



Oral Testimony of

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on behalf of

Society of Chemical Manufacturers and Affiliates

before the

House Committee on Homeland Security
Subcommittee on Cybersecurity, Infrastructure Protection,
and Security Technologies

on

H.R. 4007, The CFATS Authorization and
Accountability Act of 2014

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Good morning Chairman Meehan, Ranking Member Clarke, and members of the Subcommittee. My name is Kate Hampford Donahue and I am the President of Hampford Research, Inc., a specialty chemical manufacturer headquartered in Stratford, Connecticut. We are a second generation, family-owned business with 30 employees. We supply high purity, complex compounds to Fortune 500 companies serving the electronics, dental, personal care, printing & lithography, and industrial adhesives industries. Some of our customers are chemical giants, and some are high tech firms that develop and use engineered materials but lack the ability or desire to manufacture those materials themselves. Hampford Research is a member of the Society of Chemical Manufacturers and Affiliates, or SOCMA, where I also serve on the Board of Governors.

For 90 years, SOCMA has been and continues to be the leading trade association representing the batch, custom, and specialty chemical industry. SOCMA's 220 plus member companies employ more than 100,000 workers across the country and produce some 50,000 products – valued at \$60 billion annually – that help make our standard of living possible. Over 80% of SOCMA's members are small businesses and many are covered by the CFATS program. I am proud today to provide testimony on behalf of SOCMA in support of H.R. 4007, The CFATS Authorization and Accountability Act of 2014.

SOCMA strongly supports the CFATS program and is wholly supportive of H.R. 4007. The program requires chemical facilities nationwide, including mine, to develop security enhancements. Its performance-based approach protects facilities against attack without impairing the industry's ability to remain innovative and to maintain some of the nation's highest paying manufacturing jobs. Like most other specialty chemical manufacturers covered by CFATS in our industry, Hampford Research takes the security of our facilities and our products very seriously, as it does the safety of our employees and communities. We have quite literally “bought in” to the program.

We received notice last year that our final CFATS authorization inspection was scheduled for October. We prepared as thoroughly as possible for compliance – but then our inspection was delayed, due to the government shutdown in October. To make matters worse, during the shutdown, we learned that on October 4th, the legislative authorization for the CFATS program had expired, albeit briefly. These are the kinds of disruptions and regulatory uncertainty that Congress should do its best to avoid. Even under ideal circumstances, it costs companies, especially small businesses, time and money to plan for, pay for, prepare for, and clear days off of calendars of multiple employees to comply with a program like CFATS. Responsible companies like Hampford want the CFATS program – but we want a stable and predictable program.

In our rescheduled final authorization inspection, we had two inspectors who were knowledgeable, professional, courteous and practical. They engaged us in a real dialogue during the inspection – and continued that dialogue after they left. Their focus was on creating layers of deterrent. They offered lots of suggestions on options we might consider but were clear that **we** were the experts on our facility and only we could create a plan that would work for us. They were very responsive to follow up questions from us. In addition, the entire process (from when we were inspected on October 23-24 until we got approval for our plan on February 14) was very timely and efficient.

The CFATS program went through a difficult period, but we believe that our positive experience is an example of the broader success story that the CFATS program has become. As a result of the chemical sector's strong cooperation with DHS, there has been 100% compliance by industry with the requirements to submit Top-Screens, Security Vulnerability Assessments and Site Security Plans. For its part, DHS is making good progress in implementing the reforms identified by Deputy Director David Wulf. SOCMA applauds the work of Mr. Wulf and his team. We also thank him for his quick response in developing a resource

called “What to Expect from the Inspectors” that will explain what companies should anticipate for final authorizations.

The Chemical Sector Coordinating Council suggested this idea to Mr. Wulf last year and he enthusiastically endorsed it. While it will come too late for Hamford Research, we expect that the tool will be very helpful to other facilities like ours. This is a great example of chemical companies wanting to do the right thing, and DHS working well with them for compliance. We are meeting mutual goals.

CFATS is reducing risks in a market-based way. Over 3,000 facilities have changed processes or inventories in ways that have enabled them to screen out of the program. CFATS is thus driving facilities to reduce inherent hazards, relying not on regulatory mandates but on the company’s expert judgment to do so where it makes sense – where it can be done without reducing product quality or transferring risk to some other point in the supply chain.

The CFATS program is working, but it would help my company and others like it if Congress would ensure CFATS’s continued stability through a longer-term authorization like H.R. 4007 would provide. This bill simply codifies what was in the original 2006 spending bill that established the program, and removes the program from the annual funding fire drills. The bill also makes a few simple fixes in areas where legislative change can improve the program:

- First, it clarifies that DHS can approve generic alternative security programs that facilities can opt into, rather than having to approve ASPs facility-by-facility. This approach has worked well for the maritime security program and should be extended to CFATS.
- Second, it clearly authorizes DHS to rely on third parties to conduct authorization inspections. DHS has stepped up the pace of inspections, but at the current rate it will still take years and years to get through all the tier 3 and 4 facilities. Leveraging third parties could be the key to dramatically shortening that timetable.

- Third, the bill confirms that facilities can satisfy their obligation to help screen employees and visitors for terrorist ties if the facilities rely on federal credentials that are vetted against the terrorist screening database – without having to supply any other information to DHS.

H.R. 4007 is a simple bill and strong solution that will allow DHS and facilities like mine to concentrate on implementing the CFATS regulations without worrying about the future of the program. It would help me, and the 30 employees of Hampford Research, significantly. The chemical sector is united in support of this bill.

Thank you for the opportunity to testify, and I look forward to your questions.