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:

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MR. KEN HYATT
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Department of Commerce

MR. DOUGLAS SMITH
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Department of Homeland Security

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Department of Commerce

MS. JENNA PILAT
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Office of Advisory Committees

MR. CHRIS THOMPSON
Chief Executive Officer
Brand USA
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OPENING REMARKS & INTRODUCTIONS

Todd Davidson, Board Chair

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

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

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

(Applause)

CHAIRMAN DAVIDSON: It was referenced a little
bit earlier in Ken's comments as he opened up the briefing with the NEC that a few of us that were able to come in early were able to sit down and have a very informal meeting with Secretary Pritzker. We kind of referred to it as a bit of a coffee klatch where we were able to meet in her conference room.

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

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

I shared a little bit about the work that we've done to date, how at our inaugural meeting in January of 2011 we had a very special guest who went by the name "Mr. President" and how he came and issued the executive order, and subsequently this board immediately had a short-term action item, and that was, help impact the development of the national travel and tourism strategy.
That kind of became our 90-day work plan as we were trying to also form our subcommittees and start dealing with some of our other issues of industry concern as well.

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

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

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

For example, when Douglas has said we've got TSA pre-check but we need the industry to help us bolster the recruitment, and subsequently members have responded by including it in their industry newsletters and in other ways, but helping solicit recruitment for
I guess the third item that has kind of led to our success is just the high degree of respect that we have for one another and for our respective roles. As the Secretary said yesterday, America needs to both promote and to attend to the visitor's experience. When you think about role as the Travel and Tourism Advisory Board, we place such an important role in providing that advice and counsel to the Secretary, especially in the area of the visitor's experience.

When you think about visa, visa processing, wait times at Customs and Border Protection, at our airports and such, NextGen, the business climate, we're impacting that visitor's experience in moving forward. In so doing, we're obviously unleashing the power of the U.S. travel and tourism industry to create jobs. We know that's near and dear to this administration's heart and it's near and dear to ours, and we know it to be true. We have an administration that obviously knows it to be true and embraces that as well.

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

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

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

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

So I know many of us were here for the briefing, but I would be remiss if I didn't afford us the opportunity to go around very quickly and just
introduce ourselves again for the record, our names and who we're with. I'll start with our Vice Chair. So, Sam?

(Whereupon, the committee members introduced themselves.)

CHAIRMAN DAVIDSON: Thank you, everyone.

I would now like to turn our meeting over to Acting Deputy Under Secretary Commerce, Mr. Ken Hyatt. Ken?
WELCOME REMARKS

Ken Hyatt, Acting Deputy Under
Secretary of Commerce for International Trade

MR. HYATT: Thank you, Todd. We need a theme song.

(Laughter)

MR. HYATT: Thanks and greetings. Land of dreams. That's what I should sort of agree to. So, thank you and welcome, all. I think, Todd, it's been quite a trip we've been on together over these years. If you actually do start at the beginning and look at a national strategy, you look at the recommendations, the impacts, and the performance of the sector.

So, I mean, there is a deep thanks to this group because I think you have made a real difference. We still, of course, have high expectations for today and for the last three months, but I think there is a -- I just, first and foremost, thank you for everything that people here have done in the context of the Advisory Board, in conversations where people have provided advice on a set of topics. We appreciate the partnership everyone has shown here.

Let me then just start, give you a couple quick updates on things from the Commerce perspective.
I know different folks will update different pieces of it. I think people know that the SIAT -- we published the results of the survey a couple of weeks ago. I think it was September the 5th. I know each of you have been reaching into our website to read all the behavior shifts that we're observing, the changes by State, but there's a lot of additional data that's just come.

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

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

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

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

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

They looked at this and said although our sample size is smaller on a percentage basis, the data collected is as good or better than that of other countries reviewed, and they issued a thorough report that concludes the methodology is sound.
As Isabel told me the story, she listened to this report by the expert with all kinds of detail and data, and then sort of said, so can you net this out for me? The net out was, this is a really good survey and the methodology is sound.

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

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

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

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

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

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

(Laughter)

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

Moving forward in our agenda, next up is the discussion and deliberation of our proposed Advocacy Subcommittee's recommendations. As I turn it over to Bob and Maureen, just a little bit of a reminder for
TTAB members that Bob and Maureen will review the letter, they'll summarize for us the process that they went through to develop it, they'll discuss the issues and recommendations that are included in that, and then we will discuss the letter. Our goal is to reach consensus in terms of the adoption of the letter.

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

Bob?
DISCUSSION & DELIBERATION OF PROPOSED
ADVOCACY RECOMMENDATION

Bob Lynch, Advocacy Subcommittee Chair
Maureen Bausch, Advocacy Subcommittee Vice-Chair

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

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

Laura Mandala, and Rossi Ralenkotter are on the committee but they have their own committee, the Research Committee, so they weigh in as they can. So with that we've had a terrific group, also with a lot of help from Todd and Sam along the way. Ron Herman was with us today at the meeting and Jenna, as always--
she's not here in the room to thank, she has run
downstairs for a task--has been terrific. So that's
the committee.

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

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

Then when that version went out there were
some additional comments. In particular, Brian Mullis,
I just want to just mention, did some terrific comments
largely around sustainability in the tourism industry.
We took a look at those comments.

That was not that long ago, this past week,
and incorporated some of the comments and made the
determination that they warranted fuller exploration
and a letter, separately perhaps, related to
sustainability issues that would be something we'd work on in the next months for the December meeting. So that's the second version that some of you may have seen.

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

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

Before I do, I'll just say that our committee should feel pretty good after the National Economic Council presentation by Byron, because many of the things that they were talking about were things that happened to be in our letter, things like promotion related to the broader industry, facilitation of impediment reduction like Global Entry, supporting technology innovation as it relates to markets and aggregating markets, the bully pulpit Federal convening for advancing the cause, advocating for the cause, and
partnerships, Federal, State, local, and private. So, there seems to be some good connectivity there.

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

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

The first one is advocacy in the sense of raising this understanding of the value of tourism across Federal agencies. So there are many other Federal agencies. They don't think they're about tourism, but we know they're about tourism because they're about content for tourism, or they're about control mechanisms that relate to tourism.
MS. AGRA: Excuse me. I'm sorry. Our committee had just one final request for edits in this area.

MR. LYNCH: Okay.

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

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

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

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

The second point there is about strengthening the content and the demand for why people come to our country and travel. So, more understanding of investment and basically encouraging that investment, whether it's historical, natural, or cultural, which, when I came to my very first meeting here there was a lot of talk about--and we put the words in there--the authentic experience that is available uniquely in this
country. We made an edit in that sentence to add the words, "and territories" and have put territories in throughout the letter as an amplification of States."

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

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

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

Under "maintain the leadership of the Tourism Policy Council", the idea there is to continue the good work of the Council, having the people who are by mandate in the statute asked to come and then
encouraging and continuing to encourage others who -- some of them have been coming but they need to know it's important, and constantly be asked to come, whether it's Department of Agriculture for agro-tourism, the National Endowment for the Arts for cultural tourism, and there may be others, but those are the ones that our committee had in there.

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

The next section that you see is one section -- it's related to American Indian and tribal assets where in our committee this morning we made a number of changes. They are clarification changes, not so much content changes, but they have to do with the use of the word "American Indian" versus "indigenous" and enhancing clarification that we're talking about public lands, waterways, tribal communities, et cetera. I'm
not sure I have to read it out because it's clarifications along those lines, but those were some changes that our committee made this morning.

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

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

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

We would like to encourage the urging and the encouraging of them and local level leaders to use tax credits and other kinds of incentives for the creation of cultural districts, creative corridors, innovation hubs, et cetera, that are hugely interesting now in the broad business community and in the international
community and we felt would be a great asset here. Largely, we're looking at the bully pulpit of the Secretary.

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

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

In the section there called "Implementation of the National Travel and Tourism Strategy" we excerpted recommendations that were already in that strategy. Our point here is to expand those recommendations—to support and possibly expand those recommendations. One, was the holding of a summit on travel and tourism with Federal agency leaders, along with State and private sector leaders, fostering better communication among them.
The promotion of regional tourism was a section that we wanted to see enhanced, partnering with State, local, tribal, territorial governments on promotional campaigns was another, then the creation of a National Travel and Tourism Office at the Department of Commerce. We make the point that we know that that's been done, but we're specifically looking for action that increases the staff there and the resources for this move.

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

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

Then finally, increase outreach efforts for travel and tourism. We have recommended adopting a communications plan. Some of you have seen that
Maureen did a wonderful job in drafting a communications plan that could very well be another letter, or we're going to discuss that over the next months, both communicating in general but also crisis preparation and a capacity building plan.

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

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

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

MR. LYNCH: Thank you.

MS. MATTHEWS: I had a chance to kind of provide some input earlier, but since then Secretary Pritzker yesterday sort of challenged everybody to
really focus on, you know, what we might describe as WIGs, Wildly Important Goals, essentially trying to winnow what we focus on particularly in the next three years where the existing administration could really rally around delivering a few things.

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

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

Are we, with all of our letters, knowing that we've been told to focus on near-term deliverables that we could actually achieve -- there would be stretches -- whether that's maybe a good strategy for us to think about.
MR. LYNCH: I mean, one thought on that, you know, because I would imagine that if adopted that strategy we would have to reapply it to all the letters.

MS. MATTHEWS: Right. I know.

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

MS. MATTHEWS: Right.

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

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

MR. LYNCH: Yes.

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

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

MS. MATTHEWS: Right. Right.

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

MR. GILLILAND: Yes. I think a little bit later when we have the discussion on mid- and long-term
issues that we'd like to move and address, I think
there's really two or three things that I think we'd
like to focus on. That would be prioritize the existing
recommendations, either ones that we've done over the
course of the term or that are coming forward in the
next several months. So we'll be prioritizing there.

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

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

MS. ROCAFORT: I just want to add, there was a
really important point, you know, the issue of which
one is important and which one is achievable. They may
not be the same, depending on the priority of the
administration, et cetera, because there may be some
really important ones but are going to take a little
longer. So that's something we also have to think
about and weigh.
MS. RUPERT: I think there's one thing that all letters could do that's actionable, again, to reemphasize to the Secretary of Commerce is that dedicated staff and person for the Tourism and Travel Department in the Department of Commerce. When you get that director of the OTTI, can they get a staff to implement these recommendations from the advisory board?

MR. HYATT: And obviously one of the questions will be, and how might the industry partner with us to implement, because part of the resource question depends upon whether we're doing it alone or with you. So that's another, I think, secondary question, which is, how might you help? Because that might change whether it's -- if you're working with us versus if we're doing it.

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

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

MR. HYATT: Can I ask one question about your
recommendations? And this is just a point of my own information. The red edition on workforce, one of our secretary's priorities is this issue of workforce. How much work is being done out there now with the Department of Labor, with community colleges, on building the skill sets for tourism? Is this very natural? Is it happening all over the place, is it not happening at all? I know the answer in manufacturing. I don't actually know the answer with respect to tourism.

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

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

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

But there are lots of opportunities and there are lots of community college programs that could be even just mildly shifted and that could fit what Labor is doing and what Labor is looking to support and the
jobs that they are looking to create or the ways in
which they're looking to put people back to work and
the different sectors that they're looking to put back
to work.

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

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

MS. RUPERT: The restaurant industry -- the
National Restaurant Association has a national program
called ProStart which is an accredited high school
program, training in tourism and restaurant capacity
for management to culinary, and it's a graduated
program and it goes right into community colleges and
universities. So that's a great tourism resource
that's a national program.
MS. AGRA: Ken, I would just add, in an urban center like Chicago, the connection has been made so almost every university has a hospitality/tourism/cooking institute, including we even have our own -- Kendall College has hospital and cooking institute and they are connecting with the hospital industry. So if you want to look at a city that is working on that, we'd invite you to come over and we can give you a tour of all the universities.

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

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

MR. GILLILAND: And Maryann, did you say that your subcommittee wants to make recommendations here before the end of the --
MS. FERENC: That's correct. Our intention is to make the recommendation on this issue, not at our December meeting.

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

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

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

MR. LYNCH: So are there any additional comments that anybody wants to make? The one additional comment that I have was at the beginning of this line to be added that says "enhanced sustainable green growth balancing people, planet, and profit", so
that's one addition. Are there any other additions?
Then maybe we could discuss that one, briefly.

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

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

CHAIRMAN DAVIDSON: Okay. When we had our conference call a week or so ago specifically on this letter and we were looking at some of the suggested additions related specifically to sustainability that Brian had submitted, there was discussion around having a letter that dealt with these sustainable tourism
recommendations specifically. Kathleen, though, very aptly pointed out that we should also make sure that sustainability is woven into all our work.

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

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

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

MR. LYNCH: And that's very understandable, so
that's a great clarification. So, in everything we do.

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

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

CHAIRMAN DAVIDSON: Okay. Terrific. Thank you.

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

MS. ANDOLINO: Just one clarification.

CHAIRMAN DAVIDSON: Yes.

MS. ANDOLINO: I think when Kathleen talked about the communication, were you going to add Brand USA in there somewhere, too, in the marketing strategy?

Was that part of the comment as well?

MR. LYNCH: Yes. I made that comment and I actually thought we had it in there. I thought we did have it in here, but I want to make sure it's where Kathleen would like it to be. You were talking about
at the end, so I'm happy to put it there, too.

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

MR. LYNCH: Right.

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

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

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

CHAIRMAN DAVIDSON: Perfect. You good with that?

MR. LYNCH: Yes.

CHAIRMAN DAVIDSON: All right. You have absolute power.

(Laughter)

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

Any other thoughts or comments?

(No response)

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

MR. RALENKOTTER: So moved.

MS. FERENC: Second.
CHAIRMAN DAVIDSON: All right. Motion from Rossi, second from Maryann. All those in favor, indicate by saying aye.

(Chorus of Ayes)

CHAIRMAN DAVIDSON: Any opposition?

(No response)

CHAIRMAN DAVIDSON: All right. Motion carries. The letter is adopted, as amended. All right. Bob, Maureen, members of the subcommittee, thank you. Excellent work. Really, really good work. And to everyone else, thank you for your engagement as we made sure that the subcommittee's recommendations were the full board's recommendations as well. So, nicely done, team.
CHAIRMAN DAVIDSON: Moving on to other work of our subcommittees, I'm going to start with Maryann, not only because we're just going to start with Business Climate and alphabetically that works, but more importantly you issued a specific request to all the subcommittees.

MS. FERENC: That is correct.

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

MS. FERENC: Absolutely.
SUBCOMMITTEE REPORTS

Business Climate Subcommittee

Maryann Ferenc,
Business Climate Subcommittee Vice-Chair

MS. FERENC: Absolutely. In a challenge from someone seated at the table here at our last board meeting, the recommendation that we made that surrounded public/private is we were calling it collaborative, which is synonymous with the public/private partnership.

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

And it became very obvious that one of the next steps that we needed to do -- and as you can see, that step is reflected in so many of the conversations--the presentation we had today at lunch, the conversation we just had now from the Advocacy Committee, and other things have been said around the table--is to look towards the two sides of the table
here and say, what does the public need, public agencies need from the private sector to get those high priorities done? What do they most need from the private sector? What would be those dreams and what would be most valuable? And as well to ask the private sector to look and again say, what is most valuable and what can you do, what do you want to do, what are the motivators?

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

So that really is the conversation that we want to have around the table. We obviously don't have enough time to have that conversation at the right length that it needs to be had, but we will continue to have that in subcommittee and full board, the subcommittee with inviteds, whoever would like to participate, continue to have that conversation. We certainly want to have some of that conversation today. I think it also fits into what Sam kind of talked about and what the Secretary challenged us to
yesterday: what are our priorities, what are the things that we think that are achievable, and then where does the private sector fit in into assisting those things to become a reality? How do we have successes? What can we do, as Kathleen brought up? What can we do? What are those next things that we can do and where does the private sector really plug in? How does it work for them? So that's the conversation that we want to have. It certainly has entered all of our different conversations, but I think there are different levels at which it happens.

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

We believe that if we look at the successes that we've had to date and we put some more specificity to that and more meat on those bones, that we can create future successes. So that's the goal here and that's why we're asking the question that we hope some of you have had time to discuss in your subcommittees,
or if anyone has in conversation around here today, or
that you will join us on our next subcommittee call and
get specific about that.

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

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

MS. FERENC: Okay.

CHAIRMAN DAVIDSON: Thank you, Maryann.

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

There are lots of very interesting ideas out
there around that, so bringing forward something around
that. Then the other two sections that we are working
on, two recommendations that we plan to bring forward,
are around labor and working on the workforce
development issue. As I said, we had Labor at the
table there. They have goals that absolutely align with our industry. There are opportunities that are there for our industry.

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

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

One of the things that we absolutely see is that easier private sector participation is that the marketing of all of these different programs is something that the public sector needs help with. There are lots of great programs that the SBA is doing.
They are not penetrating the tourism industry, throughout the tourism industry, to any -- to the great degree that they could be, and so the marketing of those programs is something that is something that is going to be one of the easier things that we're looking for, if you will, that we can do within that realm, as well as them looking for other public/private partnership opportunities within that.

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

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

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

MR. HYATT: Do you have any guidance for us as to how we can help identify partnerships? Again, I'm thinking very concretely out a couple of weeks with the Tourism Policy Council meeting. Is there a task you'd ask us to do?
Again, it seems to me this industry -- there are lots of opportunities. It again goes to, how do you actually create and execute them? So I guess I was just asking if the committee has any advice on how we use the Tourism Policy Council meeting, if there are hypotheses you have as to partnerships that we should be exploring, if there's a question you want us to analyze, it would be very timely.

CHAIRMAN DAVIDSON: Okay.

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

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

MS. FERENC: And Laura, one of the great
things about the face-to-face meetings certainly is the opportunity to sit down with SBA today. We've done several phone meetings, but the opportunity to sit down today with someone from SBA. We made so much progress along those lines. Yes, I can do that, and I'm going to be your original point of contact.

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

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

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

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

(Laughter)

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

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

CHAIRMAN DAVIDSON: Any others?

(No response)

CHAIRMAN DAVIDSON: All right.

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

Research Task Force Report

Rossi Ralenkotter, Research Task Force Chair

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

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

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

MR. RALENKOTTER: I think the other important
outcome of this subcommittee is the consensus that the SIAT research and the research where our industry needs to stay in Commerce, we need to have that Good Housekeeping Seal of Approval for that.

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

So we need to kind of distill that down. So the biggest thing is that we've got consensus on that. Now it comes down to what Laura said, the financing of that, or how do we pay for this? I think this is the perfect opportunity for that private/public partnership to go forward because we have traditionally over the years paid for additional surveys, cross tabs information.

The bigger the sample size, the more opportunity there's going to be for that. It's going
to allow us to drill down into that data more
effectively than we had in the past. So, we'll come
back at the December meeting with that. Also, the
immigration bill is still moving in some direction.

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

CHAIRMAN DAVIDSON: Thanks, Rossi. Thanks,
Laura.

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

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

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

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

CHAIRMAN DAVIDSON: All right. Thank you both.

John, Travel Facilitation Subcommittee.
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
people on our subcommittee think as well. We talked about some of the issues. For example, having passport renewal automatically continue your global entry, and that there are really systemic IT issues as to why that can't happen now. But CBP is going and Homeland Security are going to include information as much as we can with respect to people's passport renewals to tell them, there is something you need to do in order to make sure your Global Entry continues, but that down the road this is something we're talking about if we can figure out how to make the systems talk to each other.

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

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

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

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

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

MR. SPROULS: Will it?

MR. WAGNER: Yes. As long as your name doesn't change it works.
MR. SPROULS: Excellent. I didn't know that.

Thank you.

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

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

MS. ANDOLINO: I would be happy to talk about that, too. I'll let John go first, but if I could it is a great example of a public/private partnership because it's the public, whether you're an airport as
well as the government—we're both governments—and our airline partners that made this all happen. It was a three-legged stool. John, why don't you go ahead and then I'll catch it on the end.

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

MS. ANDOLINO: Six months.

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

MS. ANDOLINO: It's amazing.

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

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

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

MS. ANDOLINO: Absolutely.

MR. SPROULS: It makes that kind of an impact.
That's it. I'll let Ed and Douglas take it when they get to their reports in terms of the bulk of the things that we talked about with respect to our facilitation letter.

CHAIRMAN DAVIDSON: Terrific. Thank you, John.

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

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

Not to embarrass John, but for those of you who haven't met John before, John is actually -- and I will embarrass him. He is the father of Global Entry. He was, day one, who never stopped working this
program. So the success of Global Entry, for all the people that say that government bureaucracies don't work and people don't know what they're doing, poster child right here. Plus, he plays a great Black Sabbath cover --

(Laughter)

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

But Holly, on Infrastructure and Sustainability?
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
initiatives when applying for these grants.

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

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

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

MR. GILLILAND: Holly, anything that you won't get covered by the December meeting that you had hoped
to topic wise?

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

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

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

MR. GILLILAND: Okay. All right.

MS. AGRA: But also certainly airports and runways.

MR. GILLILAND: Okay.

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

MR. GILLILAND: Yes. Okay.

MS. MANDALA: Could I make one quick suggestion also for the Department of Transportation is the byways program, Scenic Highways and Byways Program,
be incorporated into that somehow?

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

MS. MANDALA: Okay. Great.

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

MS. AGRA: Yes. That would be great.

CHAIRMAN DAVIDSON: All right. Well, thank you, Holly. Thank you to the members of the Infrastructure and Sustainability Subcommittee as well. John, I am ready to turn it over to you. For those of you that haven't met John Wagner, he is the Acting Deputy Assistant Commissioner for Field Operations for Customs and Border Protection, but as we learned here today he is also the father of Global Entry.

(Laughter)

CHAIRMAN DAVIDSON: I have no idea what instrument you play; I'm more of an REO Speedwagon --
you're a drummer too?

MR. WAGNER: Yes.

CHAIRMAN DAVIDSON: Sweet. I'm an REO Speedwagon guy. But John, I'll turn it over to you.
MR. WAGNER: Great. Thanks for having us today to talk about this. It's real important to us. We put a lot of work into what we're trying to accomplish and we've had some real good successes that we'll talk about.

(Showing of slides)

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

(Changing of slides)

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

Those are increasing. What's challenging for us then is the graph in the lower left corner of the
slide. There are staffing levels that remain fairly static since 2009. So with the challenges of increasing volume and flat-lining staff -- actually, if you look at it, our staffing costs go up a little more each year because personnel get more expensive, so the amount of work hours that we can buy each year with that number of personnel actually decreases slightly.

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

(Changing of slides)

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

But we really want to be on the right side of that. We see ourselves as having a critical role in not only help sustain this, but really a push to have growth further upwards of the 100 million visitors that we do want to see here.
We have also had some economic studies done. We had a group called Creative out of the University of Southern California come in and look at some of the studies, mostly land/water focused, but we try to quantify, what does a CBP officer mean? And some pretty astounding figures they came up with. It's $2.5 million support to the GDP and the economy, a CBP officer at a port of entry, when you look at the workload and volume that that person can process.

So really, we want to make the case that we're a good investment for the country to make, we're good stewards of the taxpayer dollars and the fees that we collect. We're an innovative and flexible organization, and Creative, and we'll talk about that next, but really that we're a good investment to make. Investment in CBP staffing really can pay the country back in billions of dollars when you total up the figures.

So we've got a three-part strategy called a Resource Optimization Strategy. Part of this is the business transformation efforts and us, as our Deputy Commissioner Kevin Macolini coined the phrase. We're relentlessly self-critical in how we analyze our operations and take a real hard look at how we've been doing things.
Some of our processes date back to when airlines started flying and they really haven't changed a lot of those processes for -- to baggage claim to Customs. We've merged the agencies but we still have these two or three stock processes at the airports. We're still using paper forms in a lot of cases.

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

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

Then some of the more controversial parts of the strategy is how do you pay for those officers. It is a big number. What are some ideas on how we can
actually support to pay for them in some of the out
years and budget requests that go forward?

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

Automated passport control we'll talk about
next. The I-94. We finally got rid of that white paper
form that people with a visa would have to fill out.
That saved us about $15 to $17 million dollars in data.
We type that data into a database. The kicker is, we
already had the data electronically, so a database was
just a matter of linking it up.

It was a little challenging because there is a
serial number on those forms that some travelers do
need, so what we put up was a web page where travelers
can download that form if they need it to reengage with
the government for other purposes, like Social Security
or citizenship and immigration services, or motor
vehicle. They can go to the web page and pull out
their mission number.

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

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

Looking at some mobile technology things with
Blackberry devices can allow us to run queries on a
Blackberry device. Of course, Global Entry and the
other trusted traveler programs, we're continuing to
pitch those. We're doing about 100,000 applications a
month now for all of the trusted traveler programs
between the Global Entry, Nexus, and Sentry.

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

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

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

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

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

   Did we skip the -- was there one more there?
   
   MS. SHEPHERD: No, they probably took it out.
   
   MR. WAGNER: No Automated passport control?
   Okay. We'll talk about that. We had a slide which
showed some of -- and I'll pass this around. But it
showed the process on how we've designed this, so we
took -- you know, it's kind of like a Global Entry
process but there's no enrollment, there's no pre-
approval, there's no fee.

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

   So what we did, is we published the
specifications and the requirements as part of our
airport facility guide. This way if airports or
airlines would like to do this, they have the parameters of what to do. We don't want to be in the hardware or software business, we just want to tell you, this is the data we need to see and this is the format to send it to us in, and this is what we'll transmit back. So what happens, a traveler -- and it's only for U.S. citizens and we just opened it for Canadians, but a traveler, when they get off the plane, will go to the kiosk and it will read their passport. That data comes to CBP, we run all of our same queries. The traveler does the Customs declaration on the touch-screen so they don't have to fill out the Customs Nexus, one more form we can get rid of. That data comes to CBP and it brings up their airline information so we confirm which flight they're on, and then if there's no, say, risk factors or indicators in our databases, we'll send a clear message back to the kiosk that takes a photograph and prints out a receipt.

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

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

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

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

The unique part of this is the airlines or the
airport authority owns the kiosk, they fund the kiosk,
they fund the maintenance of them, they design them,
they own them. They're installed in our area, but all
of the hardware and software design is owned then by
the airport or airline. What we built is a web service
for people to connect to us to be able to do it.

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

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

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

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

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

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

In doing so, they're also there to help them fill out the technology to do it all online. That process of when they start in line and when they see that Customs agent is now down to like four minutes.

That's the time somebody is standing in line versus the long delays that people have.

So the immediate impacts that John is talking about were amazing because we've been able to not only
benefit the U.S. passport holder, but because of the redistribution of resources and more efficient use of resources it's benefitting all of our entry. So we have about 15,000 people a day coming through our international terminal and we have the highest time -- we had 18,000 people during our height, busiest day this summer.

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

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

Everybody is like, oh, when are we going to have that benefit for our international customer? The international customer is reaping the benefit and so it is really remarkable. It costs us, for 32 kiosks, about a $2 million investment.
Again, we didn't want to do what some airports are doing, which is creating their own kiosk. We just wanted the one that was fastest to market. The one that was fastest to market was Vancouver. We've partnered now.

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

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

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

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

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

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

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

MR. WAGNER: And yes it is.

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

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

MR. WAGNER: So we've got about five or six other airports that should come online this year. They're using a variety of vendors to build the
hardware and software. Again, it's just the web connection to connect us. It takes a matter of weeks really to get the testing and the IP stuff together, to get data and go back and forth. It really has, I think, exceeded all of our expectations.

We knew it was going to be good but I don't know if we realized it was going to be this good. It's really off to a tremendous start. Like I mentioned earlier, we went from a conversation to being operational in Vancouver in about a year's time, and now new airports have been coming online very quickly.

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

We'll always have Global Entry and Nexus as an option. It's like the Easy Pass lane. This is more the exact change lane and everybody else will go over and see an officer. I mean, it's not unlike the airline check-in where you have different options on how to check in for a flight; you can do it at home,
you can do it on your phone, you can go to the kiosk at the airport, or you can talk to the person at the counter to do it. So we're going to offer those different options.

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

MR. WAGNER:  Right.

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

MS. MATTHEWS:  Did the airlines pay for yours?

MS. ANDOLINO:  Yes.

MS. MATTHEWS:  United paid for yours?

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

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

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

MS. ANDOLINO: Two million.

MR. GILLILAND: Two million?

MS. ANDOLINO: Two million dollars.

MR. GILLILAND: Okay.

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

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

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

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

I think part of the issue is, again, people want like some pride in ownership to develop their own
kiosks. My conversation with Deputy Mackelaine and John when they first came was, who's the one that you're going to certify first? I don't care about what it looks like, I want the product I can install tomorrow.

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

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

MS. SHERER: No, the travelers love it.

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

Now with the Canadian citizens apparently--I'm still learning, too--there's two different kinds of
visas or something, some that can use the kiosks and some won't be able to use the kiosks, so that will be another educational process where we're going to have to educate the front line about in order to direct people properly because you don't want to waste anybody's time.

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

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

One, the bottleneck that occurred immediately, people were getting through baggage, the secondary, so
quick that our trains were so crowded we had to put
extra trains on our platforms because people were
getting put out there so quick as they were being
processed instead of normally what happens is the
luggage gets pulled off the carousel and waits for the
people to process through Customs. Now people are
waiting for their luggage. So that's the shift and the
paradigm that we've seen.

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

But the commitment from CBP to think outside
the box, the sharing of information -- we did have a
little snafu not too long ago with the international
students that came through because of the visas and
some doubts -- you know, technology is technology so if
it goes down there's a problem, but immediately
communication wise we all knew what was happening.
Matt Davies was, hey, we have a technology breakdown,
this is why.
So changing or adding more people, it didn't change anything because the system was down. People's information that should have been in electronically wasn't there, but we knew instantly. So everybody -- there was comfort, there was trust. It is just a new day in terms of how we operate in the trust factor between all parties.

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

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

If we can go to the next slide.

(Changing of slides)

MR. WAGNER: For the workload staffing model, what we did, we measured what an officer does at all of
our different ports of entry, all the discrete tasks.
We looked at the average processing time to do each one
of those tasks and we multiplied it by how many times a
day we do that at each port of entry, then divide by
the amount of work hours that are available for an
officer to be able to do that.

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

(Changing of slides)

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

If we look at increased projected volumes and
facility expansions, we add another 2,833 to that.
Then we subtract out 23,970, which is what we have on
board, plus the overtime hours that they work. We have
21,775 on board, but if you factor in the overtime that
they work it's the equivalent of 23,970 officers. So
the model says we need 4,376.

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

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

(Changing of slides)

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

Now, what you mentioned earlier was the reimbursement authority. We also had -- it was actually what we got in our '13 budget, was the Hill
let us work five pilots to accept direct
reimbursements.

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

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

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

MR. WAGNER: Yes. So it's a separate piece.

In '14, we've asked for the authority to be expanded to
do another five pilots. We had about 17 applicants
come in to do it. I think once we showed her what we
can do and that everyone's comfortable with it and that we're not just sliding work we're doing today over to a fee-for-service model, one of the legislation -- cannot unduly impact the services we're providing. So right now we're sitting down with the five pilots.

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

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

MR. WAGNER: Yes.

MS. MATTHEWS: And then can you connect that measurement piece of how long it takes -- you know, is it the time they enter that room, is it just getting
through to the baggage area? And then sort of whether there's maybe a better way rather than average times, chunks of time. You talked about under 30 minutes, under 60 minutes, under 90 minutes, under 3 hours rather than average times, because that could be somebody whizzed through in one minute and somebody waited three hours.

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

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

MR. WAGNER: Right.

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

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

MS. MATTHEWS: Right.

MR. SMITH: And at some airports, like in Miami, they may start measuring from when the plane
blocks. It's not our fault they've got to walk 1.2 miles.

MS. MATTHEWS: Right.

MR. SMITH: So we measure --

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

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

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

MR. SMITH: It's a lot more difficult to do it like that because the model is based on the amount of work hours needed at a port of entry. It doesn't factor in sort of the peaks and the valleys of the peak arrival times where everybody wants to land, between
2:00 and 4:00 p.m., you know, and then there's no landings for three hours and then it's hellfire service. Then as flights come earlier and later in the day and get diverted, it doesn't actually -- so it's a lot more challenging to be able to calculate that.

MS. MATTHEWS: A little different than the visas where you could actually say you open up two new windows and you can reduce wait times by so many days.

You're able to kind of --

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

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

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

MS. MATTHEWS: More variable.

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

But they've been using that data to look at their local operations and help position flights at
different gates, put different people to help account for those peaks and valleys. The airlines have a real
good sense of what the air traffic is, but they might not be aware of what all the other airlines have so there may not be the realization that at 2:00 maybe you've got 12 flights landing within 15 minutes.

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

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

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

I mean, I know we can't -- adjusting airline schedules -- we're not suggesting that, but this will help us staff up so we can track and plot out our work and wait times over that. We're fairly consistent in
seeing that. This is really where that reimbursement authority comes in, is we can take it and staff up right before the peaks and get ready and be able to level out.

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

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

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

MR. GILLILAND: John and Suzy, so we've got
funding authority for additional CBP officers, we've got this reimbursement authority that's kind of in the pipeline and being tested, and then these business preferred process changes, using technology to speed people through.

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

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

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

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

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

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

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

MS. MATTHEWS: On the opening screen.

MR. WAGNER: We are looking at --

MS. MATTHEWS: "Welcome to America".

MR. WAGNER: Right. It would be on the kiosk, you can do it on your own phone in place of the kiosk. We've got some conversations on that. But branding the kiosk and finding an airport authority to work with and sponsor it through them, we'll talk about it and how it's branded, or if it could be branded, how we
could do that. The key part would be finding an airport
to work with, and then we'll work with that airport
authority to funnel the cashes together. It's
definitely interested in those kinds of things.

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

(Applause)

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

(Whereupon, at 3:22 p.m. the meeting was
recessed.)
AFTER RECESS

[3:27 p.m.]

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

MR. THOMPSON: I'm rather qualified.

(Laughter)

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

MR. THOMPSON: That's true.

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

Chris Thompson, Chief Executive Officer
Brand USA

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

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

Our fiscal year ends in 10 working days, so it is a rather hectic time at Brand USA. We have the challenge in this fiscal year, our second year of operation, to have to bring $100 million worth of contributions to the table. Last year we had a 2:1
match, so we had to bring 50 to the table.

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

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

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

So in the second year, it's been a little less of a leap of faith but we're still kind of building the funding while we're flying it. But the good news is, most of the partners -- a good many of the partners that contributed in the second year actually contributed greater amounts, so in our ongoing effort
to add and create value to the proposition of
destination marketing specifically as it relates to
promoting the United States of America, it seems like
we're beginning to find those sweet spots that
everybody can see.

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

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

The good news is, for me personally, I started
November of last year, which was already a year into
the organization. It took me a little while to get up
to speed, kind of get everything pointed in the right
direction. They're coming out of a very strong finish
to this year, and more importantly going into next year
we're going to go into it with a big head of steam.
So I think our ability to hit not only our financial goals, but a lot of the things that we're trying to do to be strategic as the Nation's destination marketing organization in partnership with many people around this table and all of our destinations at the local and State level and the brands that represent the product is going to be even better as we go into the next year.

I say often to people, you won't recognize this organization a year from now and you won't recognize it a year after that, and a year after that. I have to believe that once we're about five years into this it's going to be humming on all cylinders and I think it's going to be something that we can all really hold up and be very proud of.

What's in front of you is a preview of our fiscal year 2014 plan. It's not the entire plan. As you go through it, some improvements over the plan last year. In the front of it, for about the first 10 or 12 pages, it's really a compilation of the secondary information and data that we used to work into our strategic thinking as it relates to a situational analysis, so you'll see some things in there that you haven't seen before, and otherwise things that actually Commerce has generated and that you've seen in our
Starting on page 21, you'll see a lot of what was in the plan last year as it relates to our creative platform that was brought into existence in the first year and is still what we're using to spread the word and tell the story around the world. So just reinforcing how that came into existence, a lot of the actual creative as it relates to printing out of home.

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

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

This is our attempt to say across all the markets that we're deployed in, and that we have active representation in, where are the opportunities for us with the greatest potential for growth, the greatest
potential for actually moving the needle.

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

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

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

Those were still being fleshed out by the end of this month. We'll have those and we'll have a more robust plan that's actually presented. But this is literally the first time it's been seen by eyes outside
of our office. I feel most comfortable in sharing it in this state with you all and look forward to your comments and input as it relates to that.

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

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

As we continue to build cooperative marketing platforms they tend to be very labor intensive, so that's the need from the staff that I inherited, which was 18 on February 1, and we're now up to 43. So being able to create a corporate culture and otherwise get
them all pointed in the right direction has been a pleasant challenge.

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

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

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

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

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

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

We continue to enjoy a very good relationship with our Federal partners on the public side of the public/private partnership, not the least of which is through TPC and all the working groups in our ability
and our requirement to actually help communicate visa policy and entry policy and in our abilities to look for ways to engage in cooperative promotional activity.

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

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

Many of you heard that we recently had a GAO report that was released that was actually mandated by the Travel Promotion Act. It was a programmatic assessment that was finalized in March of 2012, and then the release was over the recent congressional recess.
As GAO reports, I would love to -- it's not something you're dreaming about but it's something that you know you have to work with, but I can tell you that having our staff working very closely with GAO I feel like it was a very fair assessment.

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

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

And then really just continue to focus on the relationship that points to the Department of Commerce as a facilitator to make sure that we have more -- I guess they wanted more specific procedures and more clearly defined procedures on how do we continue to
refine our relationship as it relates to recognition of contributions and otherwise cooperative marketing.

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

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

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

We have a formal Q&A put together that
addresses a lot of the questions that have already been asked, and we anticipate would be asked, and answered those. So, we're happy, through Jenna, for anybody that wants to see that, to have that distributed to each of you so that you can see that.

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

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

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

With that I could just keep going on because there's so much happening. I can tell you, if you come to our office it's just crazy nuts right now because we're at the 10-day countdown until the end of the
fiscal year and a lot that has to come in and happen by September 30. We're all very focused to make sure we close the year out with a big head of steam.

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

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

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

I'm happy to answer any questions that anybody might have, either around the table or afterwards. You
can direct them straight to me.

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

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

(Laughter)

MR. THOMPSON: So if you're trying to describe it, what's a genuine way that someone might describe what we're doing in branding, then that we're hugging them is probably a pretty good way for him to describe what we're doing. So, I appreciate that. We feel really good about our ability to bring some value to that equation. I've been hearing a lot of the similar responses.
MR. GILLILAND: Chris, how do you feel about the website versus where you'd like it to be?

MR. THOMPSON: Oh, it needs a lot of work.

One of the things that we're doing, is we brought an outside company in that helped us at Visit Florida and we're actually, in a very constructive way, tearing down all of our digital platforms, both RB to CRB to B, and looking at our internal CRM issues, which we have virtually none of at the moment.

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

MS. MATTHEWS: Chris, it's great to see all the information aggregated in one place. I mean, I think that's a goal that we all have, is that if you have all that data then you can make better decisions. I think we had an earlier discussion about sort of the websites around Recreation.org, sort the government can do, but also what perhaps Brand USA can do on
aggregating in a very compelling, visual, experiential way, you know, sort of a vast repository of options people have if they come to the U.S.

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

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

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

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

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

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

MR. GILLILAND: Yes.

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

CHAIRMAN DAVIDSON: Other questions for Chris?

MR. SMITH: I don't have a question--this was Todd's idea not mine, but give me credit--what we had talked about earlier is, as you look at other markets and pushing -- just looking for opportunities where we could sort of co-push and do things -- for example, South Korea where we've just signed Global Entry, you know, or if we have -- I'll be in South Korea in two weeks -- looking for ways that as you push other
markets that as we move around we could double down on those efforts. That was the collective "we".

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

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

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

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

MR. THOMPSON: Who's counting?

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

MR. THOMPSON: Hard to believe, but yes.

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

MR. THOMPSON: Thank you very much.

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

(Applause)

CHAIRMAN DAVIDSON: All right. Kind of
continuing on in this vein of accomplishments against the National Travel and Tourism Strategy and the executive order updates, we're going to kind of move into those. Vanessa, you're going to be up first and give us a bit of an update from the Department of Transportation.
NATIONAL TRAVEL AND TOURISM STRATEGY &
EXECUTIVE ORDER UPDATES

Department of Transportation Update
Vanessa Balgobin, Senior Transportation Industry Analyst, Department of Transportation

MS. BALGOBIN: Sure. In the interest of time I'm going to keep my updates really, really brief. I just want to let you know what we're doing with NextGen and where we are. The FAA has laid a lot of foundation with NextGen. About 70 percent of the ground equipment across the country has been laid, and so this infrastructure foundation is really kind of the -- it's the basic foundation for what we need to do.

It's sort of like saying if you have an i-Pad, once you have that technology then you can go forward and add the apps. So we're 70 percent there, 30 percent left to do, and then you can really start seeing some of the major benefits of NextGen.

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

MS. BALGOBIN: Yes?

MR. GILLILAND: You said how much of the equipment has already been --

MS. BALGOBIN: Seventy percent of the ground
equipment.

MR. GILLILAND: Seventy percent?

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

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

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

In terms of increasing travel opportunities for our travelers, I just want to let you know that we increased our Brazil frequencies for flights between the U.S. and Brazil. Starting October 1, there will be seven additional weekly flights available between Los Angeles and Saul Paulo. Then in 2014, we will add
flights from Atlanta, Detroit, and Chicago. That's pretty much it going on the DOT front.

CHAIRMAN DAVIDSON: All right. Any questions for Vanessa?

MR. GILLILAND: Just one thing.

CHAIRMAN DAVIDSON: Yes?

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

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

MR. GILLILAND: Okay.

MR. TALBERT: Can you spit out a couple of the concrete examples where NextGen made a difference? I
know we talked about it in the subcommittee very
briefly, and you guys mentioned one or two options. If
you can just share with us -- like because we put in
NextGen now we have this instead of that, or she was
talking in the morning about four different approaches
instead of one, or things like that.

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

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

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

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

CHAIRMAN DAVIDSON: All right. Thanks, Vanessa.

I'm going to ask my colleagues at Homeland Security and State to stand down for just a moment because I skipped right over the top of Michael and I apologize for that, my friend. But Michael is here to brief us on the work of the Common Vetting Task Force. Again, my apologies, my friend, for just literally reading right over the top of you on the agenda. But we are eager to hear what you're working on.
Common Vetting Task Force

Michael Fries, Subcommittee Chair

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

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

So when you started to track down the dollars in the budget, it led to a bigger question, which is the history of DHS is that it is a compilation of legacy components, thus you carried with them legacy systems. So the question really began, has the technology advanced enough currently to start to think about data in a much different way rather than in
legacy vertically integrated systems, single sign-on
users.

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

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

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

What we found was there were 13 different
pilots going on with the IC community with the various components within DHS, so they were sending this information any number of different ways. I mean, CDs, emails. There was nothing automated about it. It needed to be revisited, so we took a look at that.

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

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

TSA started the Pre-Check application, the Pre-Check program, with a small, select group of people, frequent flyers with certain airlines only, to test it, to pilot the program. It was wildly successful. CBP had Global Entry and was interested in
raising the numbers, and so they started to work with
TSA on joint mobile enrollments and it seemed like it
was a win-win for everybody.

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

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

So you start to see these announcements coming
out of TSA. Administrator Pistol announced it in
Colorado, that there's going to be TSA Pre-Check rules.
This is TSA using their database and getting
individuals, and they basically said, look, here's the simple proposition.

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

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

Then we realized, well that's a rules process so there's not a high level of certainty that you're going to be able to participate depending on your itinerary. So then they just announced a few weeks ago a TSA Pre-Check application so you'll be able to apply directly for the TSA Pre-Check application and allow CBP to focus their limited resources on screening and vetting individuals that are going to take advantage of the Global Entry benefit and have plans to travel internationally, to go ahead and enroll in Global Entry and get the Pre-Check benefit and allow the folks that
are going to travel domestically to not go through that full process and not go through as rigorous a background check, and obviously Customs is more concerned about different things than TSA.

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

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

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

And so we've started that work right now. NYC & Company has been great at kind of developing some of these logos and ideas and start to think about that
process. And then on the other end, you had the Secretary making very clear to the Administrator and Commissioner that there was a collective interest in having a single enrollment in a single vetting platform.

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

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

Depending on your answers to just a couple of simple questions, we could determine or help you make a better decision about which program you'd benefit most by joining. So we're working on that. That's the
interim phase, but ultimately keeping the pressure on
and the goal of -- and CBP and TSA have been great.

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

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

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

So I think I've seen the front end side of
that where it's really benefitting the customer, and
now at the Common Vetting Task Force we're really
appreciating -- you know, to the credit of CBP and TSA,
you should know they take a big bulk when they start
rolling out these programs and they start launching
these programs because, at the end of the day, they're
charged with a very specific mandate, which is, keep us
safe.

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

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

Any questions for Michael?
(No response)

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

MR. FRIAS: Thank you. Yes.

CHAIRMAN DAVIDSON: Appreciate it very much.

(Applause)
CHAIRMAN DAVIDSON: Why don't we stay right within the same department, Douglas, and we'll look to you for your update.
DEPARTMENT OF HOMELAND SECURITY UPDATE

Douglas Smith, Assistant Secretary for the
Private Sector,
Department of Homeland Security

MR. SMITH: There will be no criminal updates.

CHAIRMAN DAVIDSON: Criminals fly all the time.

(Laughter)

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

They're making the sausage right now, but once that process is all done it's going to allow single portals for foreign travelers, how do you come to America, all the things that we want to work more efficiently will be driven by that engine behind. It will drive what we talked about earlier, John Sprouls and others, on how we link the passport process with Global Entry, and all these things need to happen.
I'm just going to highlight a couple of things. I feel like it's been all DHS all the time today, so I'm just going to highlight a few things and take some questions, Todd, then I'll turn over my time.

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

VOICES: Yes.

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

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

The one point that I'd like to spend my time on, Todd, is just reemphasizing how critically important comprehensive -- form is to you guys. I know I'm a broken record. I don't know if it's going to happen. I am pessimistic at best as to whether Congress will do it, but if there was sort of one thing
that you in your all's self-interest wanted to push
would be to get Congress--because I can't, for the
record; cannot lobby, nor am I lobbying--to push on
this.

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

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

I think, with so many debates going on,
whether it's about cyber security, Syria, so many other
things, it easily gets lost. We have some really good
momentum going on on immigration reform and I fear that
a lot of that momentum is disappearing. It's not the
shiny -- in front of folks. For Ken and the International Trade Administration, for so many portions of the government, the economic impact will be huge. So as you look at things to put energy behind, it's a big one. I mean, it's a really big one.

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

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

We're so close with France, so close. If they sign -- what did you say, 1.2 million visitors from France a year, tourists? I mean, 1.4 million. I mean, to get those people. We're not going to get 1.4 million of them, but if we can get 140,000 of them in Global Entry, about 10 percent of them in Global Entry,
it would be a big deal. We could get Japan to jump up more. We could stop for a while.

We could rest on our laurels on Global Entry.

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

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

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

CHAIRMAN DAVIDSON: No, I appreciate that, Douglas. I also love the suggestion that in the near term we should dispatch Sam as loaned executive to DHS
to become our Global Entry reciprocity emissary around the world.

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

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

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

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

You know, I still dream of being able to send a team for a Pacific Rim tour, start at Singapore for two days, go to Sydney for two, whatever, and do that. But that is all completely driven by the fact that title airports like O'Hare will call and cut my head off if I bring bodies off the line to do that. But yes, aspirationally that is where we want to go.

It's not been announced publicly yet, but for those of you with a big presence in the Pacific Rim, we
have just transmitted to OMB that APAC is this travel card, which will be a huge deal for our U.S. citizens living overseas or citizens traveling within the region. It's a big advantage that our competitors have, and now U.S. citizens will have the same thing.

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

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

MR. GILLILAND: Okay.

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

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

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

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

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

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

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

MR. SMITH: Slightly.


MR. SMITH: And then to Kathleen's point, we don't need 11 more countries in Global Entry. Two or three would have a big, big difference.
MS. MATTHEWS: So Douglas, you know, we've got 67 million international visitors to the U.S., with a goal of 100 million. Is there a target, and wouldn't it be good to put a target on the percentage of that 100 million that you would like to be enrolled in Global Entry? Is it 1 out of 10, is it 1 out of 20, is it 1 out of 100, 1 out of 1,000? Sort of, what is the staffing model --

MR. SMITH: Right.

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

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

I mean, that's something that could happen immediately. It's clear, it's proven to work. We could immediately be having a significant impact on it. I think, once again, we don't need 50 airports. Two or three more that would have a big impact. We're going to be rolling out Dulles here.

So I think that to your question, Kathleen, I think probably it will be a lot before we run. I mean,
I think I would love to see an aspirational goal by, you know, this time next year, France and Japan have joined and that Great Britain has updated their systems by which they bring in their citizens to speed it along. I mean, our capacity is there to handle it, we just need our partners to pick up their game.

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

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

So there is actually an exponential effect. I don't want to say it's sort of a two-for-one, but I'll bet it's sort of a one-and-a-half in terms of time savings for every foreign national that we're able to
process through Global Entry versus a U.S. citizen. So that's yet another way we'll see dramatic impacts on the ability. But it's been under-utilized.

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

MS. MATTHEWS: Right.

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

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

MR. SMITH: For every U.S. citizen you pull out of the line, that's a minute and a half of savings. So just start adding that up. For every foreign
national it's three minutes in savings. So, I mean, it really adds up to big numbers very, very quickly.

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

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

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

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

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

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

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

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

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

MS. ANDOLINO: In Chicago, too?

MR. SMITH: Yes.
MS. ANDOLINO:  You can do it internationally now?

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


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

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

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

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

For those of you who have gone through Heathrow, for the life of me I can't understand why they are all over automating a lot of this stuff
because their lines there are ridiculous.

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

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

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

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

    MR. SMITH: It never happens.

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

    Ed?
NATIONAL TRAVEL AND TOURISM STRATEGY &
EXECUTIVE ORDER UPDATE

Ed Ramatowski, Deputy Assistant Secretary
for Visa Services
U.S. Department of State

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

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

(Applause)

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

Now, Todd, you talked about sustainability and that was our biggest concern in all of this, is could we maintain those figures. We surpassed the 80 percent target first in August of 2012, and we've never dropped below it, including during this past difficult summer,
including the move from one antiquated consulate building in Guangxo, China, to a brand-new facility which started service in July of this summer. We were able to maintain the metric above as its target and significantly above, actually.

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

MR. RAMATOWSKI: Ninety-six percent.

MS. MATTHEWS: That's pretty amazing.

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

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

Brazil is down actually. We've issued 888,000
visas as of the end of August. That's 9 percent down from the period last year, but recall that last year had a dramatic increase of 34 percent and over a period of the past four years demand in Brazil has gone sharply up. So we anticipate that this is not a permanent decline, it's probably temporary.

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

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

India is also showing a large increase, 15.5 percent and 550,000 visas issued as of the end of August. Some of the key measures we've undertaken this year: June 15th we introduced a new security screening system at all of our posts for all of our temporary
This is something that is invisible to the applicant; it's done back here in Washington with our law enforcement and intelligence agency partners. It's working very well. It has the potential to reduce vetting delays by 70 percent, particularly in the Middle East and South Asia where those types of delays are most prominent.

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

It is most particularly valuable in China where the visa abilities are limited to one year. A recent study by our Fraud Prevention Programs Office found that there was no increased risk from this particular program, so that was very good news for us. Like Douglas was saying at CBP, if we don't have to interview somebody we save a lot of time and resources that we can devote to first-time applicants.

Then with respect to the Visa Waiver Program, Brazil is not anywhere close but Secretary Kerry did nominate Chile for consideration to be a member of the
Visa Waiver Program. That is contingent on the Chileans issuing an electronic readable passport, which they've committed to do and they should start doing that by the end of this month.

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

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

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

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

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

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

I guess, in the interest of time, I'll stop...
there and see if there are any questions.

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

Any questions for Ed?

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

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

MS. MATTHEWS: Where's the most opposition?

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

(Laughter)

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

(Laughter)

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

MR. GILLILAND: So Ed, there's China, there's advocacy that we can do around funding. What other
things over these next couple of years can we help with?

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

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

MS. MATTHEWS: You're going to be weighing visa waiver opportunities, Chile, Brazil, versus additional countries that are participating in Global Entry. It sounds like the balance has shifted and it's more worth our while to spend time advocating for more reciprocity in Global Entry. Is that correct? We've been talking about visa waiver for a long time. It's like video conferencing that we've been talking about for a long time, but it sounds like maybe the choke
point of Global Entry is the better way if you're --

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

CHAIRMAN DAVIDSON: Terrific. Ed, thank you
very, very much. Great report. Appreciate it.
DISCUSSION OF MID- TO LONG-TERM INDUSTRY ISSUES

Sam Gilliland, Board Vice-Chair

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

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

MR. GILLILAND: We're over time.

CHAIRMAN DAVIDSON: Yes.

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

But to lay out, to provide our views based on what we've recommended so far and what we'll recommend going into the December meeting, lay out our views on what we think is most important as the next board comes in and as they begin to advise the Secretary and offer
up views to the Secretary on what she might view as
what she should consider as priorities for the next
board and where we might focus our energies.

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

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

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

What I might suggest process-wise, Jenna,
since we are over time, I have been taking a lot of
notes, both from the subcommittees and also as we've
been hearing from the various ex-officio members, taking notes on what we may have missed, what the gaps are, what we didn't get to recommend, what we think is most important.

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

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

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

Then are there other areas that go beyond those that we'd recommend that the next board take on as a part of their work? What I thought I could do is try to organize a little better than I have on these slips of paper, organize the notes that I've taken,
Jenna, that we can send that out to the board and have
follow-up discussion that gets to more the priorities
around what we really think. And it's not just around
priority, but what do we really think we can get
accomplished these next two or three years and maybe
have a short, 30-minute call here in the next, say,
month. Maybe -- I'm not sure if we've got anything
already scheduled.

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

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

CHAIRMAN DAVIDSON: Terrific.
MR. GILLILAND: Is that okay from your
perspective?

CHAIRMAN DAVIDSON: Yes, that's terrific.
MR. GILLILAND: All right.

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

(No response)

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

Todd Davidson, Board Chair

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

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

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

Also, for those of you that were here for our briefing over lunch with the folks from the National Economic Council, they left us with their Power Point
presentation and asked us to essentially answer those questions around each of those five different ideas.

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

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

CHAIRMAN DAVIDSON: Please. Please.

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

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

MR. GILLILAND: Yes.

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

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

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

CHAIRMAN DAVIDSON: Terrific. All right. Well, with that I will --

MS. PILAT: Can I say one thing?

CHAIRMAN DAVIDSON: Yes.

MS. PILAT: Our last meeting date is set.
It's December 12th. It will be in DC. Apparently the Travel and Tourism Advisory Board is like a gas, it fills the space in which we provide it, so three hours we stretched into three hours and we will try to accommodate the meeting agenda. It looks like we're going to have a lot to talk about, a lot of recommendations, so we will probably go longer.

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

(Laughter)

CHAIRMAN DAVIDSON: Bring your pillow.

(Laughter)

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

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

MS. PILAT: Yes. I need you caffeinated for 24 hours.
(Laughter)

MS. ROCAFORT: Okay.

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

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

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

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

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

MS. MATTHEWS: And the request for new applicants that went out within the past month, that is
to tee up new members potentially from different verticals or segments?

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

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

    MS. PILAT: This one has not gone out.


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

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

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