely on roads and bridges.

14 MR. GILLILAND: Okay. All right.

15 MS. AGRA: But also certainly airports and
16 runways.

17 MR. GILLILAND: Okay.

18 MS. AGRA: And although it may be politically
19 challenging, we also want to explore how to fund these
20 projects. So just listing the projects is not going to
21 be enough for us.

22 MR. GILLILAND: Yes. Okay.

23 MS. MANDALA: Could I make one quick
24 suggestion also for the Department of Transportation is
25 the byways program, Scenic Highways and Byways Program,

1 be incorporated into that somehow?

2 MS. AGRA: Yes. I think that Kirk had that in
3 his suggestion.

4 MS. MANDALA: Okay. Great.

5 MS. ANDOLINO: If I could also make a
6 recommendation. I did think about it during our
7 committee, but sitting here next to Rossi, he's working
8 on with U.S. Travel some of that infrastructure
9 improvements that need to happen across one of those
10 modes, so we should look at some of the things that
11 they put together already and are working to feed into
12 this.

13 MS. AGRA: Yes. That would be great.

14 CHAIRMAN DAVIDSON: All right. Well, thank
15 you, Holly. Thank you to the members of the
16 Infrastructure and Sustainability Subcommittee as well.

17 John, I am ready to turn it over to you. For
18 those of you that haven't met John Wagner, he is the
19 Acting Deputy Assistant Commissioner for Field
20 Operations for Customs and Border Protection, but as we
21 learned here today he is also the father of Global
22 Entry.

23 (Laughter)

24 CHAIRMAN DAVIDSON: I have no idea what
25 instrument you play; I'm more of an REO Speedwagon --

1 you're a drummer too?

2 MR. WAGNER: Yes.

3 CHAIRMAN DAVIDSON: Sweet. I'm an REO
4 Speedwagon guy. But John, I'll turn it over to you.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 **BRIEFING ON CUSTOMS AND BORDER PROTECTION**

2 **STAFFING MODEL**

3 **John Wagner, Acting Deputy Assistant Commissioner**
4 **for Field Operations, Customs and Border Protection**

5
6 MR. WAGNER: Great. Thanks for having us
7 today to talk about this. It's real important to us.
8 We put a lot of work into what we're trying to
9 accomplish and we've had some real good successes that
10 we'll talk about.

11 (Showing of slides)

12 MR. WAGNER: Really, the automated passport
13 control kiosks, we're really off to a great start with
14 that and really have addressed some feedback, if
15 anyone's been through it or seen it. But if we could
16 just go to the next slide.

17 (Changing of slides)

18 MR. WAGNER: The good news is, volume is up in
19 all of our major work categories at CBP. Air passenger
20 volume is increasing at about 4 to 5 percent a year
21 from what we see, which is great news. Commercial
22 cargo is increasing. POBs is personally owned vehicles
23 at the land border.

24 Those are increasing. What's challenging for
25 us then is the graph in the lower left corner of the

1 slide. There are staffing levels that remain fairly
2 static since 2009. So with the challenges of
3 increasing volume and flat-lining staff -- actually, if
4 you look at it, our staffing costs go up a little more
5 each year because personnel get more expensive, so the
6 amount of work hours that we can buy each year with
7 that number of personnel actually decreases slightly.

8 So that line actually should be trending
9 downward somewhat. But the good news is, passenger
10 volumes continue to increase. We've seen double-digit
11 growth in a lot of the airports. Really, we want to be
12 on the right side of sustaining, I think. If we could
13 go to the next slide.

14 (Changing of slides)

15 MR. WAGNER: We quote a lot of the economic
16 factors of what CBP means. I can tell you we truly
17 understand our role in helping support and sustain the
18 economy. You know, we get more visitors, more money is
19 being spent, more jobs being created. I think this
20 group more than any group understands that as well.

21 But we really want to be on the right side of
22 that. We see ourselves as having a critical role in
23 not only help sustain this, but really a push to have
24 growth further upwards of the 100 million visitors that
25 we do want to see here.

1 We have also had some economic studies done.
2 We had a group called Creative out of the University of
3 Southern California come in and look at some of the
4 studies, mostly land/water focused, but we try to
5 quantify, what does a CBP officer mean? And some
6 pretty astounding figures they came up with. It's \$2.5
7 million support to the GDP and the economy, a CBP
8 officer at a port of entry, when you look at the
9 workload and volume that that person can process.

10 So really, we want to make the case that we're
11 a good investment for the country to make, we're good
12 stewards of the taxpayer dollars and the fees that we
13 collect. We're an innovative and flexible
14 organization, and Creative, and we'll talk about that
15 next, but really that we're a good investment to make.

16 Investment in CBP staffing really can pay the country
17 back in billions of dollars when you total up the
18 figures.

19 So we've got a three-part strategy called a
20 Resource Optimization Strategy. Part of this is the
21 business transformation efforts and us, as our Deputy
22 Commissioner Kevin Macolini coined the phrase. We're
23 relentlessly self-critical in how we analyze our
24 operations and take a real hard look at how we've been
25 doing things.

1 Some of our processes date back to when
2 airlines started flying and they really haven't changed
3 a lot of those processes for -- to baggage claim to
4 Customs. We've merged the agencies but we still have
5 these two or three stock processes at the airports.
6 We're still using paper forms in a lot of cases.

7 So what can we do to really make that process
8 more secure and more efficient and really take a hard
9 look at our processes, what do we need to do and what
10 can we leverage with some of the private sector that
11 admittedly do a whole lot better than us and help us
12 with doing this? So we'll talk about some of those
13 programs next.

14 The workload staffing model. What we did, is
15 we took all of the tasks a CBP officer does at a port
16 of entry. There's about 170-something discrete tasks
17 that an officer does. We've looked at the time it
18 takes and the amount of times it does, and I'll show
19 you the math a few slides ahead, but it came up with
20 what are the number of work hours we need to run a port
21 of entry, and what does that translate to in terms of
22 new staffing?

23 Then some of the more controversial parts of
24 the strategy is how do you pay for those officers. It
25 is a big number. What are some ideas on how we can

1 actually support to pay for them in some of the out
2 years and budget requests that go forward?

3 So we talk about our business transformation
4 initiatives. We do a lot of work at the land borders
5 with the RFID technology, partnered with Department of
6 State and some other agencies, about getting a
7 facilitative-type document, a secured document into
8 travelers' hands really to reduce the time an officer
9 takes to do the same amount of work and would free up
10 that officer, focus on the enforcement aspects of what
11 we're trying to do. Really, that RFID technology and
12 the way we can segregate traffic with RFID-enabled
13 documents versus none really allows us to increase the
14 through-put at those ports of entry.

15 Automated passport control we'll talk about
16 next. The I-94. We finally got rid of that white paper
17 form that people with a visa would have to fill out.
18 That saved us about \$15 to \$17 million dollars in data.

19 We type that data into a database. The kicker is, we
20 already had the data electronically, so a database was
21 just a matter of linking it up.

22 It was a little challenging because there is a
23 serial number on those forms that some travelers do
24 need, so what we put up was a web page where travelers
25 can download that form if they need it to reengage with

1 the government for other purposes, like Social Security
2 or citizenship and immigration services, or motor
3 vehicle. They can go to the web page and pull out
4 their mission number.

5 It also reduced that primary inspection time
6 from about three minutes to about two and a half
7 minutes, so if you look at about 25 percent of the air
8 travelers still having to fill out that form, it takes
9 about 25 to 30 seconds off of that process. I think it
10 made us a 6 point something percent more efficient
11 across the board just not handling that paper form,
12 tearing it in half, and stamping it and stapling it
13 into the passport, so anything we can do to save time.

14 I think that was one of the things we did this
15 summer that really allowed us -- you know, we didn't
16 have a great summer but we really didn't have the doom
17 and gloom of potentially looking at sequestration and
18 the budget and increased travel and some of the other
19 things. That was one of the things we really looked at
20 to help us maintain an even flow throughout the summer.

21 Looking at some mobile technology things with
22 Blackberry devices can allow us to run queries on a
23 Blackberry device. Of course, Global Entry and the
24 other trusted traveler programs, we're continuing to
25 pitch those. We're doing about 100,000 applications a

1 month now for all of the trusted traveler programs
2 between the Global Entry, Nexus, and Sentry.

3 Global Entry is up in that 850,000 membership
4 range right now. We're seeing great, great volumes of
5 applications come in, great support from everyone in
6 this room and a lot of the other private sector
7 entities to do that. We're doing about 4 to 6 percent
8 of all arriving air travelers now through those kiosks.

9 Fridays are our busiest day. We'll do 11,000,
10 12,000 travelers just through those kiosks. It's about
11 6 percent of the total arriving passengers. So every
12 time we can get people into that it just frees up the
13 officers to staff all the other lanes. We're really
14 going to continue to push that as well.

15 Some of the other things we're doing with
16 Express Connection, with travelers having tight
17 connections, we can designate a lane to get those
18 people through to make their connection.

19 One Stop is something we've launched in
20 Chicago, we've done in Houston, got it in Terminal 4 at
21 JFK. But travelers with no checked bags -- if you've
22 been through the process you know you go to our primary
23 inspection point, get your checked bags, then you go to
24 the egress control point.

25 If somebody doesn't have checked bags there's

1 no need for us to see them twice, so if we can build a
2 secure corridor off the side we can check them in one
3 stop and get them out of the facility and they don't
4 mingle into that congestion, that baggage claim area.
5 So Houston will do about 800 to 1,000 travelers a day
6 through that process, and that's just that many more
7 people out of the way out of that congestion.

8 Did we skip the -- was there one more there?

9 MS. SHEPHERD: No, they probably took it out.

10 MR. WAGNER: No Automated passport control?

11 Okay. We'll talk about that. We had a slide which
12 showed some of -- and I'll pass this around. But it
13 showed the process on how we've designed this, so we
14 took -- you know, it's kind of like a Global Entry
15 process but there's no enrollment, there's no pre-
16 approval, there's no fee.

17 But in our conversations with some of the
18 airports and airlines we wanted to figure out a way
19 where we could do a Global Entry-like process, but yet
20 also have the officers still engaged in the process so
21 while the travelers are waiting in line they can tee up
22 some of your information for that officer.

23 So what we did, is we published the
24 specifications and the requirements as part of our
25 airport facility guide. This way if airports or

1 airlines would like to do this, they have the
2 parameters of what to do. We don't want to be in the
3 hardware or software business, we just want to tell
4 you, this is the data we need to see and this is the
5 format to send it to us in, and this is what we'll
6 transmit back. So what happens, a traveler -- and it's
7 only for U.S. citizens and we just opened it for
8 Canadians, but a traveler, when they get off the plane,
9 will go to the kiosk and it will read their passport.

10 That data comes to CBP, we run all of our same
11 queries. The traveler does the Customs declaration on
12 the touch-screen so they don't have to fill out the
13 Customs Nexus, one more form we can get rid of. That
14 data comes to CBP and it brings up their airline
15 information so we confirm which flight they're on, and
16 then if there's no, say, risk factors or indicators in
17 our databases, we'll send a clear message back to the
18 kiosk that takes a photograph and prints out a receipt.

19 Now they go up to the officer who just has to
20 finish the process. When I say "finish the process",
21 basically they just interview the traveler for the
22 purpose and the intent of their travel. So, where'd
23 you go, what were you doing there, what are you
24 bringing back?

25 By doing this we can shorten that interaction

1 with the officer from about a minute to about 20
2 seconds. It takes about a minute to process a U.S.
3 citizen. So if we can do that same process but only
4 take about 20 seconds, our benefit is we're focused
5 just on the interview portion and not the clicking and
6 stapling and sorting, any administrative part of that
7 process. It's almost like doubling or tripling our
8 staffing.

9 So we've launched it in Vancouver. Chicago
10 came on board right after that. We just launched
11 Montreal this week and we've got about five or six
12 other locations that we should have up and running by
13 the end of the calendar year.

14 But Chicago in particular we've seen
15 tremendous results almost immediately. We've reduced
16 wait times by about 30 percent across the board; for
17 U.S. citizens, there's about a 40 percent reduction by
18 being able to do this and sorting those travelers out
19 through.

20 The unique part of this is the airlines or the
21 airport authority owns the kiosk, they fund the kiosk,
22 they fund the maintenance of them, they design them,
23 they own them. They're installed in our area, but all
24 of the hardware and software design is owned then by
25 the airport or airline. What we built is a web service

1 for people to connect to us to be able to do it.

2 MR. GILLILAND: And so, John, the inbound
3 traveler to Chicago is not given a form?

4 MR. WAGNER: They don't need the form, so
5 nobody gets a form.

6 MS. ANDOLINO: Some of them take them just for
7 the added security.

8 MR. WAGNER: We're still working through that.

9 MS. ANDOLINO: But actually, so what we do is
10 we've been trying to get people through that line, so
11 prospect -- you know, the people that for us go on with
12 wheelchairs and stuff.

13 We've been using them to help push people
14 through both One Stop to let them know if they're
15 traveling without a bag to go through One Stop, and if
16 they're a U.S. passport holder to go through to APC,
17 the Automated Passport Control.

18 In doing so, they're also there to help them
19 fill out the technology to do it all online. That
20 process of when they start in line and when they see
21 that Customs agent is now down to like four minutes.
22 That's the time somebody is standing in line versus the
23 long delays that people have.

24 So the immediate impacts that John is talking
25 about were amazing because we've been able to not only

1 benefit the U.S. passport holder, but because of the
2 redistribution of resources and more efficient use of
3 resources it's benefitting all of our entry. So we
4 have about 15,000 people a day coming through out
5 international terminal and we have the highest time --
6 we had 18,000 people during our height, busiest day
7 this summer.

8 But while other airports were suffering three-
9 and four-hour delay times, we did not have any of that
10 this summer. So as you said, 33 percent reduction in
11 wait times, in terms of people being processed in 30
12 minutes or less. The majority of our traffic is being
13 processed in that time period.

14 About 80 percent, I think, of our traffic is
15 being processed in 30 minutes or less. But people
16 waiting 60 minutes has been reduced by, what was that,
17 nearly 60 percent, and people waiting 120 minutes per
18 day has basically been eliminated in line. So it has
19 been amazing. That's throughout for all of our
20 customers.

21 Everybody is like, oh, when are we going to
22 have that benefit for our international customer? The
23 international customer is reaping the benefit and so it
24 is really remarkable. It costs us, for 32 kiosks,
25 about a \$2 million investment.

1 Again, we didn't want to do what some airports
2 are doing, which is creating their own kiosk. We just
3 wanted the one that was fastest to market. The one
4 that was fastest to market was Vancouver. We've
5 partnered now.

6 We bought the product from YVR and it's
7 working out fabulously. We also work with U.S. Travel
8 because I want to make sure that we could try to brand
9 it so that a customer coming -- you're eventually
10 coming to Chicago, or Orlando, or anyplace you're
11 coming from, whether you're using a YVR product or
12 somebody else's product you're looking for a symbol.

13 So U.S. Travel helped us come up with a logo,
14 APC, and we're using that as our marketing tool. It's
15 like an ATM. So Customs can say, go use APC and it
16 helps us get that information out and gets the
17 customers acclimated to that.

18 But the results are, again, tremendous. And
19 not to mention the fact that we had a 21 percent
20 increase in our international entries this year during
21 this peak summer season without -- again, we didn't
22 have the three-, four-hour delay times that others have
23 had.

24 MR. GILLILAND: And just one more question on
25 that. So this is a public/private partnership?

1 MS. ANDOLINO: Yes.

2 MR. GILLILAND: I know there are airports --
3 I'm not sure, Rosie, if yours would sign up for this,
4 but I know DFW Airport has said we'll fund CBP officers
5 as well. Is that something that we have to advocate
6 for legislatively to get that type of thing
7 accomplished?

8 MR. WAGNER: We'll talk about that, too.

9 MR. GILLILAND: Oh, you will? Okay. Okay.

10 MR. WAGNER: And yes it is.

11 MR. GILLILAND: Okay. I'll let you go back to
12 it.

13 MS. ANDOLINO: Just another thing on that
14 regarding the airlines and why this was so important.
15 So for United Airlines, we have two major hub carriers
16 at O'Hare. For United Airlines, it decreased their
17 passenger misconnects by 62 percent, and for American
18 airlines by 76 percent. We also have Express Connect.
19 It started in Chicago, again, as a creative way,
20 working collaboratively. So those were all just
21 positive impacts and it's now giving us a competitive
22 advantage versus other ports of entry in the U.S.

23 MR. WAGNER: So we've got about five or six
24 other airports that should come online this year.
25 They're using a variety of vendors to build the

1 hardware and software. Again, it's just the web
2 connection to connect us. It takes a matter of weeks
3 really to get the testing and the IP stuff together, to
4 get data and go back and forth. It really has, I
5 think, exceeded all of our expectations.

6 We knew it was going to be good but I don'
7 know if we realized it was going to be this good. It's
8 really off to a tremendous start. Like I mentioned
9 earlier, we went from a conversation to being
10 operational in Vancouver in about a year's time, and
11 now new airports have been coming online very quickly.

12 So it's pretty easy for us to do. We added
13 Canadian citizens last week. We are working on non-
14 U.S., non-Canadian citizens. It's a little trickier to
15 collect the fingerprints and how we do that in a self-
16 service environment, so we're going to be working on
17 how we work that operationally with the IT stuff to get
18 their fingerprints out. The intention really is to
19 open it to any traveler.

20 We'll always have Global Entry and Nexus as an
21 option. It's like the Easy Pass lane. This is more
22 the exact change lane and everybody else will go over
23 and see an officer. I mean, it's not unlike the
24 airline check-in where you have different options on
25 how to check in for a flight; you can do it at home,

1 you can do it on your phone, you can go to the kiosk at
2 the airport, or you can talk to the person at the
3 counter to do it. So we're going to offer those
4 different options.

5 MS. ANDOLINO: John, if I could further frame
6 it, again, it doesn't cost anything and there's no
7 membership fee, there's no signing on, there's no
8 interview. That's a different level of clearance.

9 MR. WAGNER: Right.

10 MS. ANDOLINO: But this process allows a U.S.
11 citizen, again, to expedite in and helps everything
12 else. If they're not regular international travelers,
13 they only go occasionally, this helps reduce that
14 congestion.

15 MS. MATTHEWS: Did the airlines pay for yours?

16 MS. ANDOLINO: Yes.

17 MS. MATTHEWS: United paid for yours?

18 MS. ANDOLINO: It was all of our international
19 carriers that contributed to this. I mean, we sat
20 down, again--and that was the amazing thing--in Chicago
21 to get all of our international users in less than six
22 months to agree to -- we had our first meeting with
23 Deputy Mackelaine in Chicago, I think it was in
24 February, and with all of our carriers, as well as some
25 of our congressional leaders and Senators sat down and

1 put together a strategy.

2 What we were waiting on is actually your final
3 approvals to put in the YVR kiosks, but we were ready
4 to go in less than six months with One Stop we unveiled
5 in July, as well as then APC started right after. So
6 it was, like I said, a \$2 million investment. They
7 agreed to pay for it but the results -- I mean, just
8 those misconnect costs alone are just -- the ROI was
9 obvious.

10 MR. GILLILAND: So their original investment
11 was -- what was the original total investment?

12 MS. ANDOLINO: Two million.

13 MR. GILLILAND: Two million?

14 MS. ANDOLINO: Two million dollars.

15 MR. GILLILAND: Okay.

16 MS. MATTHEWS: So is there kind of momentum,
17 or could we help with momentum towards --

18 MR. GILLILAND: Yes. I just wrote, how can
19 that be accelerated?

20 MS. MATTHEWS: Why wouldn't they want to --

21 MS. ANDOLINO: No, I think there's more and
22 more -- it's part of the discussion. People are very,
23 very interested in this.

24 I think part of the issue is, again, people
25 want like some pride in ownership to develop their own

1 kiosks. My conversation with Deputy Mackelaine and John
2 when they first came was, who's the one that you're
3 going to certify first? I don't care about what it
4 looks like, I want the product I can install tomorrow.

5
6 YVR was ahead of the game. I didn't care about
7 creating my own little Chicago design or anything like
8 that, it was truly about getting to market the fastest.
9 So we didn't have -- again, I didn't want to see
10 Chicago -- my mayor, Mayor Manuel, did not want to see
11 Chicago having three-hour wait times this summer, and
12 neither did my airline partner.

13 MS. AGRA: I have a question. Do you see any
14 hesitation by the infrequent traveler to use it?
15 Because you see them checking in at the gate. They're
16 still going to check in.

17 MS. SHEPHERD: No, the travelers love it.

18 MS. ANDOLINO: Because, again, we have
19 prospects. We're having our people in their little
20 green vests that are usually the wheelchair folks
21 guiding them and telling them and they're standing
22 there helping, so again it's really a partnership to
23 help educate people to go through this route.

24 Now with the Canadian citizens apparently--I'm
25 still learning, too--there's two different kinds of

1 visas or something, some that can use the kiosks and
2 some won't be able to use the kiosks, so that will be
3 another educational process where we're going to have
4 to educate the front line about in order to direct
5 people properly because you don't want to waste
6 anybody's time.

7 But that education on the front end and a
8 little bit of that customer service investment is,
9 again, paying off. It's helping them, people, maybe
10 older people that aren't so comfortable with
11 technology, the touch screen, they're there to help
12 them. CBP has allowed people to be in that area to
13 help the traveler.

14 Again, it has really been this partnership
15 about education. We're trying to blast it to everybody
16 and get the media out there. You've even recently
17 allowed the media to come in behind the scenes, in a
18 sense, to show APC and then to showcase as well how
19 it's allowing them to focus on other key issues that
20 you've been trying to balance, like contraband and
21 other things that -- and now we're going to look at --
22 so we're going to take this a step further because now
23 we're seeing -- so a couple things.

24 One, the bottleneck that occurred immediately,
25 people were getting through baggage, the secondary, so

1 quick that our trains were so crowded we had to put
2 extra trains on our platforms because people were
3 getting put out there so quick as they were being
4 processed instead of normally what happens is the
5 luggage gets pulled off the carousel and waits for the
6 people to process through Customs. Now people are
7 waiting for their luggage. So that's the shift and the
8 paradigm that we've seen.

9 So now another thing that we've talked about
10 with Deputy Mackelaine, John, and Bill Ferraris about
11 changing now the secondary. As John talked about,
12 everything has been this way for years. How do we now
13 look at that with a fresh perspective and change how we
14 do the secondary and create space there as well? So
15 that's going to be our next attack in Chicago of
16 reinventing our process.

17 But the commitment from CBP to think outside
18 the box, the sharing of information -- we did have a
19 little snafu not too long ago with the international
20 students that came through because of the visas and
21 some doubts -- you know, technology is technology so if
22 it goes down there's a problem, but immediately
23 communication wise we all knew what was happening.
24 Matt Davies was, hey, we have a technology breakdown,
25 this is why.

1 So changing or adding more people, it didn't
2 change anything because the system was down. People's
3 information that should have been in electronically
4 wasn't there, but we knew instantly. So everybody --
5 there was comfort, there was trust. It is just a new
6 day in terms of how we operate in the trust factor
7 between all parties.

8 CHAIRMAN DAVIDSON: So in the spirit of the
9 WIG, I think was Kathleen's term, maybe our Travel
10 Facilitation Committee needs to come up with something
11 really audacious, like how we bring the next 19 on
12 board between now and December 31. But I do need to be
13 sensitive to our agenda, and John, I want to make sure
14 we give you time to wrap up because I know we've got a
15 hard stop for you.

16 MR. WAGNER: Yes. The other piece we also
17 leveraged the expertise in the airports and airlines
18 about building a kiosk that's easy to understand and
19 easy to navigate through -- relying on our way of doing
20 that, which sometimes isn't always the easiest. These
21 are typical so it really has been a great partnership.

22 If we can go to the next slide.

23 (Changing of slides)

24 MR. WAGNER: For the workload staffing model,
25 what we did, we measured what an officer does at all of

1 our different ports of entry, all the discrete tasks.
2 We looked at the average processing time to do each one
3 of those tasks and we multiplied it by how many times a
4 day we do that at each port of entry, then divide by
5 the amount of work hours that are available for an
6 officer to be able to do that.

7 So we take the volume times the processing
8 time times how many times a day we do it, we come up
9 with the number of work hours needed to run a point of
10 entry, then just do the simple math and say, how many
11 available hours does an officer have once you factor in
12 usage, training, and administrative time. If we can go
13 to the next slide.

14 (Changing of slides)

15 MR. WAGNER: We come up with the number of
16 officers we need at the ports of entry. What the model
17 tells us is right now we need -- we have 21,775
18 officers at our port. That's a congressional floor we
19 have to maintain. The model says we need 25,513.

20 If we look at increased projected volumes and
21 facility expansions, we add another 2,833 to that.
22 Then we subtract out 23,970, which is what we have on
23 board, plus the overtime hours that they work. We have
24 21,775 on board, but if you factor in the overtime that
25 they work it's the equivalent of 23,970 officers. So

1 the model says we need 4,376.

2 So what we did, before we sent this as part of
3 the fiscal year '14 budget request, we wanted to show
4 the improvements we're making from some of our business
5 transformation efforts, like the I-94. We really
6 haven't measured the kiosks yet because we're just
7 starting to roll those out, but what we subtract from
8 that number is 565 because that's the equivalent of
9 officers we'll save through this transformation.

10 So the staffing need that is in the
11 President's budget for '14 is 3,811. We have a scale
12 as to which ports of entry have the greatest need and
13 we have a list of where those resources would go. Go
14 to the next one.

15 (Changing of slides)

16 MR. WAGNER: And then really the somewhat
17 controversial part is, how do you pay for that? It's a
18 big number. So in the President's budget we had 1,600
19 funded through direct appropriations and then the rest
20 would be funded through some increases through the user
21 fees by \$2 each, which would be a total of \$4 to pay
22 for the balance of the 1,877 officers to cover that.

23 Now, what you mentioned earlier was the
24 reimbursement authority. We also had -- it was
25 actually what we got in our '13 budget, was the Hill

1 let us work five pilots to accept direct
2 reimbursements.

3 User fee language is in legislation, the
4 amounts are in legislation. It's very specific in that
5 we cannot accept, except in very limited circumstances,
6 other sources of reimbursement for that activity. So
7 the Hill gave us the authority to run five pilots,
8 which we're working through now. We solicited some
9 applications and we've used them in Dallas, El Paso,
10 South Texas, and Miami Airport and seaport where
11 they'll be funding the overtime services of officers at
12 the ports of entry.

13 I'm working with them right now. These have
14 to be in place by the end of the calendar year. We're
15 working on them right now to identify exactly where the
16 resources will be spent and where that overtime would
17 be and making sure they have true visibility into what
18 they're paying for.

19 MR. GILLILAND: And is that authority separate
20 of the funding, the authorization for additional
21 officers?

22 MR. WAGNER: Yes. So it's a separate piece.
23 In '14, we've asked for the authority to be expanded to
24 do another five pilots. We had about 17 applicants
25 come in to do it. I think once we showed her what we

1 can do and that everyone's comfortable with it and that
2 we're not just sliding work we're doing today over to a
3 fee-for-service model, one of the legislation -- cannot
4 unduly impact the services we're providing. So right
5 now we're sitting down with the five pilots.

6 As I said, this is our baseline of our
7 service, of what we're providing baseline, the start-up
8 figures based on what our budget projects. Everything
9 over that will show you where we think we can spend
10 that money. So I think once we get the confidence
11 we'll be able to expand that.

12 MS. MATTHEWS: So I think one of the things
13 that we've always been looking for is how do you
14 translate the number of new officers you're requesting
15 in these various appropriations and how that will
16 impact, for example, the wait times that you just
17 talked about, you know, at the ports of entry. So
18 behind that is a question around whether there is a
19 consistent metric of how you measure the time it takes
20 to get through a port of entry. Is every airport
21 measured the same?

22 MR. WAGNER: Yes.

23 MS. MATTHEWS: And then can you connect that
24 measurement piece of how long it takes -- you know, is
25 it the time they enter that room, is it just getting

1 through to the baggage area? And then sort of whether
2 there's maybe a better way rather than average times,
3 chunks of time. You talked about under 30 minutes,
4 under 60 minutes, under 90 minutes, under 3 hours
5 rather than average times, because that could be
6 somebody whizzed through in one minute and somebody
7 waited three hours.

8 MR. WAGNER: So the wait times that are
9 published on the website with our average times, we're
10 updating that to get more into the figures that we
11 talked about earlier. They're counting, how long do
12 travelers actually wait in different spots.

13 MS. MATTHEWS: Because that's sort of the
14 travel experience of --

15 MR. WAGNER: Right.

16 MS. MATTHEWS: -- I waited 30 minutes, or I
17 wanted an hour.

18 MR. SMITH: Those are our standards. I mean,
19 one of the things we've been trying to work through is
20 industry wide, the way JetBlue or U.S. Air, everyone
21 measures it the same way. That's where some of the
22 confusion comes into play.

23 MS. MATTHEWS: Right.

24 MR. SMITH: And at some airports, like in
25 Miami, they may start measuring from when the plane

1 blocks. It's not our fault they've got to walk 1.2
2 miles.

3 MS. MATTHEWS: Right.

4 MR. SMITH: So we measure --

5 MS. MATTHEWS: So are you getting to a
6 standard measurement?

7 MR. SMITH: Yes. The way we measure it is
8 from the block time, because we have a time stamp
9 there, to the time we actually read that passport at
10 that primary area, because that's another time stamp we
11 have. Then what we subtract out is the average walk
12 time to get to our facility. That's how we calculate
13 it. That's two different data points that we have and
14 that's what we base our calculations on.

15 MS. MATTHEWS: And then can you connect that
16 with this request for additional officers and quantify
17 what each of those additional officers would mean in
18 terms of reduction of wait time, almost the same way
19 you've been able to do it anecdotally with your pilot
20 in Chicago.

21 MR. SMITH: It's a lot more difficult to do it
22 like that because the model is based on the amount of
23 work hours needed at a port of entry. It doesn't
24 factor in sort of the peaks and the valleys of the peak
25 arrival times where everybody wants to land, between

1 2:00 and 4:00 p.m., you know, and then there's no
2 landings for three hours and then it's hellfire
3 service. Then as flights come earlier and later in the
4 day and get diverted, it doesn't actually -- so it's a
5 lot more challenging to be able to calculate that.

6 MS. MATTHEWS: A little different than the
7 visas where you could actually say you open up two new
8 windows and you can reduce wait times by so many days.
9 You're able to kind of --

10 MS. MANDALA: In most cases we are able to.

11 MS. MATTHEWS: -- quantify one Custom Affairs
12 officer, additional window will reduce wait times, and
13 you can't quite get to that on the officers versus --

14 MR. WAGNER: It's a little more difficult.

15 MS. MATTHEWS: More variable.

16 MR. WAGNER: But what we've been doing over
17 the last six to eight months is we've been providing
18 five airports--Chicago was one of them--a lot more
19 explicit wait times data broken down into those
20 different categories until we get the new wait times
21 website up and running. It should be up, if it's not up
22 already, within the next week or two so everyone can
23 see it.

24 But they've been using that data to look at
25 their local operations and help position flights at

1 different gates, put different people to help account
2 for those peaks and valleys. The airlines have a real
3 good sense of what the air traffic is, but they might
4 not be aware of what all the other airlines have so
5 there may not be the realization that at 2:00 maybe
6 you've got 12 flights landing within 15 minutes.

7 So it's helping everyone really get a good
8 visibility into that workflow and we'll continue on
9 with that as well. We're working with maybe even a
10 real-time model where we can have some real-time or
11 projected wait times. Because we know who's coming in
12 from the airline manifest. We can actually project out
13 what the wait times will be at the end of the day.

14 MS. MATTHEWS: Even something that would say
15 "your wait time is..."

16 MR. WAGNER: We see that, yes. We'll lay our
17 staffing over that and we can calculate our average
18 processing times and draw that line and say, okay, it's
19 going to be over an hour for this many people, or we've
20 exceeded the facility's capacity even if we open all
21 the doors. So, we're able to do that.

22 I mean, I know we can't -- adjusting airline
23 schedules -- we're not suggesting that, but this will
24 help us staff up so we can track and plot out our work
25 and wait times over that. We're fairly consistent in

1 seeing that. This is really where that reimbursement
2 authority comes in, is we can take it and staff up
3 right before the peaks and get ready and be able to
4 level out.

5 MS. MATTHEWS: And are you leading the effort
6 on taking sort of the airlines that are working
7 together at Chicago and convening those same airlines,
8 which in many cases are going to be the same at these
9 other airports? Who's got the leadership role on that,
10 is it CBP?

11 MR. WAGNER: Yes, it's a group of us. It's
12 us, it's AFA, it's IATUS, ACI. It's all the groups we
13 just met last week to talk about the wait times and APC
14 and what the benefits were and what we were going to
15 continue, you know, how to make it through the summer,
16 and some of the challenges. We avoided furloughs.
17 That was a big thing for us to do because that would
18 have been the signal to -- around at the last minute.

19 The partnerships are -- really helps us with
20 that exchange of information -- to do that. But APCY
21 is in Houston, Dallas, Miami, JFK, a couple other
22 airports we're looking at. Toronto should be up and
23 running by the end of this calendar year. Orlando. We
24 had some discussions with Las Vegas.

25 MR. GILLILAND: John and Suzy, so we've got

1 funding authority for additional CBP officers, we've
2 got this reimbursement authority that's kind of in the
3 pipeline and being tested, and then these business
4 preferred process changes, using technology to speed
5 people through.

6 What other things would you suggest we ought
7 to spend our time on in the future that would be really
8 helpful to you?

9 MR. WAGNER: A lot of it is just supporting
10 the work that we're doing, supporting the need for the
11 additional staff. We went through a lot internally to
12 get that 3,811 number through the budget process,
13 through the administration, onto the Hill.

14 Depending on what happens in Congress this
15 fall--and we'll see, it's anybody's guess--but it's a
16 unique time that a lot of agencies are being cut back,
17 services are being cut back, but we're cutting in with
18 hundreds and millions of dollars in staffing requests
19 and a plus-up.

20 So it's helping us tell a story that we are a
21 good investment and it's a good investment for the
22 country to make, and any type of economic data that can
23 help support us with that, you know, a CBP officer is
24 worth this amount.

25 One of the things we've talked about is the

1 landing rights situation. If we deny landing rights to
2 a plane it will say, well, it'll cost us \$2 million in
3 overtime to crew that flight at this hour and we just
4 don't have the funds to be able to do it, but the
5 airport or the community comes back and says, yes, but
6 it's a \$97 million benefit for the city of X, so why
7 wouldn't the government spend \$2 million to make \$97
8 million back? It has really helped me tell that story
9 and be convincing about that part of it.

10 MS. MATTHEWS: You mentioned exploring
11 alternative funding sources, and most of it is focused
12 on user fees. Have you thought about branding those
13 kiosks rather than asking the airlines to keep on
14 buying them, like maybe Brand USA?

15 MR. WAGNER: I think that's something we'll
16 discuss.

17 MS. MATTHEWS: On the opening screen.

18 MR. WAGNER: We are looking at --

19 MS. MATTHEWS: "Welcome to America".

20 MR. WAGNER: Right. It would be on the kiosk,
21 you can do it on your own phone in place of the kiosk.

22 We've got some conversations on that. But branding
23 the kiosk and finding an airport authority to work with
24 and sponsor it through them, we'll talk about it and
25 how it's branded, or if it could be branded, how we

1 could do that. The key part would be finding an airport
2 to work with, and then we'll work with that airport
3 authority to funnel the cashes together. It's
4 definitely interested in those kinds of things.

5 CHAIRMAN DAVIDSON: John, outstanding update.
6 You truly epitomize the collegiality that we kind of
7 brag about on the Travel and Tourism Advisory Board and
8 the relationship we have with our Federal partners.
9 Thank you so much for all of your help.

10 (Applause)

11 MR. WAGNER: We are going to take an
12 abbreviated break. Five minutes for a coffee break and
13 then we will reconvene. So watch the clocks, five
14 minutes. Chris Thompson is up next to update us on
15 Brand USA.

16 (Whereupon, at 3:22 p.m. the meeting was
17 recessed.)
18
19
20
21
22
23
24
25

1 AFTER RECESS

2 [3:27 p.m.]

3
4 CHAIRMAN DAVIDSON: All right. Let's find our
5 seats, folks. All right. As we're finding our seats,
6 it is my very great pleasure to turn the microphone
7 over to no stranger to any of us, he's a former member
8 of the Travel and Tourism Advisory Board, he's the
9 former State Tourism Director for the great State of
10 Florida, but most importantly he is the current CEO of
11 Brand USA.

12 MR. THOMPSON: I'm rather qualified.

13 (Laughter)

14 CHAIRMAN DAVIDSON: After everybody else
15 kicked him out. No.

16 MR. THOMPSON: That's true.

17 CHAIRMAN DAVIDSON: But anyway, Chris, it's
18 terrific to have you here. Thank you for making time
19 in your incredibly busy schedule to join us today and
20 provide us with an update on your programs.

21

22

23

24

25

BRAND USA UPDATE**Chris Thompson, Chief Executive Officer****Brand USA**

1
2
3
4
5 MR. THOMPSON: Thank you, Mr. Chairman. It's
6 always a great pleasure to visit with this group. I
7 consider integral to all that we're doing in this
8 public/private partnership and being a great voice and
9 a great resource for the public side of the equation,
10 particularly as it relates to our close working
11 relationship with the Department of Commerce.

12 So I'm just going to give you a couple of
13 highlights of where we are at the moment. I was just
14 commenting to somebody as I was walking along the way,
15 it was about 11 months ago when I came to this very
16 room with Carolyn and announced -- or I officially
17 resigned from TTAB. Of all the positive things that
18 have happened as a result of me being associated with
19 the organization, that was certainly a negative because
20 I enjoyed being associated with this group.

21 Our fiscal year ends in 10 working days, so it
22 is a rather hectic time at Brand USA. We have the
23 challenge in this fiscal year, our second year of
24 operation, to have to bring \$100 million worth of
25 contributions to the table. Last year we had a 2:1

1 match, so we had to bring 50 to the table.

2 So in our second year of operation, which was
3 following our start-up year, we've had to double our
4 production. So, a rather daunting task. Many of you
5 that know me know I'm an eternal optimist, so I came in
6 with guns-ablazing and all sorts of enthusiasm. I'm
7 not sure I realized it wasn't -- to do that.

8 The good news is that our forecasts and
9 projections have us actually exceeding that goal, and
10 if everything that needs to come in comes in in the
11 next 10 days then we're going to be in pretty good
12 shape.

13 The good news is that in the first year,
14 including when I was at Visit Florida, a lot of what
15 was being contributed was kind of a leap of faith
16 because there was really no track record. There was
17 this brand-new organization that everybody helped
18 shepherd into existence and it was kind of a leap of
19 faith.

20 So in the second year, it's been a little less
21 of a leap of faith but we're still kind of building the
22 funding while we're flying it. But the good news is,
23 most of the partners -- a good many of the partners
24 that contributed in the second year actually
25 contributed greater amounts, so in our ongoing effort

1 to add and create value to the proposition of
2 destination marketing specifically as it relates to
3 promoting the United States of America, it seems like
4 we're beginning to find those sweet spots that
5 everybody can see.

6 One indicator as it relates to some of the
7 success in the second year and the first year, in our
8 first year we had 28 businesses that actually initiated
9 letters of agreement with us, which is how you can
10 contribute cash. In this second year, once everything
11 comes in, it looks like we're going to have nearly 100
12 businesses that have done that. So in that regard, a
13 lot of people have stepped up.

14 Over these first two years we're going to have
15 well over 300 businesses that represent all 50 States,
16 the District of Columbia, and five territories that
17 have stepped up and are actively involved in what we're
18 doing.

19 The good news is, for me personally, I started
20 November of last year, which was already a year into
21 the organization. It took me a little while to get up
22 to speed, kind of get everything pointed in the right
23 direction. They're coming out of a very strong finish
24 to this year, and more importantly going into next year
25 we're going to go into it with a big head of steam.

1 So I think our ability to hit not only our
2 financial goals, but a lot of the things that we're
3 trying to do to be strategic as the Nation's
4 destination marketing organization in partnership with
5 many people around this table and all of our
6 destinations at the local and State level and the
7 brands that represent the product is going to be even
8 better as we go into the next year.

9 I say often to people, you won't recognize
10 this organization a year from now and you won't
11 recognize it a year after that, and a year after that.

12 I have to believe that once we're about five years
13 into this it's going to be humming on all cylinders and
14 I think it's going to be something that we can all
15 really hold up and be very proud of.

16 What's in front of you is a preview of our
17 fiscal year 2014 plan. It's not the entire plan. As
18 you go through it, some improvements over the plan last
19 year. In the front of it, for about the first 10 or 12
20 pages, it's really a compilation of the secondary
21 information and data that we used to work into our
22 strategic thinking as it relates to a situational
23 analysis, so you'll see some things in there that you
24 haven't seen before, and otherwise things that actually
25 Commerce has generated and that you've seen in our

1 reports in the past.

2 Starting on page 21, you'll see a lot of what
3 was in the plan last year as it relates to our creative
4 platform that was brought into existence in the first
5 year and is still what we're using to spread the word
6 and tell the story around the world. So just
7 reinforcing how that came into existence, a lot of the
8 actual creative as it relates to printing out of home.

9 There's a few more metrics as you get into 30
10 and 31 as it talks to some of the needles that we're
11 moving as it relates to deployment of that branding
12 campaign for a second year in three primary markets,
13 and then for the first time in eight other markets.
14 Starting on page 33 and beyond, it'll give you some
15 highlights in each of our departments.

16 Then for the first time, starting on page 36,
17 it's really where we're bringing forward some custom
18 intelligence and thinking as we look at tying ourselves
19 to the National Travel and Tourism Strategy and the
20 goal to at least reach 100 million international
21 visitors by 2021.

22 This is our attempt to say across all the
23 markets that we're deployed in, and that we have active
24 representation in, where are the opportunities for us
25 with the greatest potential for growth, the greatest

1 potential for actually moving the needle.

2 So a lot of that that you'll see in those
3 half-dozen or so pages really speak to that across a
4 lot of different metrics which talk about the cycle of
5 dream, consider, and activate, attainment and
6 aspiration, intent to visit, and where we see the
7 markets in the travel cycle.

8 So a lot of that is, again, some stuff that we
9 haven't had in our plan yet. Again, as we bring on
10 more staff, as we bring more human resources to the
11 table, more institutional knowledge and experience and
12 more strategic thinking, you're going to see more and
13 more of this as we bring it forward.

14 Starting on page 45, you'll see our first
15 attempt at a strategic plan, so you'll see a strategy
16 map, a balanced scorecard, definitions to support both
17 of those, and then on 48 and 49 the 15 objectives that
18 we're going to be working toward and definitions on
19 what those objectives are. So what's not in here are
20 now those strategies and tactics that support each and
21 every one of those.

22 Those were still being fleshed out by the end
23 of this month. We'll have those and we'll have a more
24 robust plan that's actually presented. But this is
25 literally the first time it's been seen by eyes outside

1 of our office. I feel most comfortable in sharing it
2 in this state with you all and look forward to your
3 comments and input as it relates to that.

4 Across the majority of the rest of the plan
5 you'll see market profiles as it relates to how we see
6 the different markets that we're trying to have an
7 impact in, and then some descriptions of our
8 partnership programs as those platforms and programs
9 have come into existence, a map of where our
10 representation is deployed and who it is, our trade
11 show schedule and description of those shows, and then
12 some other support material that supports the form of a
13 document.

14 So this is our first attempt. This is the
15 first chance that anybody's seen it, so I'm happy to
16 leave it with you. I'm real proud of it. I think I
17 continue to be amazed by the number and the quality of
18 the folks that want to be associated with what we're
19 doing as we expand our staff and fill critical needs
20 for human resources.

21 As we continue to build cooperative marketing
22 platforms they tend to be very labor intensive, so
23 that's the need from the staff that I inherited, which
24 was 18 on February 1, and we're now up to 43. So being
25 able to create a corporate culture and otherwise get

1 them all pointed in the right direction has been a
2 pleasant challenge.

3 As you'll see and hear, one of the things we
4 reinforced is the initial metric was intent to travel
5 coming out of the gate. We knew that that was
6 something that we could measure pre- and post-, and
7 with the idea that if we're driving demand into the
8 funnel then that's going to benefit everybody in the
9 funnel.

10 Of course, the biggest challenge right now,
11 we've already laid out a plan to get to that, is how do
12 you convert that intent into actual visitation and how
13 do we do that in each of our marketing deployments as
14 it relates to our branding campaign and any of our co-
15 op programs.

16 The really good news is there's a lot of
17 businesses that have stepped up and want to do
18 cooperative marketing with us, and when we actually do
19 cooperative marketing where we blend the branding
20 campaign with actual calls to actions that point to
21 destinations or point to product, the collaboration of
22 all that information is going to give us a great amount
23 of metrics that we can bring to the table as it relates
24 to how we are moving the needle in any individual
25 deployment of a program, and then collectively across

1 the board.

2 You'll see in this plan that we've grown our
3 trade show schedule to 30 shows, so this is where we're
4 actually going to be around the country with a Brand
5 USA pavilion. We found great results as it relates to
6 not only attracting increased participation in these
7 shows, but our ability to amplify the shows and bring
8 greater value to everybody who is at the shows.

9 You're going to see some real success we had
10 this past year with FAM Tours and our ability to take
11 that concept and do that from other markets with other
12 partners. It's been really interesting. A lot of our
13 more mature markets where we have the ability to deploy
14 our cooperative marketing programs -- for instance,
15 U.K. and others.

16 We've been able to kind of innovate and create
17 those markets and then be able to take those lessons
18 learned into other markets as we tried to expand our
19 footprint and extend our reach. So as we progress down
20 this path of the organization maturing, you're going to
21 see more and more of that.

22 We continue to enjoy a very good relationship
23 with our Federal partners on the public side of the
24 public/private partnership, not the least of which is
25 through TPC and all the working groups in our ability

1 and our requirement to actually help communicate visa
2 policy and entry policy and in our abilities to look
3 for ways to engage in cooperative promotional activity.

4 The Federal Government is involved in
5 promotional activities through the embassy and
6 Commercial Service and our job and our charge and what
7 we really want to do is figure out, what are those
8 activities, how can we add value to what's being done,
9 and otherwise how can we create value beyond the
10 resources that the Federal Government can do? The
11 Federal Government has a tremendous amount of resources
12 and market through those different channels that allow
13 us to be even better at what we do.

14 A highlight of something coming up, of course,
15 is the centennial of the National Park Service. We're
16 working very closely with the Interior Department to
17 try to figure out, what can we do to help them really
18 bring great exposure and great focus on that in the
19 years ahead. That's 2016.

20 Many of you heard that we recently had a GAO
21 report that was released that was actually mandated by
22 the Travel Promotion Act. It was a programmatic
23 assessment that was finalized in March of 2012, and
24 then the release was over the recent congressional
25 recess.

1 As GAO reports, I would love to -- it's not
2 something you're dreaming about but it's something that
3 you know you have to work with, but I can tell you that
4 having our staff working very closely with GAO I feel
5 like it was a very fair assessment.

6 As GAO reports go, I thought that it certainly
7 pointed out where we can be better at what we do, but
8 there was nothing really seriously wrong with anything
9 that we were doing. In a start-up organization where
10 we're literally flying it while we're building the
11 plane, that's good news.

12 The three areas, if you didn't see it, were
13 that -- the three recommendations were that we needed
14 to develop metrics that actually point more directly to
15 visitation -- which identified -- that we've already
16 started doing. There were a couple of instances early
17 on when we had to get to hiring outside firms and
18 outside partners to be able to help us in some of our
19 assessment, and that was not done, in their eyes, in a
20 competitive process like it should be done.

21 And then really just continue to focus on the
22 relationship that points to the Department of Commerce
23 as a facilitator to make sure that we have more -- I
24 guess they wanted more specific procedures and more
25 clearly defined procedures on how do we continue to

1 refine our relationship as it relates to recognition of
2 contributions and otherwise cooperative marketing.

3 But as it goes, it actually pointed out
4 several things that we've done a really good job with,
5 not the least of which is our charge to look to
6 promoting beyond the gateways and our ability to
7 actually promote and allow the rural areas, including
8 the urban areas. They recognized some of the
9 procurement procedures that we have in place as very
10 good.

11 They recognized the fact that what we do
12 doesn't necessarily fit OMB's circulars, so as much as
13 -- early on everybody wanted us to comply with OMB
14 circulars. There's just some things that we can't
15 comply with in order for us to be a marketing
16 organization in a very dynamic environment deployed
17 around the world, so they actually recognized that and
18 said that they agree with that.

19 They acknowledged the fact that even though
20 they are suggesting that we need metrics beyond just
21 intent to travel, that we already have a plan, not
22 worry about how we're going to get to that point. So
23 there were some real positive things that were brought
24 out.

25 We have a formal Q&A put together that

1 addresses a lot of the questions that have already been
2 asked, and we anticipate would be asked, and answered
3 those. So, we're happy, through Jenna, for anybody
4 that wants to see that, to have that distributed to
5 each of you so that you can see that.

6 On the reauthorization front, all of you know
7 that our reauthorization is in the Senate immigration
8 bill. I'm not sure where that's going or whether that's
9 going to actually happen, so it's very likely that
10 we'll go through reauthorization in regular order.

11 I mention that only in the fact that probably
12 in this next calendar year, the next session of
13 Congress, that will probably have us going through
14 testimony in front of our committees of jurisdiction in
15 both the House and the Senate.

16 So we actually look forward to that and have a
17 very good story to tell, but that will probably involve
18 a lot of people around the table as it relates to them,
19 their impression or their success as a result of
20 relationships with us and working to market
21 cooperatively together.

22 With that I could just keep going on because
23 there's so much happening. I can tell you, if you come
24 to our office it's just crazy nuts right now because
25 we're at the 10-day countdown until the end of the

1 fiscal year and a lot that has to come in and happen by
2 September 30. We're all very focused to make sure we
3 close the year out with a big head of steam.

4 I want to really thank everybody on this board
5 because I know individually I've run into you around
6 the country and around the world and I really
7 appreciate your support and your ongoing leadership
8 demonstrated by your service here and otherwise in your
9 businesses, and in your States and your cities. I want
10 to thank Todd for two things.

11 One, is his leadership with this board over
12 these last two years, and thank him also for creating
13 an opportunity tomorrow for me personally, our chair,
14 and then the chairs of TTAB and U.S. Travel to meet
15 one-on-one with Secretary Pritzker. So we're excited
16 about that opportunity.

17 All indications early on is that she comes
18 from this industry and she certainly appreciates the
19 importance of overall what the travel and tourism
20 industry contributes as the Nation's number-one service
21 exporter, I think what this board does and that we're
22 doing as Brand USA. So, we look forward to that
23 opportunity to visit with her tomorrow.

24 I'm happy to answer any questions that anybody
25 might have, either around the table or afterwards. You

1 can direct them straight to me.

2 MS. AGRA: Chris, I would just like to say, as
3 a participant in the international trade show with the
4 City of Chicago, I can't tell you how great it was to
5 have that sort of welcome center and that rest area,
6 that business center within the trade show floor. It
7 was just great. It was just like a little bit of home
8 over there in Germany and it really made for a
9 successful trade show.

10 MR. THOMPSON: Thank you very much, by the
11 way. If you're trying to do a branding effort, you
12 know, you'd wonder, what is everybody saying? Dean,
13 who does the planning and building of the booth for
14 Carol and the Visit California, he walked up to me and
15 said, "This is awesome. It feels like you're hugging
16 me."

17 (Laughter)

18 MR. THOMPSON: So if you're trying to describe
19 it, what's a genuine way that someone might describe
20 what we're doing in branding, then that we're hugging
21 them is probably a pretty good way for him to describe
22 what we're doing. So, I appreciate that. We feel
23 really good about our ability to bring some value to
24 that equation. I've been hearing a lot of the similar
25 responses.

1 MR. GILLILAND: Chris, how do you feel about
2 the website versus where you'd like it to be?

3 MR. THOMPSON: Oh, it needs a lot of work.
4 One of the things that we're doing, is we brought an
5 outside company in that helped us at Visit Florida and
6 we're actually, in a very constructive way, tearing
7 down all of our digital platforms, both RB to CRB to B,
8 and looking at our internal CRM issues, which we have
9 virtually none of at the moment.

10 So you should see marked improvement with that
11 over the course of the next year. Also, just to try to
12 figure out, what is our value proposition there? I
13 mean, there's a lot of people in that space and we're
14 three times removed from the product. We're the newest
15 guys to the table. There's lots of different
16 directions we can go. I just want to make sure that
17 once we deploy that digital platform, that it's in a
18 way that's going to be a win-win for everybody.

19 MS. MATTHEWS: Chris, it's great to see all
20 the information aggregated in one place. I mean, I
21 think that's a goal that we all have, is that if you
22 have all that data then you can make better decisions.

23 I think we had an earlier discussion about sort of the
24 websites around Recreation.org, sort the government can
25 do, but also what perhaps Brand USA can do on

1 aggregating in a very compelling, visual, experiential
2 way, you know, sort of a vast repository of options
3 people have if they come to the U.S.

4 I think there's an opportunity to -- you know,
5 you mentioned the 100th anniversary of the national
6 parks. What can we take off the plate of government and
7 almost do better, but what can government provide to
8 Brand USA to blend in to your more robust website?

9 MR. THOMPSON: Well, at the very minimum will
10 be a portal to a tremendous amount of information. You
11 know, if you think about the challenges, first of all,
12 of capturing what the USA Brand is, put your arms
13 around it to figure out what you actually have that can
14 go leverage, it's a pretty daunting task.

15 We're never going to be able to tell the
16 Marriott story better than Marriott or the California
17 story better than California, or any destination or
18 product better than the way they're telling it, and as
19 I mentioned the Federal Government has tremendous
20 resources already in place.

21 So our job, and again through this exercise
22 where we're looking at our digital platform, is how do
23 we aggregate as a portal and otherwise have it bring
24 value to that whole proposition.

25 MR. GILLILAND: It seems, though, that -- and

1 Oregon does such a great job of putting Oregon on its
2 website. I know you wanted to put a lot of that type
3 of information together in one place. There may be an
4 opportunity here, and maybe a prioritized view of that
5 Federal Government data, and bringing that together in
6 a way that's consumable by somebody that has seen
7 national parks. I think it would be helpful for you to
8 at least take a look at. That would be higher up on
9 the list than maybe aggregation of some of this other
10 information.

11 MR. THOMPSON: Well, when I say that I also
12 aggregate what is available through those resources.

13 MR. GILLILAND: Yes.

14 MR. THOMPSON: So there's a lot out there. I
15 see that as being a big focus on what we can bring to
16 the table in one resource.

17 CHAIRMAN DAVIDSON: Other questions for Chris?

18 MR. SMITH: I don't have a question--this was
19 Todd's idea not mine, but give me credit--what we had
20 talked about earlier is, as you look at other markets
21 and pushing -- just looking for opportunities where we
22 could sort of co-push and do things -- for example,
23 South Korea where we've just signed Global Entry, you
24 know, or if we have -- I'll be in South Korea in two
25 weeks -- looking for ways that as you push other

1 markets that as we move around we could double down on
2 those efforts. That was the collective "we".

3 MR. THOMPSON: No, that's a good point. The
4 more we're on the same page the more effective we are
5 with it, so I understand that.

6 CHAIRMAN DAVIDSON: All right. Well, Chris,
7 thanks for making time to be here. I know how
8 phenomenally busy you and your team are.

9 MR. THOMPSON: Never too busy to not be with
10 you guys.

11 CHAIRMAN DAVIDSON: Well, T-minus 10, like you
12 said.

13 MR. THOMPSON: Who's counting?

14 CHAIRMAN DAVIDSON: But congratulations on --
15 well, you're what, 10 months on the job then?

16 MR. THOMPSON: Hard to believe, but yes.

17 CHAIRMAN DAVIDSON: Well, we are really glad
18 you're there, my friend, so thank you, and good job.

19 MR. THOMPSON: Thank you very much.

20 CHAIRMAN DAVIDSON: And continue to let us
21 know what we can do to support you in that effort, and
22 congrats. This is really well pulled together, you and
23 your team.

24 (Applause)

25 CHAIRMAN DAVIDSON: All right. Kind of

1 continuing on in this vein of accomplishments against
2 the National Travel and Tourism Strategy and the
3 executive order updates, we're going to kind of move
4 into those. Vanessa, you're going to be up first and
5 give us a bit of an update from the Department of
6 Transportation.

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 **NATIONAL TRAVEL AND TOURISM STRATEGY &**

2 **EXECUTIVE ORDER UPDATES**

3 **Department of Transportation Update**

4 **Vanessa Balgobin, Senior Transportation**

5 **Industry Analyst, Department of Transportation**

6

7 MS. BALGOBIN: Sure. In the interest of time

8 I'm going to keep my updates really, really brief. I

9 just want to let you know what we're doing with NextGen

10 and where we are. The FAA has laid a lot of foundation

11 with NextGen. About 70 percent of the ground equipment

12 across the country has been laid, and so this

13 infrastructure foundation is really kind of the -- it's

14 the basic foundation for what we need to do.

15 It's sort of like saying if you have an i-Pad,

16 once you have that technology then you can go forward

17 and add the apps. So we're 70 percent there, 30

18 percent left to do, and then you can really start

19 seeing some of the major benefits of NextGen.

20 MR. GILLILAND: Vanessa, I'm sorry to

21 interrupt.

22 MS. BALGOBIN: Yes?

23 MR. GILLILAND: You said how much of the

24 equipment has already been --

25 MS. BALGOBIN: Seventy percent of the ground

1 equipment.

2 MR. GILLILAND: Seventy percent?

3 MS. BALGOBIN: Yes. Yes. So we're trucking
4 along in that regard. In terms of infrastructure on
5 the ground, earlier this month Secretary Fox announced
6 our TIGER grants. TIGER is our Transportation
7 Investment Generating Economic Recovery.

8 That was 52 transportation projects funded in
9 37 States, receiving approximately \$474 million. So
10 these Federal funds leverage private monies with their
11 private sector partners, States, local governments, and
12 metropolitan planning authorities.

13 So out of those 52 transportation projects
14 that were selected, we had over 585 applicants that we
15 had to whittle that down to. Overall, they had
16 requested about \$9 million total. So there's
17 definitely a need for transportation funds, there's
18 definitely a need for these public/private partnerships
19 going forward to fund our infrastructure.

20 In terms of increasing travel opportunities
21 for our travelers, I just want to let you know that we
22 increased our Brazil frequencies for flights between
23 the U.S. and Brazil. Starting October 1, there will be
24 seven additional weekly flights available between Los
25 Angeles and Saul Paulo. Then in 2014, we will add

1 flights from Atlanta, Detroit, and Chicago. That's
2 pretty much it going on the DOT front.

3 CHAIRMAN DAVIDSON: All right. Any questions
4 for Vanessa?

5 MR. GILLILAND: Just one thing.

6 CHAIRMAN DAVIDSON: Yes?

7 MR. GILLILAND: So we have a subcommittee that
8 is focused on working on the NextGen communications and
9 getting the word out. Are there other things that,
10 over the next couple years as you go forward, that we
11 could be helpful with the DOT, that a subcommittee or
12 some group of us could focus on that would be helpful
13 to your mission?

14 MS. BALGOBIN: It's interesting that you asked
15 that question because I just kind of posed that to FAA
16 today and a couple of things that they are asking us to
17 do is maybe, one, look at really just seeing how we can
18 continue to market the practicality of NextGen and what
19 it's really just going to do for us. So in our
20 committee we talked about using this group to partner
21 with FAA to promote, to advertise NextGen in your own
22 venues, in your own veins.

23 MR. GILLILAND: Okay.

24 MR. TALBERT: Can you spit out a couple of the
25 concrete examples where NextGen made a difference? I

1 know we talked about it in the subcommittee very
2 briefly, and you guys mentioned one or two options. If
3 you can just share with us -- like because we put in
4 NextGen now we have this instead of that, or she was
5 talking in the morning about four different approaches
6 instead of one, or things like that.

7 MS. BALGOBIN: Yes. I don't want to take up
8 too much time because we have some other updates, but
9 for example when you have multiple -- I'm trying to
10 think of a very practical example. When you have an
11 area like this like Washington, DC, which we call a
12 metropolis area, you've got Reagan National Airport,
13 you have BWI, you also have Dulles, and you have all of
14 these flights converging into this area. You need to
15 maintain separation of space and so with the ground
16 radar that we had before you just didn't have that same
17 level of precision that you can get with satellite-
18 based systems.

19 So now, with a greater level of precision with
20 the satellite systems that NextGen is offering us, you
21 can increase the capacity. Airplanes can come in
22 closer to each other and you get more flights in within
23 a certain amount of time. That's what's happening here
24 in Washington, DC, that's what's happening in Chicago,
25 that's what's happening in Dallas, as we continue to

1 increase our equipment.

2 MS. AGRA: Vanessa, has 70 percent complete on
3 the ground infrastructure, has that helped to spur more
4 investment by more of the airlines to equip their
5 planes?

6 MS. BALGOBIN: I'm not positive on the
7 response for that.

8 CHAIRMAN DAVIDSON: All right. Thanks,
9 Vanessa.

10 I'm going to ask my colleagues at Homeland
11 Security and State to stand down for just a moment
12 because I skipped right over the top of Michael and I
13 apologize for that, my friend. But Michael is here to
14 brief us on the work of the Common Vetting Task Force.

15 Again, my apologies, my friend, for just literally
16 reading right over the top of you on the agenda. But
17 we are eager to hear what you're working on.

18

19

20

21

22

23

24

25

1 **Common Vetting Task Force**

2 **Michael Fries, Subcommittee Chair**

3
4 MR. FRIAS: Yes. Thank you. So I'll give
5 credit to Douglas. I mean, the Common Vetting Task
6 Force was an S-2 initiative initially and it started
7 with a very simple question. You guys are used to very
8 simple questions and getting very complicated,
9 convoluted answers back, like do a user fee analysis
10 and, like, it comes back very complex.

11 Well, the Deputy asked a very simple question,
12 which is: do we know how much it costs to vet somebody
13 per person? So they issued this question and all the
14 components came back. It depended. It depended what
15 they were doing the check for, whether it was for
16 national security, whether it was for law enforcement,
17 whether it was for immigration benefits or travel
18 benefits. It depended.

19 So when you started to track down the dollars
20 in the budget, it led to a bigger question, which is
21 the history of DHS is that it is a compilation of
22 legacy components, thus you carried with them legacy
23 systems. So the question really began, has the
24 technology advanced enough currently to start to think
25 about data in a much different way rather than in

1 legacy vertically integrated systems, single sign-on
2 users.

3 You sign on if you're at CBP because you have
4 the authority to do it, you have the authority to
5 collect that information, thus you have the authority
6 to see what it is in the CBP different systems. So we
7 started looking across DHS and we recognized that at
8 DHS there are 45 different vetting checks performed by
9 six different agencies and there's 9 different
10 automated systems.

11 So to take an example that you guys will
12 appreciate, is Global Entry and Pre-Check, two separate
13 components, similar programs, trying to more easily
14 facilitate travel of the passenger. CBP is obviously
15 Global Entry, focused on international travel and
16 return, and then TSA's Pre-Check is obviously trying to
17 expedite the domestic screening process.

18 So keep that to the side. The Common Vetting
19 Task Force was focused on the core mission of DHS,
20 which is intelligence. How do we share Homeland
21 Security information, protect it because it's collected
22 under different authorities? How do you share that
23 information with the intelligence community and how do
24 we streamline it?

25 What we found was there were 13 different

1 pilots going on with the IC community with the various
2 components within DHS, so they were sending this
3 information any number of different ways. I mean, CDs,
4 emails. There was nothing automated about it. It
5 needed to be revisited, so we took a look at that.

6 They're going around and asking folks, well,
7 what's the information that you collect that you then
8 share with folks? It's very unique, it's very
9 different. That's what everybody said. But then what
10 you realize is, it's name, it's date of birth, it's
11 gender, it's citizenship. It's the same core
12 information that is being sent and shared.

13 So we started looking at ways that we could
14 kind of realize a way to kind of streamline the betting
15 process within the Common Vetting Task Force, and this
16 is when the work that I was doing when I was at PSO
17 with Douglas, and Douglas was advocating the expansion
18 and growing the Global Entry population and growing the
19 TSA Pre-Check application. I think you guys may have
20 heard about this.

21 TSA started the Pre-Check application, the
22 Pre-Check program, with a small, select group of
23 people, frequent flyers with certain airlines only, to
24 test it, to pilot the program. It was wildly
25 successful. CBP had Global Entry and was interested in

1 raising the numbers, and so they started to work with
2 TSA on joint mobile enrollments and it seemed like it
3 was a win-win for everybody.

4 There were more people enrolling in Global
5 Entry, more people were getting access to the TSA Pre-
6 Check application, but then along comes a few months of
7 this and then they start to realize, hold on, we're
8 actually enrolling people in Global Entry who aren't
9 using the benefits, so CBP is not yielding the benefit
10 that they were expecting because they're going through
11 the long process through Global Entry to get the
12 domestic benefit. So then that's when the Secretary
13 started to think, we need to figure out how to merge
14 and work with these two programs so that there can be
15 reciprocity.

16 There is reciprocity within Global Entry
17 because you can get Pre-Check, but folks don't
18 necessarily -- you know, they need a passport, so
19 that's more money, they have to pay the Global Entry
20 fee, which is well worth it and everybody does it and
21 they love Global Entry.

22 So you start to see these announcements coming
23 out of TSA. Administrator Pistol announced it in
24 Colorado, that there's going to be TSA Pre-Check rules.
25 This is TSA using their database and getting

1 individuals, and they basically said, look, here's the
2 simple proposition.

3 If we've used our system to identify people
4 that are high-threat or high-risk, why can't we reverse
5 engineer it and identify people that are low-risk so
6 that we can automatically move people through the Pre-
7 Check program without them even enrolling.

8 It's just part of an itinerary, it's looking
9 at their age, gender and itinerary and figuring out
10 where it makes sense to say, look, if you're flying
11 between Montana and Sacramento, depending on your
12 itinerary we could allow you expedited screening, keep
13 on your shoes, keep on your belt, keep your laptop in
14 your bag and go.

15 Then we realized, well that's a rules process
16 so there's not a high level of certainty that you're
17 going to be able to participate depending on your
18 itinerary. So then they just announced a few weeks ago
19 a TSA Pre-Check application so you'll be able to apply
20 directly for the TSA Pre-Check application and allow
21 CBP to focus their limited resources on screening and
22 vetting individuals that are going to take advantage of
23 the Global Entry benefit and have plans to travel
24 internationally, to go ahead and enroll in Global Entry
25 and get the Pre-Check benefit and allow the folks that

1 are going to travel domestically to not go through that
2 full process and not go through as rigorous a
3 background check, and obviously Customs is more
4 concerned about different things than TSA.

5 We jokingly say criminals fly all the time, so
6 like TSA is not -- there's certain information that TSA
7 is not interested in looking at because it's not
8 determining an aviation security threat, and so they're
9 launching that program. So the Common Vetting Task
10 Force has been playing a behind-the-scenes role of
11 helping to coordinate that.

12 Then in addition to that, taking a page out of
13 your guys' book, is recognizing now we really do have a
14 full suite of travel programs: TSA Pre-Check, Pre-Check
15 rules, Pre-Check application, Global Entry, and all the
16 others with our partners, Nexus, Sentry.

17 And so we've started working -- and I'm sure
18 you guys are familiar with NYC & Company -- working
19 with them to help us develop one brand so that we can
20 umbrella organize these as a DHS portfolio of travel
21 options for individuals and benefits that people can
22 apply for.

23 And so we've started that work right now. NYC
24 & Company has been great at kind of developing some of
25 these logos and ideas and start to think about that

1 process. And then on the other end, you had the
2 Secretary making very clear to the Administrator and
3 Commissioner that there was a collective interest in
4 having a single enrollment in a single vetting
5 platform.

6 As Suzy can attest, that's very complicated.
7 That's very hard to do, the data, the systems, the
8 technology, the work-around. But with the Common
9 Vetting Task Force, we were able to be part of that
10 process and work with CBP and TSA. This is just one
11 project we're working on that will hopefully lead us
12 to, how do we start looking at how we rationalize these
13 programs?

14 How do we bring them together so that
15 eventually, in an interim state, they're developing a
16 single web page where both programs would be co-located
17 and the individual will be able to look at that website
18 and answer a couple of very simple questions: have you
19 traveled internationally in the last three years? Do
20 you plan to travel in the next three years? Do you
21 have a passport?

22 Depending on your answers to just a couple of
23 simple questions, we could determine or help you make a
24 better decision about which program you'd benefit most
25 by joining. So we're working on that. That's the

1 interim phase, but ultimately keeping the pressure on
2 and the goal of -- and CBP and TSA have been great.

3 The technology folks have started to talk with
4 each other, the operators have started to talk to each
5 other and really start to think about, how do we pool
6 these systems together and eventually one day have a
7 single web page where you input all your information?

8 Remember all the unique information that all
9 the components collect? Have it put in one place and
10 then distributed on the back end to the people that
11 need to make the appropriate adjudication about whether
12 they should be in the program or they should not be in
13 the program.

14 So that's just a brief overview of the Common
15 Vetting Task Force. It's exciting work. I think it's
16 a real testament to DHS really trying to lean forward
17 and do something that's both beneficial on the security
18 side, and I know that we always talked about that at
19 PSO and with Suzy, which is all these programs are
20 really great to help facilitate travel, but the fastest
21 way to end them is to not do them well and have
22 somebody exploit that, and then it becomes a much
23 bigger battle and a different battle to keep growing
24 and making those programs more robust.

25 So I think I've seen the front end side of

1 that where it's really benefitting the customer, and
2 now at the Common Vetting Task Force we're really
3 appreciating -- you know, to the credit of CBP and TSA,
4 you should know they take a big bulk when they start
5 rolling out these programs and they start launching
6 these programs because, at the end of the day, they're
7 charged with a very specific mandate, which is, keep us
8 safe.

9 So this is just one of those ways that we're
10 helping CBP and TSA complete that very complex and
11 necessary mission, but also accomplish some of the
12 goals that I think you guys have here, which is to help
13 facilitate travel as best we can, as safely as we can,
14 for as many people as we can. So I'll stop there.

15 CHAIRMAN DAVIDSON: Michael, that's terrific.
16 It's obviously very, very important work. Love the
17 consumer-centric focus that the task force is able to
18 bring to that work that's happening within DHS.

19 Any questions for Michael?

20 (No response)

21 CHAIRMAN DAVIDSON: All right. Michael, thank
22 you so much for joining us here today.

23 MR. FRIAS: Thank you. Yes.

24 CHAIRMAN DAVIDSON: Appreciate it very much.

25 (Applause)

1 CHAIRMAN DAVIDSON: Why don't we stay right
2 within the same department, Douglas, and we'll look to
3 you for your update.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 **DEPARTMENT OF HOMELAND SECURITY UPDATE**
2 **Douglas Smith, Assistant Secretary for the**
3 **Private Sector,**
4 **Department of Homeland Security**

5
6 MR. SMITH: There will be no criminal updates.

7 CHAIRMAN DAVIDSON: Criminals fly all the
8 time.

9 (Laughter)

10 MR. SMITH: Just 20 seconds more on that, to
11 bridge in. I mean, one of the reasons that it's so
12 important, why this task force is so exciting, is how
13 it will allow us to then roll into so many different
14 things by saving money, saving time, expansion of all
15 of these programs. It's kind of like an expression of
16 legislation. Everybody loves sausage, but they don't
17 like seeing it made.

18 They're making the sausage right now, but once
19 that process is all done it's going to allow single
20 portals for foreign travelers, how do you come to
21 America, all the things that we want to work more
22 efficiently will be driven by that engine behind. It
23 will drive what we talked about earlier, John Sprouls
24 and others, on how we link the passport process with
25 Global Entry, and all these things need to happen.

1 I'm just going to highlight a couple of
2 things. I feel like it's been all DHS all the time
3 today, so I'm just going to highlight a few things and
4 take some questions, Todd, then I'll turn over my time.

5 A couple of exciting things. We are now at
6 100 TSA Pre-Check airports, so we went from a year ago
7 of zero to now 100. So I think it's for all of you --
8 has everyone now experienced the joy of TSA Pre-Check?

9 VOICES: Yes.

10 MR. SMITH: To this day I still love staying
11 there and -- not that -- TSA wide, but I love standing
12 there and watching people's faces--what, that's it--as
13 they come through. I mean, it's really helped a lot.
14 It's really helped us align management.

15 The more people -- our inclusion program that
16 we're testing which allows us to -- if there's not a
17 lot of through-put going on in the Pre-Check line we
18 can look over and pull people and send them through, so
19 I think that's a really important thing.

20 The one point that I'd like to spend my time
21 on, Todd, is just reemphasizing how critically
22 important comprehensive -- form is to you guys. I know
23 I'm a broken record. I don't know if it's going to
24 happen. I am pessimistic at best as to whether
25 Congress will do it, but if there was sort of one thing

1 that you in your all's self-interest wanted to push
2 would be to get Congress--because I can't, for the
3 record; cannot lobby, nor am I lobbying--to push on
4 this.

5 If you look at Congressional Budget Office
6 numbers, nonpartisan review of what the implications to
7 the economy would be of a million new tourists, a
8 million new tourists a year if comprehensive
9 immigration reform goes through. It is a big deal. It
10 is a big deal, selfishly, for us and for what John
11 briefed you on in terms of getting the staff that we
12 need. So many pieces will fall into place and I
13 passionately believe from a moral point of view it's
14 the right thing to do.

15 For your guys' point of view, it's good
16 business. It is just good business for how you go about
17 -- it's good business for big hotel owners and how they
18 manage their people, it's good business for the folks
19 that need to book customers that come and visit them.
20 It will be critically important.

21 I think, with so many debates going on,
22 whether it's about cyber security, Syria, so many other
23 things, it easily gets lost. We have some really good
24 momentum going on on immigration reform and I fear that
25 a lot of that momentum is disappearing. It's not the

1 shiny -- in front of folks. For Ken and the
2 International Trade Administration, for so many
3 portions of the government, the economic impact will be
4 huge. So as you look at things to put energy behind,
5 it's a big one. I mean, it's a really big one.

6 I'll go back to that million, a million new
7 customers going to visit and taste wines in Oregon, or
8 ride the rides at Universal, Orlando, stay at the
9 Marriott properties. It's a big deal and it's one that
10 we at DHS are doing all that we can, but there's only
11 so much that we can carry on that.

12 The only other thing, and I'll be glad to take
13 questions, is we talked about it in the smaller meeting
14 today, is we continue to be anxious about expanding
15 Global Entry with other countries. We're doing all
16 that we can. We're a little stalled out and that's
17 where you -- I know when you were in Japan you were
18 wonderful and tried to push the Japanese. We don't
19 need 10 countries.

20 We're so close with France, so close. If they
21 sign -- what did you say, 1.2 million visitors from
22 France a year, tourists? I mean, 1.4 million. I mean,
23 to get those people. We're not going to get 1.4
24 million of them, but if we can get 140,000 of them in
25 Global Entry, about 10 percent of them in Global Entry,

1 it would be a big deal. We could get Japan to jump up
2 more. We could stop for a while.

3 We could rest on our laurels on Global Entry.
4 We could continue to get American citizens; every
5 little bit on that helps. So as you go about your
6 travels, and Sam has all this free time on his hands
7 now, if you continue to raise awareness and as you talk
8 to your counterparts in other countries, it's just a
9 big deal.

10 It will allow us--knock on wood--and NextGen
11 continues to happen -- we're only able to approve those
12 flights, those additional flights from Brazil and
13 others, if we could process the people. More CBP
14 officers rolling out the kiosks that John so eloquently
15 described, things like that, are all part of a larger
16 equation that we need to do to make all these pieces
17 come together.

18 So with that, sensitive to the time, Todd, I'm
19 delighted to stop and take questions, specific
20 questions or if I missed something that you wanted me
21 to brief out. As I said, I think I feel like we were
22 pretty heavy at DHS today.

23 CHAIRMAN DAVIDSON: No, I appreciate that,
24 Douglas. I also love the suggestion that in the near
25 term we should dispatch Sam as loaned executive to DHS

1 to become our Global Entry reciprocity emissary around
2 the world.

3 MR. SMITH: I actually have the forms right
4 here, Sam, if you're willing to sign.

5 CHAIRMAN DAVIDSON: Are there any questions
6 for Doug? Yes?

7 MR. GILLILAND: Yes. So I want to be clear on
8 France and Japan and Global Entry. Again, those
9 interviews would have to happen here.

10 MR. SMITH: Well, aspirationally what we
11 really want to see is that we will be able to do them
12 off-shore. But once again, that's only going to happen
13 if we're able to get the funding for CBP where we need
14 it. If we're able to be funded at appropriate levels
15 and have enough officers, we'll be able to send fly-
16 away teams.

17 You know, I still dream of being able to send
18 a team for a Pacific Rim tour, start at Singapore for
19 two days, go to Sydney for two, whatever, and do that.

20 But that is all completely driven by the fact that
21 title airports like O'Hare will call and cut my head
22 off if I bring bodies off the line to do that. But
23 yes, aspirationally that is where we want to go.

24 It's not been announced publicly yet, but for
25 those of you with a big presence in the Pacific Rim, we

1 have just transmitted to OMB that APAC is this travel
2 card, which will be a huge deal for our U.S. citizens
3 living overseas or citizens traveling within the
4 region. It's a big advantage that our competitors
5 have, and now U.S. citizens will have the same thing.

6 MR. GILLILAND: What process is OMB following
7 with that? It's just an approval process?

8 MR. SMITH: It will be posted in the record.
9 I think--knock on wood--it will just be posted for, I
10 think it's 60 days, in the *Federal Register*.

11 MR. GILLILAND: Okay.

12 MR. SMITH: Then through CBP, I mean, we'll
13 start issuing it.

14 MR. GILLILAND: Okay. APAC travel card,
15 France, Japan, comprehensive immigration reform to get
16 funding. What else is on your, say, next two- or three-
17 year list that we can be helpful with?

18 MR. SMITH: You know, I think the biggest
19 thing is, there's -- within the travel, within the
20 transportation aspect of the travel industry there are
21 a lot of competing interests. I am sensitive to my
22 friends in the airline industry; I'm getting a glare
23 from over there. Look, as a percentage, the most taxed
24 of all. We hear that.

25 But we have to really work hard. Right now--

1 and I would say it to his face if he was sitting right
2 here--I think Nick Callia would rather cut off his nose
3 to spite his face than see us be able to have a little
4 bit more leeway and abilities to collect some more
5 fees, to really raise the bar on the number of
6 officers. I think it's insanity.

7 I mean, we have done staggering amounts of
8 research to show that -- result. So I guess I would
9 say to Sam, if we were looking at long-term growth--
10 knock on wood--and we want to continue to see that
11 happen, is keep the debate to a simmer.

12 Good, healthy discussion is good but we'll
13 have to adjust and give a little bit, take a little
14 bit. But you saw on that chart, the lower chart here,
15 that really it's trending more this way. So I mean,
16 we're really seeing a separation that's increasing, not
17 decreasing.

18 MR. GILLILAND: Okay. So funding for CBP
19 officers, I think is what you said.

20 MR. SMITH: Slightly.

21 MR. GILLILAND: Kind of. Kind of. Okay. All
22 right. Got it.

23 MR. SMITH: And then to Kathleen's point, we
24 don't need 11 more countries in Global Entry. Two or
25 three would have a big, big difference.

1 MS. MATTHEWS: So Douglas, you know, we've got
2 67 million international visitors to the U.S., with a
3 goal of 100 million. Is there a target, and wouldn't
4 it be good to put a target on the percentage of that
5 100 million that you would like to be enrolled in
6 Global Entry? Is it 1 out of 10, is it 1 out of 20, is
7 it 1 out of 100, 1 out of 1,000? Sort of, what is the
8 staffing model --

9 MR. SMITH: Right.

10 MS. MATTHEWS: -- and the technology
11 adjustment that will enable you to get there?

12 MR. SMITH: I mean, I think, two parts to
13 that. I think to better answer your question, Sam,
14 which leads into Kathleen's, is short-term pushing
15 goals and longer -- I mean, shorter term, whatever you
16 all can do to help us expand our poly-kiosk program
17 that's going on in Chicago.

18 I mean, that's something that could happen
19 immediately. It's clear, it's proven to work. We
20 could immediately be having a significant impact on it.

21 I think, once again, we don't need 50 airports. Two
22 or three more that would have a big impact. We're
23 going to be rolling out Dulles here.

24 So I think that to your question, Kathleen, I
25 think probably it will be a lot before we run. I mean,

1 I think I would love to see an aspirational goal by,
2 you know, this time next year, France and Japan have
3 joined and that Great Britain has updated their systems
4 by which they bring in their citizens to speed it
5 along. I mean, our capacity is there to handle it, we
6 just need our partners to pick up their game.

7 The U.K. process is not very good. I can't
8 believe their corporate guys aren't just going nuts. I
9 mean, I'm trying to -- and for anyone who has an "in"
10 with Sir Richard, I've been trying to get an "in" to
11 have a meeting with him on this because I think it
12 would be a competitive advantage for Virgin if they
13 were able to push this along.

14 As we saw with Lufthansa, that's why they did
15 it. They saw that this was a huge competitive
16 advantage in the European market and that's how they
17 were able to get the German government to do it. So,
18 better -- we need to get the countries that are in it
19 right now to greater utilize it because particularly
20 foreign nationals take longer to process than U.S.
21 citizens.

22 So there is actually an exponential effect. I
23 don't want to say it's sort of a two-for-one, but I'll
24 bet it's sort of a one-and-a-half in terms of time
25 savings for every foreign national that we're able to

1 process through Global Entry versus a U.S. citizen. So
2 that's yet another way we'll see dramatic impacts on
3 the ability. But it's been under-utilized.

4 MR. GILLILAND: It may very well be that one
5 of the things we could do, Kathleen's actually set the
6 goal. It's similar to what we did with visa processing,
7 is just do math and set some goals, 67 going to 100
8 million. What's it going to take?

9 MS. MATTHEWS: Right.

10 MR. GILLILAND: And can you reasonably expect
11 that we'd get that much participation outside of the
12 U.S. if we don't have officers outside the U.S., that
13 type of thing, maybe some -- it doesn't have to be very
14 complex modeling to get the numbers. So that may be
15 one thing we can take up.

16 MS. MATTHEWS: There could be a CBP component
17 to that on sort of what is a flow model. So if you
18 could take off a jetliner a certain percentage and put
19 them through Global Entry simultaneously, what is sort
20 of your tipping point where it just sort of smoothes
21 the process? We have to take in that line and fill it
22 up from there.

23 MR. SMITH: For every U.S. citizen you pull
24 out of the line, that's a minute and a half of savings.
25 So just start adding that up. For every foreign

1 national it's three minutes in savings. So, I mean, it
2 really adds up to big numbers very, very quickly.

3 MS. ANDOLINO: Douglas, you mentioned Virgin.
4 But have you thought about trying to align it with
5 coach air partners of the U.S. carriers, so like
6 British Airways and American are coach air partners,
7 and trying to use that CEO-to-CEO relationship to help
8 that?

9 MR. SMITH: Yes. Well, that's how we worked
10 in Air France. Richard Anderson has been tireless in
11 helping us with this with Air France. So, yes. I
12 mean, BA carriers far more passengers. We just weren't
13 making progress, to be blunt. We just need --

14 MS. ANDOLINO: And you've talked to the
15 airport director, like Colin there as well, to talk to
16 him about the benefits of it?

17 MR. SMITH: One of our challenges in Great
18 Britain was, there was a good team and then that whole
19 team disappeared, sort of our counterparts within the
20 British government. So we sort of have to reset the
21 clock. But the other challenge is, for us it's all a
22 one-stop shop. It's all housed within Homeland
23 Security, whereas in other countries there are
24 different bureaus that slows that process down.

25 MS. ANDOLINO: I would think, as they're

1 looking at airport expansion, doing different things
2 and creating a more efficient facility, and they know
3 they're losing traffic, stuff that you think you can
4 get through. Like, I spoke with the business community
5 after London, talking to somebody like that as part of
6 the government and business community that would help
7 and value it.

8 MR. SMITH: Right. I mean, we've been
9 exhaustively doing it but it's sort of not getting
10 there yet. I mean, I think a lot of you carry, in some
11 ways, more weight in areas than we can. We're anxious
12 and we don't know if any of you have had an opportunity
13 to fly internationally on a U.S. flag carrier.

14 Dulles now, if you're flying United to
15 Beijing, you go through Pre-Check. I mean, so we're on
16 this side of the fence, if you will. We've created
17 such tremendous efficiencies and we want to continue to
18 expand those, but it's -- enhanced international
19 partnerships.

20 MS. ANDOLINO: Do you go through Pre-Check on
21 an international flight?

22 MR. SMITH: If you are flying a U.S. flag
23 carrier --

24 MS. ANDOLINO: In Chicago, too?

25 MR. SMITH: Yes.

1 MS. ANDOLINO: You can do it internationally
2 now?

3 MR. SMITH: Yes. On a U.S. flag carrier.

4 MS. ANDOLINO: Right. U.S. flag.

5 MR. SMITH: It can't be a coach air, it's got
6 to be --

7 MS. ANDOLINO: Right. I've flown
8 internationally through Pre-Check on United.

9 MR. TALBERT: I have a question, Douglas. In
10 a lot of these countries like the U.K. or Germany, they
11 have their own, for want of a better word, Global Entry
12 for their citizens. Is it not an option to try and
13 automatically enroll those people that are on and merge
14 those two organizations or databases and then award
15 them automatic entry or is that a security nightmare
16 that nobody wants to touch?

17 MR. SMITH: Well, they may be using it for
18 different reasons. They may be using it for
19 immigration -- reasons. Ours is a little bit more
20 complex. Great Britain has got to roll back some of
21 their processes, so that has sort of rolled it back a
22 little and made it less efficient.

23 For those of you who have gone through
24 Heathrow, for the life of me I can't understand why
25 they are all over automating a lot of this stuff

1 because their lines there are ridiculous.

2 MR. TALBERT: They have about five categories.
3 They've got categories of Global Entry and then they've
4 got Business Class, Fast Lane, and then they've got --

5 MR. SMITH: Even Fast Lane -- I mean, I went
6 just for vacation on my personal passport, followed the
7 rules, and I was in a Fast Lane line for an hour and a
8 half, two hours in the fast lane.

9 MS. ANDOLINO: That's why we have to see,
10 like, the CEO, like Cullen. It's a privately done --
11 if they would get on board.

12 CHAIRMAN DAVIDSON: I need to kind of get us
13 back to these reports. So you can corner Douglas
14 immediately following the meeting.

15 MR. SMITH: It never happens.

16 CHAIRMAN DAVIDSON: It never happens that you
17 get cornered. But thank you, Douglas, very much.
18 Great report.

19 Ed?

20

21

22

23

24

25

1 **NATIONAL TRAVEL AND TOURISM STRATEGY &**
2 **EXECUTIVE ORDER UPDATE**
3 **Ed Ramatowski, Deputy Assistant Secretary**
4 **for Visa Services**
5 **U.S. Department of State**

6
7 MR. RAMATOWSKI: Okay. I'll be brief.

8 As you all know, the President assigned the
9 State Department two major goals in travel facilitation
10 in his executive order of January 2012. One, was 80
11 percent of our global visa applicants had to be seen
12 for an interview in three weeks or less, and the other
13 was to have a 40 percent increase in capacity in China
14 and Brazil. We have achieved those two goals.

15 (Applause)

16 MR. RAMATOWSKI: The current rate is 96
17 percent. These applicants are seen in three weeks or
18 less. In the big four countries, as we call them--
19 China, Brazil, Mexico, and India--the wait times are
20 all in the low single digits.

21 Now, Todd, you talked about sustainability and
22 that was our biggest concern in all of this, is could
23 we maintain those figures. We surpassed the 80 percent
24 target first in August of 2012, and we've never dropped
25 below it, including during this past difficult summer,

1 including the move from one antiquated consulate
2 building in Guangxo, China, to a brand-new facility
3 which started service in July of this summer. We were
4 able to maintain the metric above as its target and
5 significantly above, actually.

6 MS. MATTHEWS: What did you say it was, at 90
7 what?

8 MR. RAMATOWSKI: Ninety-six percent.

9 MS. MATTHEWS: That's pretty amazing.

10 MR. RAMATOWSKI: And again, that also includes
11 countries that are undergoing severe unrest, civil
12 instability. Our -- in Cairo unfortunately is day-to-
13 day because of the security situation there, but in the
14 big tourism markets that are the most important to
15 Brand USA and to our view, the wait times are low
16 single digits. We anticipate maintaining that in the
17 indefinite future.

18 As of the end of August of this year we had
19 issued approximately 8.5 million tourist and temporary
20 visas. That's up about 2 percent over the same period
21 of last year. In China we have issued over 1.27
22 million. That's up 13 percent over the same period
23 last year. In China we have 69 new visa officer
24 positions in place.

25 Brazil is down actually. We've issued 888,000

1 visas as of the end of August. That's 9 percent down
2 from the period last year, but recall that last year
3 had a dramatic increase of 34 percent and over a period
4 of the past four years demand in Brazil has gone
5 sharply up. So we anticipate that this is not a
6 permanent decline, it's probably temporary.

7 Mexico is also down by about 10 percent. We
8 handled 1.4 million cases in Mexico as of the end of
9 August. That's also cyclic, too. It's largely driven
10 by the renewal of what we call border crossing cards,
11 which is the type of visa we give to Mexicans who live
12 along the border.

13 Unlike visas for everyone else, it's an actual
14 card. It has a radio frequency ID chip in it which
15 helps CBP handle people driving across the border in a
16 more efficient manner. Those cards were first
17 introduced approximately 12 years ago and they're valid
18 for 10 years, so every 10 years you get an increase in
19 renewals. We're now on the down side of the 10-year
20 renewals.

21 India is also showing a large increase, 15.5
22 percent and 550,000 visas issued as of the end of
23 August. Some of the key measures we've undertaken this
24 year: June 15th we introduced a new security screening
25 system at all of our posts for all of our temporary

1 visa applications.

2 This is something that is invisible to the
3 applicant; it's done back here in Washington with our
4 law enforcement and intelligence agency partners. It's
5 working very well. It has the potential to reduce
6 vetting delays by 70 percent, particularly in the
7 Middle East and South Asia where those types of delays
8 are most prominent.

9 Then the Interview Waiver Pilot Program, which
10 was introduced to waive the interview for low-risk
11 individuals who are renewing their visa, they've
12 already had an interview, they're already re-
13 fingerprinted, they're renewing a visa, that program
14 has broken the 500,000 mark as of the end of August.

15 It is most particularly valuable in China
16 where the visa abilities are limited to one year. A
17 recent study by our Fraud Prevention Programs Office
18 found that there was no increased risk from this
19 particular program, so that was very good news for us.

20 Like Douglas was saying at CBP, if we don't have to
21 interview somebody we save a lot of time and resources
22 that we can devote to first-time applicants.

23 Then with respect to the Visa Waiver Program,
24 Brazil is not anywhere close but Secretary Kerry did
25 nominate Chile for consideration to be a member of the

1 Visa Waiver Program. That is contingent on the
2 Chileans issuing an electronic readable passport, which
3 they've committed to do and they should start doing
4 that by the end of this month.

5 Then an interagency team will go to Brazil to
6 assess any possible impact on U.S. national security
7 from Chile joining the program. So absent lightning
8 striking somewhere else, Chile is the likely next
9 member of the program sometime next year.

10 I'll echo what Douglas said about the
11 importance of comprehensive immigration reform. One of
12 the things we really need and which this board has been
13 very supportive of is enhanced legislative authority
14 for the Secretary of State to waive these interviews
15 when we deem it to be advisable. That will free up a
16 lot of resources to go after higher risk cases and
17 first-time applicants and give us a lot more
18 flexibility on how we structure our international
19 operations.

20 So the language to do that is in the CIR
21 package that was passed by the Senate, but its ultimate
22 legislative fate remains uncertain. So your advocacy
23 of that and the whole package is -- we can't lobby, but
24 it's appreciated.

25 Full fee retention is also something that

1 would benefit the Department of State. We talked with
2 John in the subcommittee about that. The challenge
3 within is that it's not budget neutral. In other
4 words, we retain 100 percent of the visa fees that asks
5 us to pay and we use that to support our operations, so
6 no taxpayer dollars are used for that.

7 But some of our other consular fees from
8 passports, U.S. passports and for immigrant visas,
9 people immigrating to the United States, we have to
10 turn over to the Treasury. Were that money to be kept
11 at the Department of State, it would increase the
12 deficit and so that's the big stumbling point. When
13 people look at this they say, if there's no way to find
14 other funds to replace that money it means the deficit
15 will grow, and that is politically dead in the water.

16 But were we to get that, and with the support
17 of the board, it gives us additional flexibility to do
18 our work both in the United States and abroad. We
19 continue to work on expanded visa validity China. I
20 have nothing new to report on that. It's going to be a
21 long slog ahead. We certainly do appreciate the board's
22 open advocacy of expanded view -- because there are
23 other entities that are not in favor of that, so your
24 voice needs to continue to be heard.

25 I guess, in the interest of time, I'll stop

1 there and see if there are any questions.

2 CHAIRMAN DAVIDSON: Well, Ed, thank you very
3 much.

4 Any questions for Ed?

5 MS. MATTHEWS: What can we do on expanding the
6 China visa validity? What more can --

7 MR. RAMATOWSKI: Well, I just think at this
8 point, because it's an internal U.S. Government debate
9 at the moment, just continuing to be publicly in favor
10 of it and pointing out the benefits of increased travel
11 from China and the effect on the economy, the effect on
12 jobs in this country, would be very useful.

13 MS. MATTHEWS: Where's the most opposition?

14 MR. RAMATOWSKI: You know, the main issue with
15 China, and I can't go into details, unfortunately, but
16 it relates to national security and -- so agencies that
17 are concerned with that have issues.

18 (Laughter)

19 MS. MATTHEWS: Was he the master of diplomacy
20 or what?

21 (Laughter)

22 MR. RAMATOWSKI: I don't want the people that
23 put on the handcuffs to haul me out of here.

24 MR. GILLILAND: So Ed, there's China, there's
25 advocacy that we can do around funding. What other

1 things over these next couple of years can we help
2 with?

3 MR. RAMATOWSKI: Well, again, the expanded
4 authority for the Secretary of State to waive
5 interviews. If CIR -- you know, we don't know what will
6 happen if it doesn't go through. We are still highly
7 interested in getting that through some other
8 legislative viewpoint and that would be useful. I
9 think continued support of the value of travel and
10 tourism is always good.

11 I would like to renew my offer to any members
12 of the board who are traveling abroad, if they would
13 like to visit an embassy and see the work that our
14 officers do, please let me know. It's one thing to
15 hear about it from me, it's another to see it
16 personally.

17 MS. MATTHEWS: You're going to be weighing
18 visa waiver opportunities, Chile, Brazil, versus
19 additional countries that are participating in Global
20 Entry. It sounds like the balance has shifted and it's
21 more worth our while to spend time advocating for more
22 reciprocity in Global Entry. Is that correct? We've
23 been talking about visa waiver for a long time. It's
24 like video conferencing that we've been talking about
25 for a long time, but it sounds like maybe the choke

1 point of Global Entry is the better way if you're --

2 MR. RAMATOWSKI: Well, that's existing now and
3 is, I think, subject to positive influence. Visa
4 waivers are entirely dependent on Congress. There is
5 language to change the requirements for a visa waivers
6 in the comprehensive immigration bill to raise the
7 refusal rate limit to 10 percent, which would allow
8 other countries to come in, potentially. But that is
9 at the mercy of Congress. Lobbying other countries and
10 building up Global Entry is something the board could
11 do right now.

12 CHAIRMAN DAVIDSON: Terrific. Ed, thank you
13 very, very much. Great report. Appreciate it.

14

15

16

17

18

19

20

21

22

23

24

25

1 **DISCUSSION OF MID- TO LONG-TERM INDUSTRY ISSUES**

2 **Sam Gilliland, Board Vice-Chair**

3
4 CHAIRMAN DAVIDSON: Next up on the agenda is
5 our conversation about near- and long-term goals. I
6 want to applaud Sam on, if you hadn't noticed, very
7 adeptly gleaning some of these near- and long-term
8 goals as we've gone through our reports today.

9 But Sam, with that, I still want to turn it
10 over to you to lead us in some discussion.

11 MR. GILLILAND: We're over time.

12 CHAIRMAN DAVIDSON: Yes.

13 MR. GILLILAND: So we may manage the process a
14 little bit differently here. I thought I might just
15 state a little bit more around the objective and at
16 what point this agenda item was. We were really
17 looking forward as we thought about the next meeting,
18 and then as we think about the next advisory board term
19 I imagine some folks here in the room would be on that
20 advisory board.

21 But to lay out, to provide our views based on
22 what we've recommended so far and what we'll recommend
23 going into the December meeting, lay out our views on
24 what we think is most important as the next board comes
25 in and as they begin to advise the Secretary and offer

1 up views to the Secretary on what she might view as
2 what she should consider as priorities for the next
3 board and where we might focus our energies.

4 Now, for some of you that had the benefit of
5 participating in this get-together we had over coffee
6 with the Secretary yesterday--I think you've heard
7 reference to this, again, if you weren't there--she
8 really encouraged us to focus on the next three years
9 and what can get done, what's the most important and
10 what can get done over these next three years of the
11 current administration.

12 So how would we prioritize our work and how
13 could we prioritize our work in this public/private
14 partnership to get a lot of stuff done? I think
15 everybody who sat in that meeting -- she's going to
16 challenge us to really get a lot done here in this next
17 term.

18 So what we were hoping to do during this
19 period of time, and what I have been trying to glean
20 actually because I was a little worried we might run
21 out of time, what we were hoping to do was brainstorm
22 on what the group thought was most important.

23 What I might suggest process-wise, Jenna,
24 since we are over time, I have been taking a lot of
25 notes, both from the subcommittees and also as we've

1 been hearing from the various ex-officio members,
2 taking notes on what we may have missed, what the gaps
3 are, what we didn't get to recommend, what we think is
4 most important.

5 I do think there are probably three or four
6 areas where we ought to follow up, and I'll ask if you
7 could think about it and provide your feedback via
8 email as to really look at three or four areas.

9 One, is recommendations that we've made during
10 this two-year term, or will make in the December
11 meeting, that are really important, that are
12 implementable, that we haven't gotten accomplished as
13 yet. So that's kind of point number one.

14 I think for the most part I've documented this
15 and inventoried it over the last couple of hours, but
16 gaps in terms of what the subcommittees really wanted
17 to get done but didn't have time to get through, areas
18 that the various ex-officio members have laid out as
19 opportunities over the next couple of years. Again,
20 I've been taking notes along those lines.

21 Then are there other areas that go beyond
22 those that we'd recommend that the next board take on
23 as a part of their work? What I thought I could do is
24 try to organize a little better than I have on these
25 slips of paper, organize the notes that I've taken,

1 Jenna, that we can send that out to the board and have
2 follow-up discussion that gets to more the priorities
3 around what we really think. And it's not just around
4 priority, but what do we really think we can get
5 accomplished these next two or three years and maybe
6 have a short, 30-minute call here in the next, say,
7 month. Maybe -- I'm not sure if we've got anything
8 already scheduled.

9 MS. PILAT: Yes, we've got our board call --

10 MR. GILLILAND: Yes. Okay. So at that board
11 call we can go through that list. Certainly I'd be
12 very appreciative of any other input that you might
13 have that you could send my way. Again, we'll put it
14 together in hopefully a relatively concise form and
15 then we can debate that a little bit on the phone and
16 be on our way toward the December meeting. Does that
17 sound okay from your perspective?

18 MS. PILAT: Perfect.

19 MR. GILLILAND: Okay. All right. So if we
20 don't hear from you we will ping you and ask for
21 feedback and help along those lines. Okay?

22 CHAIRMAN DAVIDSON: Terrific.

23 MR. GILLILAND: Is that okay from your
24 perspective?

25 CHAIRMAN DAVIDSON: Yes, that's terrific.

1 MR. GILLILAND: All right.

2 CHAIRMAN DAVIDSON: Does anybody have any
3 questions for Sam, though, about what we just mapped
4 out?

5 (No response)

6 CHAIRMAN DAVIDSON: Great. Well, we will make
7 it part of our next board call then in October. So,
8 we'll try and get that all pulled together quickly.

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

NEXT STEPS**Todd Davidson, Board Chair**

1
2
3
4 CHAIRMAN DAVIDSON: So in terms of next steps
5 and to echo a key point that Sam just made, we're
6 looking obviously ahead to our December meeting which
7 will be kind of a bit of a sunset meeting for this
8 particular board.

9 My ask of you, to echo what Sam just said,
10 especially to our subcommittee chairs, is to -- as we
11 think about the final report that we're going to leave
12 with the Secretary, all of your recommendations, the
13 ones that have already been submitted, the ones we
14 approved today, the ones that you're working on to
15 present in December, obviously are going to be part of
16 the body of work of this board going forward.

17 But to take the time in your subcommittees to
18 identify those near-term priorities that Sam just
19 alluded to, that would be a key take-away in terms of
20 an ask from Sam and I to you between now and our next
21 meeting so that we can begin to formulate those
22 priorities into a final report for the Secretary.

23 Also, for those of you that were here for our
24 briefing over lunch with the folks from the National
25 Economic Council, they left us with their Power Point

1 presentation and asked us to essentially answer those
2 questions around each of those five different ideas.

3 Please, please, they are looking for our
4 feedback. Honor them with that and answer those
5 questions on those that are perhaps either most germane
6 to you or those that you have thoughts and input on.
7 You can either just return those Power Point
8 presentations directly to Jenna or you can submit them
9 electronically by email directly to Jenna. Just
10 mention "White House briefing" or "NEC briefing" in
11 your subject line so she knows how to compile it, okay?

12 MR. GILLILAND: Can I offer just one more
13 thing on that?

14 CHAIRMAN DAVIDSON: Please. Please.

15 MR. GILLILAND: Jenna, help us, process-wise,
16 with whether you think this is feasible or not. They
17 offered up five or six different ideas here for us to
18 talk about. It seems to me like there may be a subset
19 of things that we think are near-term priorities that
20 they ought to have on their list, and through that
21 briefing they've given us an entree to say these are
22 some things we think are really important for you to
23 spend some time on, and maybe out of that October call
24 we can come up with a few things that go beyond what
25 they've laid out here, or maybe automatically, but a

1 few things that we could add to that. Is that, process-
2 wise, feasible or is that somehow --

3 MS. PILAT: Yes. No, I think they're --

4 MR. GILLILAND: Yes.

5 MS. PILAT: I think on that particular front
6 sooner is better because this meeting comes in the
7 context of the Tourism Policy Council meeting on
8 September 26, and some additional meetings in the
9 inter-agency --

10 MS. MATTHEWS: We would really like to have
11 that if there are, that input would be very helpful
12 very soon. Not that other ideas can't come in over
13 time, no question, but we would love to try to capture
14 the momentum.

15 MS. PILAT: But the entre as well. If there's
16 an idea that you were thinking about that was not on
17 one of those five slides, now is absolutely the time.
18 The government does not assume that we have a premium
19 on good ideas; in fact, we look to you for all of
20 those.

21 CHAIRMAN DAVIDSON: Terrific. All right.

22 Well, with that I will --

23 MS. PILAT: Can I say one thing?

24 CHAIRMAN DAVIDSON: Yes.

25 MS. PILAT: Our last meeting date is set.

1 It's December 12th. It will be in DC. Apparently the
2 Travel and Tourism Advisory Board is like a gas, it
3 fills the space in which we provide it, so three hours
4 we stretched into three hours and we will try to
5 accommodate the meeting agenda. It looks like we're
6 going to have a lot to talk about, a lot of
7 recommendations, so we will probably go longer.

8 CHAIRMAN DAVIDSON: It'll be a four-day
9 meeting.

10 (Laughter)

11 CHAIRMAN DAVIDSON: Bring your pillow.

12 (Laughter)

13 MS. PILAT: So December 12th in the morning,
14 but the afternoon of the 11th we will look to do
15 subcommittee meetings and a similar type White House
16 briefing like the last time. So if you have ideas of
17 things that you would like to do, whether that's White
18 House or a congressional visit, please let me know and
19 we'll try to work that into the schedule. But right
20 now we're aiming at the afternoon of the 11th, morning,
21 and possibly into lunch of the 12th.

22 MS. ROCAFORT: So you need us here by noon on
23 December 11th?

24 MS. PILAT: Yes. I need you caffeinated for
25 24 hours.

1 (Laughter)

2 MS. ROCAFORT: Okay.

3 MS. MATTHEWS: Jenna, what is your
4 recommendation on reapplication for the board, and sort
5 of, what is the guidance generally that you give people
6 that have been on one term, two terms, three terms?

7 MS. PILAT: We will be sending out an
8 evaluation form at the end of the month. The curtain
9 will open at the end of the month for the next board.
10 We encourage all current members to reapply. We love
11 having members come back and help to be able to guide
12 the process along.

13 Current members, we need to have updated
14 information and some of the affirmatives, but actual
15 processing of the affirmative statements need to be
16 reaffirmed. It doesn't have to be --

17 MS. MATTHEWS: Even recent new members have to
18 go through the process?

19 MS. PILAT: Well, yes. We can talk about what
20 we need. We need to make sure that the affirmations,
21 for the most part, are current. But yes, we want to
22 make sure that we've got a good mix of existing members
23 and new members.

24 MS. MATTHEWS: And the request for new
25 applicants that went out within the past month, that is

1 to tee up new members potentially from different
2 verticals or segments?

3 MS. PILAT: We had a recruitment that went out
4 for board members for Travel Promotion. We have not
5 had one yet for --

6 MS. MATTHEWS: That's right. That's right.
7 That's right. That's right.

8 MS. PILAT: This one has not gone out.

9 MS. MATTHEWS: Yes. Required. Right. That's
10 right.

11 MR. GILLILAND: Okay. Terrific. All right.
12 Well, thanks, everybody. Thanks for sticking with us,
13 and thanks for the great work in the interim. I will
14 see all of you on the phone in December. So, thanks.

15 (Whereupon, at 4:47 p.m., the meeting was
16 adjourned.)

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Travel and Tourism Advisory Board, held on Tuesday, September 17, 2013, in Washington, DC, were transcribed as herein appears, and this is the original transcript thereof.

LISA L. DENNIS,

Court Reporter