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BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

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HEARING ON PROGRESS OF INTELLIGENCE REFORM: OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

TUESDAY, JANUARY 23, 2007

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, at 2:34 p.m., in Room SH–216, Hart Senate Office Building, the Honorable Jay Rockefeller (Chairman of the Committee) presiding.

Committee Members Present: Senators Rockefeller, Feinstein, Wyden, Feingold, Whitehouse, Bond, Warner, Hagel, Chambliss, Snowe, and Burr.

Chairman ROCKEFELLER. Ladies and gentlemen, thank you very much, and the absence of all but the two most distinguished members of the Committee should not deter you. It's simply that we have, in the ways of the Senate, a vote at 2:45, and Kit Bond has graciously agreed to wait there, so when I go down to vote, he will come back and we will be, as they say, seamless. So be tolerant of the institution to which you are speaking.

I'll give my statement and then I'll go and Senator Bond will do it when he comes back.

OPENING STATEMENT OF HON. JOHN D. ROCKEFELLER IV, CHAIRMAN, A U.S. SENATOR FROM WEST VIRGINIA

Just over two years ago, Congress passed and the President signed the Intelligence Reform and Terrorism Prevention Act, which was a big deal for us. A lot of people had a lot of different ideas. It was finally cobbled together in the Government Affairs Committee, and I thought they did a very, very good job of it—Susan Collins and Joe Lieberman. This was historic legislation, adopted in response to recommendations of the 9/11 Commission, and influenced in no small measure by the findings of this Committee's investigation into flawed intelligence on Iraq's weapons of mass destruction.

The legislation was intended to strengthen the management of the U.S. intelligence community by putting in place a Director of National Intelligence separate from the management of the Central Intelligence Agency, who, with enhanced authorities, would bring about a new unity of effort and purpose against threats to our national interest and homeland security.

After two years, it is appropriate that the Senate Intelligence Committee take stock of the implementation of the Intelligence Re-

form Act. We need to understand what has been accomplished, what remains to be accomplished, and what changes to the law are warranted in light of the experience of the past two years. This is an open hearing, and it's an open hearing because it should be.

The central question before us today is whether the promise of intelligence reform has been fully realized. Intelligence is our first line of defense against threats to our national interest. I can hear those words coming out of John Warner's mouth. You really can't do much of anything these days without the right intelligence. And, as the Committee's worldwide threat hearing on January 11th made very plain, the threats we face now as a Nation are serious, persistent, complex, and growing.

Today, we are focusing on the Office of the Director of National Intelligence itself, and an examination of the consolidated budget and personnel authorities we vested in the Director position. On Thursday we will hold a second open hearing devoted to the examination of the implementation and reforms at the Federal Bureau of Investigation and the Department of Homeland Security.

In addition to the administration witnesses today, we will on Thursday receive testimony from outside experts and examine whether we have made progress since 9/11 in strengthening our domestic security programs and sharing information with state and local law enforcement and security officials.

While Ambassador Negroponte is unable to appear, understandably, at today's hearing, I look forward to hearing from our witnesses—senior officers—all with long careers in public service who have been personally responsible for the developing and carrying out of DNI initiatives in the areas of collection, analysis, information sharing, and management.

I believe it is fair to say that the Committee recognizes the implementation of the Intelligence Reform Act, and reform in general, is a work in progress. After that short amount of time, how could it be anything other than that, taking place during the wars in Iraq and Afghanistan with a multi-menu of threats from elsewhere, and the continued global efforts against al-Qa'ida and other terrorist threats. Yet even as some reforms may take years to come to fruition, we will be asking our witnesses to address whether the pace of reform reflects the urgency with which we were called to action two years ago.

We also acknowledge that the Congress and the President did not give the DNI monolithic powers, or place him in charge of an intelligence department, but we will explore whether the DNI has used the powers assigned to the office as vigorously as the law allows, and if not, why not. As I say, we are prepared to look at everything and to act wisely. That was, after all, a bill that came out rather quickly. We're not always a font of wisdom in the Congress about all matters that are going to confront us, and therefore we need to be open to your ideas and our ideas of what could make it better.

In addition, while progress has been made to develop strategies and set uniform intelligence standards, there is a concern on the Committee that these high-level efforts have not yet made a difference at the agency or field level. We will want to identify what obstacles exist to achieving reform, and how best to fix them.

Finally, the fiscal 2008 budget that is about to come up to Congress will be the first that the Director of National Intelligence has had a chance to build from scratch. We look forward to hearing from our witnesses on how the Director's office carried out the budget formulation process, and in what ways the end products reflect his priorities.

I do not now turn to Chairman Bond for any statement he would care to make, because I'm going to go down and vote. And John Warner, the distinguished former chair, and only most recently ranking member of the Armed Services Committee, and Diane Feinstein who is on all committees involved in all matters, may have things they wish to say. And if they wish to, they are free to do so. I will depart.

Senator WARNER. I would like to avail myself of this opportunity to propound some questions. But first off, I want to thank each of you for your extraordinary public service. You labor quietly without, hopefully, as much spotlight as you can possibly avoid, and I think you do a very effective job.

I've known Ambassador Negroponte for many years. We've been personal friends and colleagues in the professional world. I think he's done an extraordinarily fine job, and while I'm pleased that he's going to take on this post at the State Department, I do wish he'd had a little longer to sort of lay a firmer foundation which he has started, but I guess as yet has not completed.

I'd like to ask the following questions. I was intrigued over the Sunday talk shows when Speaker Gingrich got up and—

Chairman ROCKEFELLER. Senator, if I could be so rude, would it be possible to save questions until after the statements have been given?

Senator WARNER. Well, I didn't know we were all making statements. I thought the Chairman and the Ranking made them.

Chairman ROCKEFELLER. That's all. That's all, but then because you two are here, I thought it would be fine to have you make statements. But I think questions ought to be reserved until the entire Committee can hear them.

Senator WARNER. Well then, Mr. Chairman, I'll just have to submit these questions for the record.

Chairman ROCKEFELLER. No, no. Oh, you can't stay?

Senator WARNER. No, I cannot stay, regrettably. So, I'll do whatever the chair wishes, but it seems to me—

Chairman ROCKEFELLER. Well, why don't you read them—why don't you read them into the record so they can be thinking about them?

Senator WARNER. Well, that's, in my 29 years, a new first, but here we go.

Speaker Gingrich said that he felt that perhaps the progress thus far of your organization had achieved but 10 percent. The record will show accurately what he said. He further stated that the intelligence reform must be centered on the performance metrics that should be used to define success. So my question to you is, when the office of DNI began the process of reform two years ago, what metrics or benchmarks did or did you not establish as markers of success or failure to reach your goals?

Has the ODNI identified benchmarks that must be achieved by individual intelligence agencies? If so, what are those benchmarks in the areas of HUMINT and SIGINT and analysis?

How far toward achieving those benchmarks have you come in these years in your judgment? And do the same benchmarks remain relevant, or do you need to adjust for the years ahead?

Now, to the national HUMINT manager. A key figure of the intelligence reform bill was the separation of the head of the intelligence community from the management of CIA. Congress recognized the wisdom of the 9/11 commission when it said that, "the CIA will be one among several claimants for funds in setting national priorities. The national intelligence director should not be both one of the advocates and the judge of them all."

This principle would seem to apply to the adjudication of HUMINT issues and conflicts in the intelligence community if the CIA remains both the national HUMINT manager and one of several HUMINT collectors. My question, particularly, would be to our distinguished witness, Mrs. Graham. What is the division of labor between your responsibility as Deputy Director of National Intelligence for Collection and the responsibilities of the Director of CIA as the national HUMINT manager? How are you able to ensure that HUMINT issues, such as information access, are being adjudicated fairly and in the best interests of the Nation, not in the parochial interests of one agency?

How has the establishment of the National Clandestine Service, with the CIA as national HUMINT manager, improved the collection and sharing of human intelligence?

Now, to the intelligence community's support to the President's Iraq plan. The ultimate goal of the 9/11 commission recommendations, the WMD Commission recommendations, and the Intelligence Reform and Terrorism Prevention Act is to provide the best possible intelligence to policymakers so that the President and members of Congress can make informed foreign policy and national security decisions. Since the President announced his Iraq plan early this month, that was on the 10th of January, I've taken the opportunity during numerous briefings and hearings, both at the White House and here in the Congress, and I commend the President for the hard work that he and his various agencies and departments put in to devising the plan which he announced on the 10th of January.

I respectfully have some differences with that plan. Those differences were put into the record last night by way of a resolution, which I feel is not confrontational, but I put it in because the President specifically said on 10 January, if members of Congress had their ideas, they would be considered. It's in the record, exactly what he said.

So the question I have—I believe important strides have been made toward intelligence reform, but it's incumbent upon the intelligence community to provide its best assessment of the Maliki government chances for success under this program. It is the central, core issue, in many respects, of this program. And I would hope that we could get some public testimony on that today.

Now I further understand, and I repeatedly advised my colleagues and the Armed Services Committee some four, five, or six

months ago in its authorization bill specifically requested that the intelligence community perform a current national estimate, an NIE—National Intelligence Estimate—on the situation in Iraq. And here we are with the President's programs laid down. We're about to go into a considerable debate, which I think is important for the Nation, and yet this document is continuing to be worked on and in all probability will come out after the Congress has finished its debate and the Congress may or may not—I'm not here to predict—vote on one or more resolutions without the benefit of having seen that very key document.

And the last question. In its December 2006 report, the Iraq Study Group said that our intelligence community does not have a good strategic understanding of the Iraq insurgency or the role of the militias. As our Nation debates the best strategy to achieve a stable and secure Iraq, the Iraq Study Group's assertion is of concern to me. We must have solid intelligence, both tactical and strategic, if any plan is to succeed in Iraq. The ISG, that's the Iraq Study Group, recommended that the DNI devote greater analytic resources to these issues. I wanted to give you an opportunity today to comment on the Iraq Study Group's assertion here, and let the Senate have the benefit of that response as it is on the verge of these historic debates.

Those are my questions.

Chairman ROCKEFELLER. And Senator Warner, I will commit to you that I will ask at least one of those, perhaps more, and my first choice would be the Maliki one. But I will ask that on your behalf.

Senator WARNER. All right.

The vote is under way, so you best get on your way.

Chairman ROCKEFELLER. I'd best get on the way.

Senator FEINSTEIN. If I might—

Chairman ROCKEFELLER. No questions.

Senator FEINSTEIN. I would, if I could, Mr. Chairman, like to make just a few brief remarks. There are three of us that also sit on Defense Appropriations—Senator Bond, Senator Mikulski, and myself. Presently, Intelligence Committee staff have no access to the intelligence budget as it goes through defense approps. What we get is essentially a one-page black budget. It is really inadequate.

Senator Bond and I have been making a request that we be able to have our staff have access to the budget. I think it's important. I think the Intelligence Committee's views on the budget are relevant. That's one point I would like to make.

Second, I have been very disappointed in the DNI—and not the individual, but in the exercise of the position. I was one of the very first to propose legislation, when Senator Graham was Chairman of this Committee, for a DNI. And the way I envisioned it was one person who would be able to bring together periodically all of the chiefs of all of the different departments and divisions, to really develop a sense of team. And as it became so critical and so evident in the Iraq NIE, the faultiness of the Iraq NIE to really take a look from the top, at the analytical aspects of how this intelligence was done, see that the changes were made and report regularly to this Committee.

I have been very disappointed that the DNI has not been really available and present and around. And that—I'm just going to say it—was certainly not my view of what a DNI should be. I happen to believe it was a mistake to prohibit co-location of the DNI's office in the authorization bill, and I will seek to change that. I believe to have a DNI out at Bolling makes no sense. The DNI should be close to the agencies—able to inter-relate with the agencies.

And I think because there's not a lot of territorial imperative in all this right now—we have a new head of service in terms of General Hayden, General Alexander, General Clapper, other things that are happening—that we have the opportunity now to make some of those changes. But I don't think we can have a DNI that is essentially isolated from the day-to-day operations of the community. Thank you.

Senator WYDEN. As you can all tell, we have a hectic schedule, and you are going to have senators coming back and forth. But there were two points that I wanted to make before I ran off, and I want to pick up on comments made by both Senator Warner and Senator Feinstein.

I think if you look back at NIEs, when the administration wants to get them up here, in 2002 there was a National Intelligence Estimate that was put together in something like 3 weeks. It was done quickly and it was done before there was a key vote. What is so troubling to all of us now is we are not going to get a relevant new National Intelligence Estimate until well after the United States Senate casts critically important votes. That is not acceptable. To have the maximum value of the intelligence that is furnished to us, it has got to be made available in a timely kind of way, and I have just cited my concern with a specific example.

One other point that I hope that the Committee will be able to get into with you is yesterday the Congressional Quarterly reported that the chief of the CIA's Baghdad station "presides over hundreds of operatives who cannot speak the local language or go anywhere." Now I know in an open session it is not possible to go into a full-fledged response with respect to every aspect of an article like this, but I do think that it is critical that this office lay out for this Committee what the various intelligence agencies are doing to hire people who possess the essential language capabilities, technology knowledge, and key kinds of skills.

And I have heard all about strategic plans and the like, but it doesn't seem to be happening. And to have authoritative publications say that they don't have people there who can speak the local language is exceptionally troubling. I mean, that is a real wakeup call to have someone make that comment, and we need to know how the DNI is addressing it.

Mr. Chairman, we are going back and forth so we're glad you're here.

Vice Chairman BOND [presiding]. Thank you very much, Senator Wyden. Sometimes even the best-laid organization does not work properly. I had understood that Chairman Rockefeller was going to start it off and we were going to play a tag team. I know you haven't given your opening statements, but for better or for worse, I'm going to give an opening statement, and then call on our witness who is to give an opening statement, and then we may get

back into a regular flow because I'm sure that Chairman Rockefeller and others will be back. This is a very important hearing. I'm delighted that it has been called for today.

OPENING STATEMENT OF HON. CHRISTOPHER S. BOND, VICE CHAIRMAN, A U.S. SENATOR FROM MISSOURI

You know, looking back on the history of this for a minute, Congress passed the National Security Act of 1947 in response to the devastating attacks on Pearl Harbor and the numerous operational issues in World War II. Within a decade, it was apparent that the reform had not solved the problems, and Congress passed a series of reforms in the 1947 Act in 1958.

Then on the military side, problems in inter-service coordination in Vietnam, the failed Iranian rescue mission in 1980, and the problems that surfaced in the 1983 operations in Grenada, led Congress to enact the 1986 reforms known as Goldwater-Nichols. It took nearly 40 years from the original passage of the National Security Act to adjust its organizing legislation to facilitate operations to meet the challenges of the times.

Unfortunately, we did not apply the same rigorous analysis to the difficulties within the Intelligence Community during that time period, and I believe there was a fundamental reason for this. During the Cold War, the primary responsibility for the IC was to provide the U.S. with strategic warning against the Soviet Union with 20,000 nuclear warheads. The tragic events of 9/11, however, combined with proliferation of weapons of mass destruction to rogue and perhaps non-state actors has changed this forever. We just don't have the luxury of 40 years to get it right.

Ambassador Negroponte spoke recently in a meeting of several remaining challenges—more diverse recruitment in the workforce, increased foreign language training and education in foreign language, improved data collection and collaboration between analysts and collectors, and continued improvement through community integration.

I agree 100 percent, but I would add more. First is improved human intelligence. It doesn't necessarily mean more human intelligence, but it certainly has to be better. The Committee's Iraq WMD report, as well as the WMD Commission's report, described the role that poor HUMINT played in the Iraqi intelligence failures—including lack of collection, over-reliance on liaison, and other country services, lack of trade craft standards, and lack of information sharing.

We have to improve our HUMINT by bringing in more people who are able to fit in and speak the language of target countries. We need to improve their cover mechanisms. And we need to have better utilization of commercial operations. Frankly, I don't believe the establishment of the National Clandestine Service has solved these problems. The sharing of source information has only marginally improved, it appears to us, and largely only to those analysts who work for the CIA.

Testimony that we have received from National Clandestine Service officers suggest there is no intent to expand access to certain information to analysts outside the CIA. That has to change, friends. The IC's best analytic judgment will only come from ana-

lysts who have immediate access to all information they need. But better information sharing alone won't guarantee correct access. Better analytic tradecraft, combined with a willingness to challenge assumptions rigorously must be the norm rather than the exception.

Now, analysts have worked hard in past years to make sure the Iraqi WMD mistakes are not repeated. I commend them for their efforts. We are talking not about failure of the many dedicated people who have worked in the IC; we are talking about improving the system so that it works better. But everybody in the community must continue to question and challenge the community's analytic products and briefings.

And yet at the same time, analysts must be fully supported when they speak truth to power.

Our analysts must take into account the ideological war that we are in today, and focus on understanding the beliefs that undergird militants—analyzing how and why individuals turn militant so that recommendations can be made for countering that process.

I believe, as so many people have said, that the battle against an ideological foe is 20 percent kinetic and 80 percent ideological, and I think we're doing the kinetic part pretty well; we need to do it better, but we also need to focus on the 80 percent that is ideological.

I'm also concerned about the community's financial management. In 1990, Congress passed the Chief Financial Officers Act, which set out the goal of all departments and agencies having auditable financial statements. It is 2007, and, as best we know, not one, none, zero, of the IC agencies can give us an unqualified financial statement. If I'm wrong, please inform me; I would love to be proven wrong. In other words, they can't tell us where the money goes after we give it to you. I think the taxpayers want us to fix that.

Finally, let me focus on the problem of leaks. While it is not a reform issue, we all know that leaks cost us dearly. Probably the most succinct statement on the leaks that have occurred recently came from the now Director of CIA, General Michael Hayden, when he came before this Committee. And I asked him about the leaks, and that was before the leak of the terrorist financing tracking system came out. And he said, "We are now applying the Darwinian theory to terrorists; we are only catching the dumb ones."

Well, it's imperative we take steps to reduce the incentive for people to provide classified materials to those who have no need to have it. I would like to see people in orange jumpsuits, but at the very least, there needs to be a change in the culture that it is no longer acceptable to take classified information, leak it, and then move to some post in the outside world where one can profit from it.

With that, if nobody has objection, I would like to introduce our witnesses: Mrs. Mary Margaret Graham, Deputy Director of National Intelligence for Collection; Ambassador Patrick Kennedy, Deputy Director of National Intelligence for Management; Dr. Thomas Fingar, Deputy Director of National Intelligence for Analysis; and General Dale Meyerrose, Chief Information Officer for the intelligence community; Mr. Mark Ewing, Deputy to the Deputy Director of National Intelligence for Requirements; Mrs. Susan

Reingold, Deputy Program Manager of the Information Sharing Environment.

And with that, I assume that you have a batting order that you would like to follow, and I would invite you to follow that order, and offer your comments.

Ms. GRAHAM. Mr. Vice Chairman, there is just one opening statement.

Vice Chairman BOND. Just one? Well, O.K., thank you.

STATEMENT OF MARY MARGARET GRAHAM, DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE FOR COLLECTION

Ms. GRAHAM. Chairman Rockefeller, Vice Chairman Bond, members of the Committee, you know the Director would have liked to have been here today, but unavoidably could not, so he sent the six of us.

It is our pleasure to speak to you today about the progress the United States intelligence community has made during the two years since the Congress enacted and the President signed the Intelligence Reform and Terrorism Prevention Act of 2004, or as we call it, IRTPA.

Over the last two years, the Intelligence Community has achieved good results through a concerted effort to integrate itself more tightly, share information more freely, coordinate actions more efficiently, define priorities more clearly, and align resource expenditures against those priorities more strategically.

The ODNI has led the IC to improve the security of the United States and to advance important national interests by implementing both IRTPA and the recommendations of the WMD Commission that were accepted by the President. The work of the ODNI has enhanced the intelligence community's ability to support policymakers, diplomats, warfighters, and even law enforcement officers. We will ensure this progress continues, but, candidly, what you'll hear is reform in action, and more time will be needed to fully achieve the goals of IRTPA.

This reality provides the context for understanding the developments I would like to briefly discuss today. To frame our assessment of intelligence reform, we would like to focus on structural change, on analysis, on collection, on management, on requirements, on science and technology and the information enterprise.

Let me begin with structural change, a great deal of which has occurred within the IC during the past two years. We have taken IRTPA's call for a strong national counterterrorism center and made it a reality. The NCTC stands today at the center of the intelligence contribution to the war on terror. It draws on and shares information from thirty different intelligence networks, including foreign and domestic threat information. It convenes coordination meetings across the government three times a day on terrorist threats. It guides the counterterrorism analytic workload across the IC.

Finally, when events mandate, it becomes a hub for critical intelligence support to our Nation's leader, as they did last summer when the British thwarted the civil aviation plot in London.

IRPTA also focused on the FBI's contribution to national intelligence. The FBI's senior leadership, under Director Muller, has

embraced this mandate in the establishment of the National Security Branch to bring together under one umbrella the FBI's counterterrorism, counterintelligence, WMD, and intelligence programs.

The WMD Commission also emphasized—as you have—the critical contribution HUMINT plays in preserving national security, and called for increased interagency HUMINT coordination, better and more uniform tradecraft standards, and increased joint training. This led to another major structural change in U.S. intelligence, as the CIA was directed by the President to establish the National Clandestine Service. These two changes—the NCS and the NSB—were major events, strengthening our human intelligence effort both at home and abroad.

Additional structural innovations include the creation of the National Counterproliferation Center, the appointment of a MASINT Community Executive, and the establishment of the DNI's Open Source Center under the executive agency of CIA.

Let me now turn to collection and analysis. Virtually every observer of the intelligence community has emphasized the critical interdependence of collection and analysis, as well as the need to continuously improve finished intelligence products through better methodology, more outreach, more alternative analysis, and more transparent sourcing.

If we are going to solve the most difficult intelligence challenges, our analysts and collectors must work hand-in-glove. And they are doing that, precisely in terms of attacking the priority hard targets—for example, Iran and North Korea, just to name two.

As Deputy Director of National Intelligence for Collection, my task is to rebalance, integrate and optimize collection capabilities to meet current and future customer and analytic priorities. Collection is by far the most expensive activity undertaken by the intelligence community, but I would suggest to you it is also what gives the IC its comparative advantage in protecting the Nation.

To enhance this collection enterprise, we initiated a process to develop a capability-based, integrated collection architecture, which will guide future investment decisions and address shortfalls in the Nation's current intelligence capabilities. We have begun to identify these shortfalls as well as areas of emphasis and de-emphasis, as you will see addressed in the President's budget.

By the same token, under the leadership of my colleague, the Deputy Director of National Intelligence for Analysis, we have taken many steps to bring analysts closer together. Among many other things, we established the Analyst Resource Catalog, otherwise known as the analyst yellow pages. We established a long-range analysis unit to stimulate focus on over-the-horizon issues. We have launched several initiatives to strengthen the quality and ensure the integrity of IC-wide analytic practices. And we are establishing activities to ensure that the rich diversity of expertise resident both within and outside the community is brought to bear on our analytic product.

Let me add one final word on collectors and analysts working together. We are pleased with a new model we've developed to assess and then task the agencies of the IC lift and shift collection and

analytic resources when we are faced with new and emerging crises.

We used this process effectively for the first time last summer during Lebanon's crisis, and we are using it today against both crises in Darfur and Somalia.

Let me now turn to management. The Deputy Director of National Intelligence for Management supervises activities that ensure the ODNI and the IC have the tools and the guidance they need to do the work. This begins with the National Intelligence Strategy.

The principle underlying the first-ever National Intelligence Strategy is the transformation of the community through the integration of its functions. The strategy's five mission objectives and ten enterprise objectives have been translated into strategic implementation plans, which the DNI approved in July of 2006, and now into program and budget decisions.

The ODNI is making frequent use of the new budgetary and acquisition powers granted by the IRTPA to manage and shape the community. Indeed, the Fiscal Year 2008 program build is critical. As you have noted, it marks the first one that the DNI has led at all steps of the process.

The DDNI/M's remit also includes security, training, and human capital, all of which are vital to the success of the IC of the future. We have made strides toward making the community one that not only wins the war for talent while making the most of America's diversity, but grows and retains a corps of motivated, collaborative, and expert professionals.

Working closely with agencies and departments across the IC, our Chief Human Capital Officer has, for example, completed the first strategic plan for human capital for the IC, completed policy that will make joint duty a prerequisite for promotion to senior levels of the IC, and promoted development of modern, performance-based compensation policies for civilian employees of the IC that will be completed over the next two years.

Now let me speak briefly about the Deputy Director of National Intelligence for Requirements, who is responsible for ensuring the IC—and all of us—understands and is working to address the full range of customer needs. Working closely with the National Security Council, we have revamped the national intelligence priorities process to be effective in conveying to the community the Nation's highest priority national intelligence needs. Updated semi-annually by the NSC and approved by the President, the national intelligence priorities better focus the IC's collection and analytical effort than in the past. There is close, continuous, and more formal interaction with senior customers to better understand their needs and ensure those needs drive the community's priorities.

Requirements also completed the first-ever inventory of all U.S. intelligence foreign liaison relationships, and we are using this knowledge to maximize the reach of the community to benefit the Nation and the community as a whole.

Finally, Requirements also partners with the private sector to gain a hands-on perspective on the international environment that often is unavailable anywhere else. A number of respective groups

are working with us to sponsor private sector firms' participation in unclassified fora to discuss foreign matters of interest.

Science and Technology. In the age that we live in of globalization that closely reflects developments in science and technology, intelligence reform would have dim prospects of success if it did not ensure our competitive advantage in the realm of S&T. As in all of our reforms, S&T change cannot be effected overnight, but that is precisely why our Associate Director for S&T has chosen speed as the first of his cardinal values—the other two being surprise and synergy.

Speed is exemplified by agile, flexible, proactive, and rapid responses to new threats and opportunities, and at low cost. Surprise includes new sources and methods, disruptive technologies, counter-denial and deception, and revolutionary approaches. We have laid the groundwork for an IC version of DARPA, which we are calling IARPA, to nurture good ideas for sharing and growing S&T expertise within the community.

Synergy means connecting the dots, forming informal networks and finding innovation at the crossroads of technologies. It is an understatement to say that the fastest way to increase the value of intelligence is to share it for collaboration and make it accessible for action.

Each IC agency and department, as you know, operates on legacy systems that were planned and, in many cases, deployed long before the Internet age. Enabling these systems to communicate has proved daunting. Solutions in the information-sharing field involve policy changes to enable sharing information, not only internal to the community, but with non-Federal partners and the private sector.

Two senior officials—the DNI's CIO and the Program Manager for Information Sharing—have accomplished a great deal toward both of these ends. Under their leadership, we have implemented a classified information sharing initiative with key U.S. allies. This was stuck for a long time. We got it unstuck through some hard work by both of these people.

We've developed and rolled out an electronic directory service—a virtual phone book for terrorism information for those that have counterterrorism responsibilities across the U.S. government.

We've released the Information Sharing Environment Implementation Plan and Presidential Guidelines on Information Sharing. These two documents provide the vision and the road map for better information sharing within the Intelligence Community with our Federal, state, local, and tribal counterparts, as well as with the private sector.

We've insisted that all significant IT deployments in the community be consistent with a common IC enterprise architecture. We've established a joint office with the Department of Defense CIO for managing the development and provision of cross-domain solutions that enable the national security systems to move information between networks operating at different security classifications.

These are just a few examples of the relentless problem-solving approach to information sharing and access that empowers everyone in the IC and everyone with whom the IC shares goals, objectives and information.

In conclusion, Mr. Chairman and members of the Committee, we have done much to make America safer from the very real threats that menace our fellow Americans, our values, and our friends and allies around the world. The intelligence community and the ODNI have embraced the reforms of the past two years and are implementing them, resulting in improvements across the enterprise that is the U.S. intelligence community.

By its nature, reform and the integration of the IC will be a long process—that's why I said what you are seeing is reform in action—but its benefits are already being realized and creating increased support among agencies and their customers to continue efforts accelerating the pace of reform.

With that, we would be pleased to take any questions that you have.

[The prepared statement of Ms. Graham follows:]

PREPEARED STATEMENT, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Chairman Rockefeller, Vice-Chairman Bond, Members of the Committee, it is our pleasure to speak to you today about the progress the United States Intelligence Community has made during the two years since the Congress enacted and the President signed the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA).

Over the last two years, the Intelligence Community has achieved good results through a concerted effort to integrate itself more tightly, share information more freely, coordinate its actions more efficiently, define its priorities more clearly, and align its resource expenditures against those priorities more strategically.

The Office of the Director of National Intelligence (ODNI) has assumed responsibility for strategic leadership of the IC, but the ODNI has attempted to do this in concert with its IC colleagues, relying on the individual agencies to execute their missions fully and completely. There's no other way for such a large, complex Community to succeed. In a true community, leadership in its fullness is a shared mandate; it extends across bureaucratic divisions and up and down the chain of command. Everyone has to feel responsible and be accountable for the effectiveness of his or her agency, programs, office, and personal actions.

We in ODNI have helped the Intelligence Community protect the security of the United States and advance important national interests in implementing the IRTPA and the recommendations of the President's Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (the WMD Commission). The work of the ODNI has enhanced the Intelligence Community's ability to support policymakers, senior leaders, diplomats, warfighters, and law enforcement officers. We strive to ensure this progress continues, but several more years will be needed to fully achieve the goals of the IRTPA and other proposals.

This reality provides the context for understanding the developments discussed below. To frame our assessment of intelligence reform, we would like to focus on structural change, analysis, collection, management, requirements, the information enterprise, and science and technology. We shall also emphasize the ways in which the ODNI has helped the intelligence reform process.

Structural Change

A great deal of structural change has occurred within the IC during the past two years in response both to our past failures and pressing threats.

We have taken the IRPTA's call for a strong National Counterterrorism Center and made it a reality. The NCTC stands at the center of the intelligence contribution to the War on Terror.

- NCTC is led by an official who has been designated as the mission manager for counterterrorism.
- It comprises officers representing all the relevant federal departments.
- It draws on and shares information from thirty different intelligence networks, including foreign and domestic threat information.
- It convenes coordination meetings across the government three times a day.
- It guides the counterterrorism analytic workload across the IC.

- Finally, when events mandate, it becomes a hub for critical intelligence support to our Nation's leaders. NCTC played an important role last summer when the British thwarted the civil aviation plot in London.

IRPTA also focused on the FBI's contribution to national intelligence. The FBI's senior leadership has embraced this mandate and has shown a great commitment to integration within the IC. The Bureau has established the National Security Branch to bring together under one umbrella its counterterrorism, counterintelligence, weapons of mass destruction, and intelligence programs.

As you know, the WMD Commission emphasized the critical contribution HUMINT plays in preserving national security. The Commission called for increased interagency HUMINT coordination, better and more uniform tradecraft standards, and increased joint training for operators. This led to another major structural change in U.S. intelligence: the CIA received the President's approval to establish the National Clandestine Service.

These two changes—the NCS and the NSB—were major events, strengthening our human intelligence effort at home and abroad. In coordination with the National Clandestine Service, the FBI, the Defense Intelligence Agency, and the military Services are improving the training, tradecraft, and integration of their case officers and operations.

Additional innovations have followed: the creation of the National Counterproliferation Center, and the appointment of a MASINT Community Executive, for example. The DNI's Open Source Center, under the executive agency of the CIA, is enhancing its collection and analysis to complement technical collection in a cost-effective manner. Meanwhile, institutions of longstanding assumed important new responsibilities. NSA has been vital in helping support the Global War on Terror. DHS has made great strides in integrating homeland security intelligence. And NGA stepped "out of the box" to help our Nation assess and mitigate the terrible impact of Hurricane Katrina.

We also worked side-by-side with the Department of Defense on establishing Joint Intelligence Operations Centers (JIOC) at Combatant Commands around the world and a Departmental JIOC at the DIA. JIOCs will improve coordination and access to information between national intelligence managers and DoD operators in-the-field through embedded personnel and enhanced horizontal integration. This will improve overall corporate situational awareness and adds value/granularity to knowledge bases throughout the entire Intelligence Community.

Collection and Analysis: Working Together

Virtually all observers of the Intelligence Community have emphasized the critical interdependence of collection and analysis, as well as the need to continuously improve finished intelligence products through better methodology, more outreach, more alternative analysis, and more transparent sourcing.

If we are going to solve the most difficult intelligence challenges, our analysts and collectors must work hand-in-glove. And they are doing that, precisely in terms of attacking the priority hard targets. For instance, the new North Korea and Iran Mission Managers have already begun promoting Community-wide integration and providing policymakers with briefings drawing on Community-wide expertise. Also, a founding principle in DoD JIOC establishment is better integration of analysts and collectors to enable more agile operations in support of the long war.

In support of collection/analysis collaboration, we also initiated the Integrated Collection Architecture process to develop an objective architecture and implementation roadmap that will be flexible in meeting analysts' needs, to guide future collection investment decisions, address shortfalls in current collection capabilities, and help us close gaps in the Intelligence Community's understanding of critical targets. In so doing, we have begun to identify capability shortfalls and areas of emphasis and de-emphasis to be addressed in the President's Budget.

The Deputy Director of National Intelligence for Collection seeks to re-balance, integrate, and optimize collection capabilities to meet current and future customer and analytic priorities. Collection is by far the most expensive activity undertaken by the Intelligence Community, but it is also what gives the IC its "competitive advantage" in protecting the United States and its interests.

By the same token, under the leadership of the Deputy Director of National Intelligence for Analysis, we have taken many steps to bring analysts closer together. Among many other things,

- We established the Analytic Resources Catalog.
- We established a Long-Range Analysis Unit to stimulate intra-IC focus on "over-the-horizon" issues.
- We have brought IC staff and contributions into the President's Daily Brief beyond the traditional (and still strong) CIA input.

- We have launched several initiatives to strengthen the quality, and ensure the integrity, of IC-wide analytic practice.
- We are establishing activities to ensure that the rich diversity of expertise—resident within and outside of the Community—is brought to bear on our analytic product.

Let me add one final word on collectors and analysts working together: we are pleased that we have developed a new model for assessing and then tasking IC organizations to prepare Community seniors to "lift and shift" collection resources in response to emerging crises.

- Application of this process in support of intelligence efforts during the recent Lebanon crisis proved effective in focusing Community efforts and delivering important new intelligence.
- The same model is being used against the ongoing Darfur crisis and in Somalia.

All of this is being undertaken to provide the best possible support to our policy and military communities. While we have met with substantial success, forging a close-knit, collaborative Intelligence Community remains a significant challenge, but it is one we are committed to pursuing with vigor.

Management

The Deputy Director of National Intelligence for Management (DDNI/M) supervises activities that ensure the ODNI and the IC have the tools and guidance they need to do their work. This begins with strategy.

The principle underlying the first-ever National Intelligence Strategy (NIS) is the transformation of the Community through the integration of its functions. Its five mission objectives and ten enterprise objectives have been translated into strategic implementation plans (approved by the DNI in July 2006) and into program and budget decisions. The ODNI has revised the National Intelligence Program (NIP) budget structure, for instance, to improve transparency and consistency across all NIP programs, to facilitate a "performance budget," and to facilitate analysis of how well the individual NIP programs are supporting the NIS.

The ODNI is making frequent use of the new budgetary and acquisition powers granted by the Intelligence Reform Act to manage and shape the Community. Indeed, the Fiscal Year 2008 program build is critical; it marks the first one that the DNI will lead at all steps of the process. The meshing of budgets, programs, plans, acquisition, and strategy has created a powerful effect on IC elements, several of which are now modeling their own internal governance processes on the ODNI pattern.

The DDNI/M's writ also includes security, training, and human capital, which are vital to the success of the IC of the future, and we are making strides toward making the Community one that not only wins the war for talent but grows and retains a corps of motivated, collaborative, and expert professionals. Indeed, nothing is more important to the IC's future than its workforce, which includes replenishing its ranks of analysts and human collectors, attracting specialists in S&T and WMD, and making the most of America's natural diversity.

Working closely with agencies and departments across the Community, our Chief Human Capital Officer has:

- Completed the first Strategic Human Capital Plan for the IC.
- Developed competencies for analysts and managers across the Community.
- Mandated individual Personal Performance Agreements for agency heads and senior IC executives.
- Completed policies that will make joint duty a prerequisite for promotion to senior levels of the IC.
- Promoted development of modern, performance-based compensation policies for civilian employees that will be completed over the next two years.

These are just a few of the policy initiatives in the area of human capital that we are monitoring closely with our annual surveys of the IC workforce, a reminder to senior management that our colleagues' opinions, desires, and morale are vital elements of a strong Community. And this is just one of a number of initiatives well under way in the management area.

Requirements

The Deputy Director of National Intelligence for Requirements is responsible for ensuring the IC understands and is working to address the full range of customer needs for national intelligence.

Working closely with the National Security Council (NSC), we have revamped the national intelligence priorities process. It is considered very effective in conveying to the IC the Nation's highest priority national intelligence needs. Updated semi-annually by the NSC and approved by the President, the national intelligence prior-

ities better focus the IC's collection and analytical effort than in the past. There is close, continuous, and more formal interaction with senior customers to better understand their needs and ensure those needs drive the Community's priorities.

Requirements also completed the first-ever inventory of all U.S. intelligence liaison relationships, and is using the knowledge gained to maximize our reach and minimize the real and potential costs of working with foreign partners. Its Foreign Relations Coordination Council (which includes members from throughout the IC) will help in this task.

Finally, Requirements partnered with the private sector to gain a "hands on" perspective of the international environment that often is unavailable anywhere else. A number of respected groups, including the Center for Strategic and International Studies, the Intelligence and National Security Alliance, the Business Roundtable, and the Chamber of Commerce, work with the ODNI to sponsor private sector firms' participation in unclassified ODNI forums to discuss foreign matters of mutual interest.

Science & Technology

In an age of globalization that closely reflects developments in science and technology, intelligence reform would have dim prospects of success if it did not ensure our competitive advantage in the realm of S&T. As in all of our reforms, S&T change cannot be effected overnight, but that is precisely why our Associate Director for S&T has chosen "Speed" as the first of his cardinal values, the other two being "Synergy" and "Surprise."

Speed is exemplified by agile, flexible, proactive, and rapid responses to new threats and opportunities—and at low cost. We have launched the Rapid Technology Transition Initiative, for instance, to accelerate the transition of innovative technology to operations by funding 13 programs in FY07.

Surprise includes new sources and methods, disruptive technologies, counter-denial and deception, and revolutionary approaches. We have laid the groundwork for an IC's version of DARPA, which we are calling IARPA—the Intelligence Advanced Research Projects Activity—to nurture good ideas for sharing and growing S&T expertise.

Synergy means connecting the dots, forming informal networks, and finding innovation at the crossroads of technologies. We have developed a unified IC S&T Strategy and Plan that identifies and addresses IC-wide technology gaps, establishes new joint S&T programs against high-value, hard targets, and institutes new joint duty programs such as the ODNI S&T Ambassadors initiative.

Information Sharing and Enterprise Architecture

The fastest way to increase the value of intelligence is to share it for collaborative critiques and make it accessible for authorized action. Sharing information is an issue much bigger than the Information Technology field. Each agency and department runs legacy systems that were planned and in many cases deployed long before the Internet age; making them communicate (to create a common IC identification badge, for example) has proved daunting. Solutions in the information-sharing field will have to involve policy changes as well, including sharing information with non-Federal partners and the private sector.

Two senior officials—our DNI Chief Information Officer (CIO) and the Program Manager for Information Sharing Environment—have accomplished a great deal toward both of these ends. Under their leadership we have:

- Implemented a classified information sharing initiative with key U.S. allies. This was "stuck" for a long time. We got it "unstuck."
- Developed and rolled out the Electronic Directory Services, a "virtual phone book" for terrorism information and those that have counterterrorism responsibilities in the U.S. government.
- Released the Information Sharing Environment Implementation Plan and Presidential Guidelines on Information Sharing. These two documents provide the vision and road map for better information sharing within the Intelligence Community and with our Federal, state, local, and tribal counterparts, as well as with the private sector. Implementation of both is well underway.
- Worked improved information sharing within the DoD through implementation of the JIOC construct worldwide.

These are just a few examples of a relentless "problem solving" approach to information sharing and access that empowers everyone in the IC and everyone with whom the IC shares common goals and objectives. The DNI CIO is insisting that all significant IT deployments in the Community be consistent with a common IC enterprise architecture consistent with the Federal Enterprise architecture.

- As part of this, the DNI CIO has inventoried the IC architecture with an eye to pointing the way for IC members to modernize in compatible ways.
- In addition, the DNI CIO established a joint office with the Department of Defense CIO for managing the development and provision of cross-domain solutions that enable the national security systems to move information between networks operating at different security classifications, thereby improving collaboration and sharing.

Conclusion

In conclusion, Mr. Chairman, and Members of the Committee, we have done much to make America safer against the very real threats that menace our fellow Americans, our values, and our friends and allies around the world. The Intelligence Community and the ODNI have embraced the reforms of the past two years and are implementing them, resulting in improvements to all aspects of the IC. Integration is not just a process between agencies; it is also a process within the agencies as we try to coordinate the insights and work of the various intelligence disciplines and processes. By its nature, this integration will be a long process, but its benefits are already being realized and creating increased support among the agencies and their customers for continuing the efforts at an accelerated pace. We are also seeing more clearly where the true challenges lie—and building the trust with the IC that will be necessary to address them. We would be pleased to take any questions that you might have.

Chairman ROCKEFELLER [presiding]. Thank you very much indeed, and I apologize for the comings and goings, but that should be all for the time being.

I want to address this to Ambassador Kennedy and other DDNI management. One of the greatest challenges facing Congress in this past year in drafting the Intelligence Reform and Terrorism Prevention Act was how to in fact balance successfully the establishment of a unified intelligence effort within the DNI, but that also included those within the Department of Defense. That was touchy; a lot of arguments ensued—all of this with the continuing requirement that the combat support agencies be able to respond to the needs of their military commanders.

Now I myself think it worked out rather well, but I don't know how you feel. First of all, does the Director of National Intelligence need stronger budget and personnel authorities than those granted to him in the reform act?

Ambassador KENNEDY. Well, sir, I don't believe that in the budget and personnel arena that we need stronger authorities. You have given and it's written into the legislation that the Director of National Intelligence determines the national intelligence budget, and I believe that he has done so for FY 2007 and that the budget that will be sent up here on the 5th of February will reflect his determinations of what the budget should be.

In the personnel arena, I believe his authorities to move personnel, his authorities to establish policies and standards and procedures are sufficient, and the steps we've already taken, such as in the area of joint duty, I think reflect that.

Chairman ROCKEFELLER. I thank you. Secondly, how is the DNI's office balanced—how have they balanced the separate requirements of the military and the national consumers of intelligence in terms of building budgets, tasking collection systems and providing analytical supports? That's more of a technical question, but it's an important one.

Ambassador KENNEDY. I think, first, we have built, over the course of the existence of the DNI, a very, very close and positive working relationship with the Office of the Secretary of Defense.

My office on the budget side regularly interrelates with the Undersecretary of Defense for Intelligence's office, and we work on NIP issues that are of interest to the warfighter, and we also have significant input into what DOD puts into its military intelligence budget.

We have a regular series of meetings, but since the question then morphs into the area of tasking analysis, let me ask my two colleagues, Ms. Graham and Mr. Fingar, who deal with the issues of collection and analysis to add and amplify, if that's permissible.

Chairman ROCKEFELLER. Please.

Ms. GRAHAM. Senator, I'd give you two examples from a collection standpoint.

The building of what I referred to as the integrated collection architecture, when that thought came to be laid on the table last year, Dr. Cambone and I spent a lot of time talking about the theory behind identifying the needs of the Nation for intelligence capabilities. That resulted in that process being done collectively—NIP programs and MIP programs, capabilities that the Nation needed no matter the war fighter or the diplomat. And so that picture of integrating, I would give us a B+ in our first year of effort at that.

Another: When Dr. Cambone and the former Secretary decided to establish Joint Intelligence Operations Centers—JIOCs—one of the issues for the defense JIOC which resides here in Washington, it is a single floor where you can make collection decisions. So it was intuitive to me and it made complete sense that why wouldn't you want to hook up the national, the military, the foreign and the domestic collection systems on the same floor?

And so we have begun to do that by having the back room of my collection strategy piece linked up with the defense JIOC so when we, in a crisis situation—take the North Korean things of last summer—when we need to make decisions, we can make them with the total of the national capability in a single place.

So those are two examples I would give you of how I think we are making good progress. We have more to go in laying the road, but we're making progress.

Dr. FINGAR. Just very briefly, and it's along the same lines of integration of effort, within the analytic sphere, the guiding principle has been to ensure that we have the appropriate expertise to address all of the various missions that are supported by the intelligence community—military missions, diplomatic missions, those of the Treasury Department, Homeland Security and so forth.

What we have attempted to do, with a reasonable degree of success, is to forge a community of analysts such that if there was a task, a question, a problem, that I have the capability to treat analysts across the community in all 16 agencies as available for deployment against that task, not by moving them but by tapping their expertise. Two examples I think will illustrate how we have done that.

In responding to a series of requests and requirements from Baghdad, from MNFI, those have come in either through DOD, DIA, where they have come to the National Intelligence Council. The starting point has been to reach out to those with the most expertise on the subject wherever they are and bring them together.

The related aspect of this gets into tradecraft and capability, such that if a question is assigned to one of the components of the community, that the other components and the requestor can have confidence that the answer will be of high quality and focused on their needs rather than a dear-boxholder-fits-nobody response which was common in the past.

Chairman ROCKEFELLER. I thank you, Mr. Fingar, and I now go on to Vice Chairman Bond.

Vice Chairman BOND. Thank you very much, Mr. Chairman. I'm just going to comment on some discussion that occurred before I arrived. I understand the DNI is co-located with the Defense Intelligence Agency. Secondly, as far as rushing an NIE to meet a timetable on Capitol Hill, we learned the hard way in the 2002 Iraq WMD National Intelligence Estimate, which was produced in a few short weeks, that if you want it bad, you may get it bad, and I'm sure you are going to give us the best possible Iraq NIE in a timely fashion. If there's any comment on that, I would welcome comment.

Dr. FINGAR. Senator, I would be happy to comment on that. Three points.

One is I remind myself regularly that the Office of the Director of National Intelligence might not exist were it not for that Iraq WMD estimate, which crystallized the number of problems. And therefore, under my hat as chairman of the NIC, I have accorded highest priority to ensuring that the quality of coordinated community products is of the highest standard we can attain for estimates and for all other products.

Estimates are special, but what makes them special beyond the longer time frame of most of them is that they are approved by the heads of agencies. It was as the deputy of INR that I sat on the NFIB that approved that Iraq WMD estimate. So I am particularly conscious—

Vice Chairman BOND. Thank you.

I had a couple of other questions before my time runs out, but let me clear the air. I did not vote for the intelligence reform bill. I thought it gave the DNI a tremendous amount of responsibility without the authority to get the job done. I commend Ambassador Negroponte and you for playing what I think is a weak hand as best as possible. What we're trying to do here is make sure that you not only have the responsibility but you have the authority to make sure that information is shared, that there are no more stovepipes. Unfortunately, there are several examples that I could cite you, but not in an open hearing.

I will try a different tack and ask if any of you see that the problems with the 2002 NIE and the problems that were frankly endemic within the community still need additional legislative authority or clarification, or is it just executive action needed? And I would start with Ms. Graham and then others who may have specific areas of concern on which we can focus. I'd like to do that. Otherwise we will save some of the examples for closed session.

Ms. Graham?

Ms. GRAHAM. Senator, I would—and I'll let my colleagues speak further to this, but what I would say to you is that one of the things the DNI has done as we've gone through this first now 21 months is be mindful of what more could be done to enhance the

authorities of the IRTPA. There is some work on that that has been done, and I think, without speaking for him, his decision was to come to you and to let Admiral McConnell, if confirmed, the next DNI, come to you with the benefit of all that. But I will speak for myself, for collections.

Vice Chairman BOND. Please.

Ms. GRAHAM. I don't believe that in the collection realm—because so much of this is, number one, about collaboration, number two about information sharing, and number three about culture, that there are legislative fixes needed to empower what I'm trying to do.

Vice Chairman BOND. Once you get the collection to the analysis stage, I still hear concerns that some agencies are not sharing.

Dr. FINGAR. The problem has not been solved completely. We've taken a number of steps—three specifically.

One is the IRTPA does give the DNI sole authority on dissemination, so that that is an authority that we have.

We have already put in place measures that make available to analysts across the community ORCON materials, which previously restricted dissemination to analysts and indeed to whole agencies or access to databanks if there was one ORCON document in it. I'll General Meyerrose speak to the certification of systems which will allow us to move others more freely.

The third way in which we have tackled this are the compartmented materials, with a process now that will shift the responsibility and authority for determining access from the producer of the report to need-to-know determined by Mary Margaret and myself.

I'll stop there.

Vice Chairman BOND. We'll come back. Ambassador Kennedy wants to make a brief comment.

Ambassador KENNEDY. I would just say, as I responded to the chair a few minutes ago, I think in the area of budget and personnel, in the macro sense, we have the authorities we need. You may well see in the FY 2008 authorization bill discussion some fine tuning and tweaking of small matters. But you've given us solid authorities and we may ask for, you know, a comma here or a clause there, but nothing—nothing that I'm finding that is a major shortcoming.

General MEYERROSE. If I could add to Dr. Fingar's points about allowing innovation into our information sharing, that's been something that we've been working on for almost a year. The policy that's in place took three years to write, four years to coordinate, and we've not touched it in five. And so clearly there is room for changing a paradigm which says that we avoid risk to one we manage risk, and we're working that very hard with the Department of Defense and the National Institute of Standards and Technology, and are about to come out with a series of proposals which winds us up for reciprocity, for using common criteria and those kinds of things, which I think will allow us to bring innovation into our systems to overcome issues of information sharing.

But I would add that the major information sharing issues that we have managed to solve over the past year are more of process and policy than they have been of technology. I'll give you one very brief example. Other parts of the government came to us and asked

us to set up portals for pandemic planning at top secret, secret and unclassified levels, which we did. An interesting thing occurred. In setting up the top secret portal, it took us a matter of two or three days; in setting up the secret portal it took us a matter of a little less than a week; and setting up the unclassified portal took us a matter of 8 weeks.

And the reason was because of the procedural labels and headings that people put on information generated by organizations which prevented the sharing. It had nothing to do with technology, it had nothing to do with external policy or the bringing together of various organizations; it had to do with each organization's internal policies and process. And we did manage to overcome it. We in fact run an information sharing pandemic planning environment that services over 40,000 folks in the federal government at all three levels of classification, and it's an example of most of the information sharing issues we face are cultural and process rather than technology.

Chairman ROCKEFELLER. Thank you very much.

Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

Does the present DNI have a regular process whereby the heads of the agencies meet?

Ambassador KENNEDY. Yes.

Senator FEINSTEIN. And when do those meetings take place, Mr. Kennedy?

Ambassador KENNEDY. The DNI has regular one-on-one sessions on a rotating basis with all—

Senator FEINSTEIN. That's not what I'm referring to. What I'm referring to is meet as a group to build a team that crosses the smokestacks.

Ambassador KENNEDY. Every Monday at 2:00, the heads of the six or seven largest intelligence community organizations sit down together, and with the Principal Deputy Director of National Intelligence and the rest of the team, every Monday. All 16 agencies get together every 8 weeks, meeting at the DNI. And that is complemented by a huge series—breakfast sessions, budget sessions that I held. And then plus all the CFOs of the community are now meeting together. All the chief human capital officers meet together. All the CIOs get together.

In other words, we have tasked, in effect, each one of the titled, if I might use that word, officials in the DNI to reach out and have regular get-togethers, regular sessions to exchange information, knowledge and requirements with their counterparts throughout the entire community.

Senator FEINSTEIN. And what is the current staff level of the DNI?

Ambassador KENNEDY. The current staff level authorized in the last authorization bill was 1,579.

Senator FEINSTEIN. And that doesn't include—at that time, didn't it include the counterterrorism unit?

Ambassador KENNEDY. That includes the National Counterterrorism Center, Ma'am.

Senator FEINSTEIN. And that is, what, 350, 400?

Ambassador KENNEDY. It's about 400, yes.

Senator FEINSTEIN. Four-hundred, O.K.. So, net, it's about 1,100.

Ambassador KENNEDY. Of the 1,579, about two-thirds of those were inherited from prior Director of Central Intelligence agencies, and force of law transferred 1,000, roughly, of the 1,579 positions to the DNI in the IRTPA. And then the IRTPA also said we authorize 500 additional positions. And so we've been using the transfers plus the 500 to build the DNI.

Senator FEINSTEIN. What many of us—and I'm speaking for a long time ago now—when this was first contemplated, we didn't look at the DNI as a bureaucrat; we really looked at him as a facilitator. And I guess one of the things that has concerned me is the huge staff that exists over there and whether in fact that is necessary. It may even be an impediment. Could you comment?

Ambassador KENNEDY. Yes. As a bureaucrat, I don't think it's a bureaucracy for three essential reasons.

The first is that if you're going to have the kind of leadership in the intelligence community that I believe that the Congress intended for it, it is essential that you coordinate.

So therefore you have to have coordination leaders in the analytical field, which puts a small staff with Dr. Fingar. You have to have a group in the collection arena, under Mary Margaret Graham to coordinate the multi tens of thousands of personnel who do collection. You have to have a small CIO staff in order to burst through the barriers that General Meyerrose was outlining when we were building the influenza pandemic websites. And the same is true if we want to make sure that we have all of the requirements that the civilian and the military community need from the intelligence community.

And then when you add in the mandatory items such as the National Intelligence Council, the National Counterintelligence Executive, as you just said, the National Counterterrorism Center, which consumes almost a third of that total number, I see the DNI is actually a very, very small number, and in an overhead in small single digits in terms of the entire community which it is managing.

Senator FEINSTEIN. All I can say is—and perhaps the leadership of the Committee is different—let me just speak as a rank-in-file member. I don't see the DNI leadership. I don't hear about the leadership. And what I see—and I try to do my homework and I try to read the intelligence—is the growth of a bureaucracy over there. And I have got to tell you—and you don't need to answer this—it concerns me very much.

I would like to ask, if I might, Ms. Reingold, a question. I think it has been the conventional wisdom since 9/11 that information sharing was one of the key impediments to preventing terrorist attacks. The intelligence reform legislation, which we enacted in December 2004, created the information sharing environment, and called for an implementation plan in a year. I believe that was received on November 15th of last year. It also called for a progress report beginning in December of 2006, which has not been presented. So I would like to ask for that progress report.

Let me ask this question. How in practice is the DNI getting actionable intelligence to law enforcement and Homeland Security officials at the state and local level? I have complaints everywhere I go in California, from local law enforcement, from mayors. I took

the opportunity to get the mayor of Los Angeles together with Ambassador Negroponte, but everybody tells me, if you're not in a taskforce, there is still a fractured system.

Ms. REINGOLD. Okay, if I could address your first issue about the implementation plan and a progress report, in the implementation plan, we made a recommendation. The implementation plan essentially gave a status, a progress report on where we are with ISC implementation, and then recommended that in June of every year thereafter, which would be this coming June 2007, that we provide an annual progress report. I would certainly be happy to update anything since the implementation plan came out and provide that to you. I just wanted to let you know in terms of timing.

Senator FEINSTEIN. I appreciate that.

Ms. REINGOLD. The question about actionable intelligence, there have actually been some very important accomplishments that have occurred most recently. The President actually asked the program manager and the interagency to come up with a framework to improve information sharing between federal, state, local, tribal, and private-sector partners.

And there was an acknowledgment that actionable information, not only from the federal level to our state and local and private sector partners, but also information that resides at the local and community level, to try to make that information also more available, in particular to the intelligence community—so very specific activity that we're in the process of pulling together an implementation plan is part of this federal, state, local framework.

There are two pieces to it. One is to create an interagency threat assessment coordination group located at the NCTC that can produce federally-coordinated information—very important—and this was all done with our state and local partners in terms of all of the implementation and this whole framework And we are in the process of setting up that implementation team, and working with state and local representation from the law enforcement and the Homeland Security communities to put together a process to improve getting that actionable information to the state and local level.

Senator FEINSTEIN. Are mayors included?

Ms. REINGOLD. Mayors are included from the standpoint of the U.S. Conference of Mayors, all of the associations that represent state and local officials, National Governors Association. We have had representatives from these organizations.

Senator FEINSTEIN. That is not my question.

Ms. REINGOLD. Oh, you mean in terms of—

Senator FEINSTEIN. The high-risk areas—are mayors told and informed of the risks?

Ms. REINGOLD. Yes, part of all of this is that at the state and local level, mayors as well as governors have begun setting up what they call information fusion centers in a lot of the urban areas, as well as at the state level. And those fusion centers are there to inform their local leadership at the—again, at the local, as well as the state level. So part of this whole framework is to help ensure that there is a national network of fusion centers that can receive the information that is coming from the federal government.

Senator FEINSTEIN. Sorry, what is a fusion center?

Ms. REINGOLD. A fusion center is an entity that has actually been established not by the federal government by either a major city or the state level to actually do something very similar to what we do at the federal level at the National Counterterrorism Center, at the NCTC. It is for them to literally pull together at their level all hazards, all threat information that they collect from the community so that they can paint a picture, whatever they need at their level, to assess what the threat is to their community and to their region.

So we are trying to link what we are doing through the intelligence community and through the broader homeland-security and law-enforcement communities at the federal level with this effort at the state in major urban area level. And the framework that recommendations are made to the President and that we are moving forward with is to pull together these fusion centers that I am referring to. There have been federal funds that have come from the Department of Homeland Security and Department of Justice to support these centers. And as a matter of fact, you can follow up on Thursday when you have both the FBI and DHS. And I'm sure that they will be talking a little bit about this effort as well.

Senator FEINSTEIN. But if I ask—

Chairman ROCKEFELLER. If I may interrupt at this point, we are going on over 12 minutes on this question, and I need to call on Senator Burr.

Senator FEINSTEIN. Thank you.

Senator BURR. Thank you, Mr. Chairman. I welcome our panel.

As I have sat here and listened to the exchange, I have thought, with the process changes that are under way and, Ambassador, with your description of the directive on pandemic flu, and the actions that you had to take, I am somewhat concerned—and I say this in the form of a statement versus a question—that we not lose focus on our strategic long-term threats that exist, and our ability to look over the horizon, which is what is unique about U.S. intelligence.

Ms. Graham, I think in your testimony you have covered very well that collection is better today. After five years, we have gotten better, and I applaud all of the agencies for that. But intel is a difficult thing to measure. And I would ask you, have we really tried to measure the product? Have you compared raw collection and finished analysis to see if in fact we have really improved our capabilities?

Ms. GRAHAM. I will be the first to tell you that metrics is a work in progress. How do you measure this? We must measure it, first of all, but how do you. So I want to tell you—and I think Tom can complete this story—the anecdote about analysis informing collection.

There are so many things out there, both strategic, long-term, tactical, near-term, that we need our intelligence community to do, that we must point them in the right direction.

You will hear it said that there are requirements out there, that there is requirements creep, where basically every analyst who has a question puts it into the requirement system, writ large. What that does to the collectors, be they HUMINTers or any of the tech-

nical intelligence, SIGINT, imagery, it allows them to perhaps diffuse their attention. So by having the analysts say to us, this is the most important gap, these are the most important questions that will fill this gap, you are able to direct the collection agencies to the most important fruit of collection.

We have had last summer, like it or not, some practice exercising what we had put in place. First we had the Taepo Dong II flight in North Korea. Then right after that, we had the problem in Lebanon, which has not gone away. Then we had a North Korean test of a nuclear weapon. Now we have Sudan and the Darfur, and Somalia. And I could go on and on. And that is on top of Iraq, Afghanistan.

So the ability to focus the collectors, I believe we can demonstrate—not measure the way I would like to—but demonstrate that the collection is further refined to answer the analytic questions. And with that, I'll turn it over to Tom to answer the rest of the question.

Senator BURR. Quickly if we can.

Dr. FINGAR. Very quickly. The old model was the analyst with the best rolodex and fastest finger could sort of guide collection. What we are doing now is convening the analysts from across the community, sitting them down, and say, you collectively decide what are the most important questions we need to answer, and what is the information that we need, and where are you likely to get it. And we set very small numbers—three, four; not laundry lists of topics to be handed over to the collectors—and leave it to Mary Margaret's people to decide how to do that.

The feedback loop on a lot of this is pretty short. And as we begin to work the new information into the analytic products, the sourcing that we now require makes very clear what information is most useful, what might be very expensive but is not used by the analysts. We have got a much better picture now than we did before.

Senator BURR. Wonderful. Ambassador Kennedy, the DNI has the ability to reprogram up to $150 million, and 5 percent of one of the recipients. Has that been used by the DNI, and is $150 million and the 5-percent threshold overly restrictive?

Ambassador KENNEDY. The DNI has used that authority, Senator, and I would be glad to give you or your staff representative examples offline.

Senator BURR. Thank you.

Ambassador KENNEDY. And to date, we have had no major problems that could not have been addressed within that figure, and I think that figure is sufficient.

Senator BURR. The reform act also allowed the DNI to withhold money to a recipient if in fact they had not complied with the DNI's priorities. Has any agency failed to comply and were funds withheld?

Ambassador KENNEDY. No, sir. We have engaged in an extensive education process in what I call the footnote process. When we issue their allotments to them, we specify what the funds are to be used for, and that has the force of the Anti-Deficiency Act passed by the Congress. And so we are achieving very, very good compliance.

Senator BURR. Mr. Chairman, I know my time is up. It is my understanding at this time no one in the government can share with us definitely how many contractors are employed by the intel community, or for that fact, how many contractors are employed by the DNI. I hope at some early date in the future that, one, if that information is incorrect, Ambassador, please share it with me. If it's not, I hope at the earliest possible time, we would know what the extent of contractor usage is.

Ambassador KENNEDY. Mr. Chairman, may I have five seconds?

Chairman ROCKEFELLER. Provided that you answer tomorrow. [Laughter.]

Ambassador KENNEDY. We have just completed that exact survey knowing that this is something that the DNI felt very specifically that we needed to have to engage in solid management and prepare our budget submissions. I have lots of raw data, Senator, and as soon as that data is in shape that I can come and make an intelligent presentation, first, to your staff, then to you, we will be getting that information up, because I think it is important to know, and important to see if we are using contractors in the right way. Are there things that should be contracted out that are not now? Or things that are contracted out now, where the taxpayer would be better off if they were brought in house.

Senator BURR. I thank you, and I thank the indulgence of the chair.

Chairman ROCKEFELLER. No, that was an excellent question. That was an excellent question.

Senator Feingold?

Senator FEINGOLD. Thank you, Mr. Chairman.

Ms. Graham, in the Director's speech on Friday and the ODNI's testimony today, there's a reference to "lift and shift" collection resources in response to emerging crises. And one of the examples it cited is Somalia. Are you satisfied with the level of coordination this effort has had with the Department of Defense?

Ms. GRAHAM. Yes, sir, Senator, I am. I'd be happy to talk to you about the details of that, but they're not at the level that we're at in this room. But yes, I am.

Senator FEINGOLD. So we could follow up in a classified setting?

Ms. GRAHAM. Absolutely.

Senator FEINGOLD. Well, let me say that I fully support the ODNI's effort to shift collection resources to Darfur and Somalia. However, a year ago, I asked Director Negroponte at the Committee's open hearing whether sufficient resources were being devoted to Somalia. And the Director responded that, "while you can never quite do enough," he believed that the resources devoted to Somalia were about right, "in the order of priorities that we've got."

But that is precisely the problem. Places like Somalia should be intelligence priorities long before they appear on the front page. Now, how can the ODNI help set new priorities and implement them?

Ms. GRAHAM. Senator, let me start that, and then I'll let my colleagues. I think the development of the national intelligence priorities framework lays out priorities for the intelligence community. But a part of the answer to your question is the need to get the intelligence community back to what I grew up calling global reach.

We don't have that today. I think you could probably tell me why we don't have that. But, it is because of the period of time we are in, the post-9/11 world, the demands on the intelligence community that exist today have grown exponentially since that day. So our challenge is, until we reach that point—with your help—of getting back to a place where we can do global reach and pay attention to places that are not perhaps, high on the list today, until they become a problem—the way Somalia is today—then we have to be able to, from a mission management point of view between the two of us, we have got to be able to have processes in place that allow us to lift and shift our resources when we need to. Speaking for myself, I don't see any other answer until we are able to satisfactorily have the global reach that we want.

Senator FEINGOLD. I'm very pleased to hear your comments about the need for the global reach. Mr. Fingar.

Dr. FINGAR. Well, it's very much the same situation with respect to analysts—that the kinds of questions we are asked, the kinds of problems on which our expertise is sought require deep knowledge. And we need to be both global in coverage and to have real fire extinguisher depth on subjects, and at the same time, need to have sort of pre-positioned and exercise links to expertise outside of the intelligence community that can be tapped very quickly.

I'm happy to describe with you and your staff the steps we have taken to do that, but we are coming off a period of downsizing and also shifting resources to higher priorities that has left many gaps.

Senator FEINGOLD. The next question may seem a little ironic because my whole concern has been that we don't have the global reach. In fact, our policy has become so Iraq-centric, that we haven't had the opportunity to put the resources around the world that we need. But I do want to talk about Iraq in this context. It's highly likely that the U.S. military forces will withdraw from Iraq prior to the establishment of stability and the elimination of terrorism there, so doesn't it make some sense for the intelligence community to have strategies in hand to deal with the challenges of Iraq as and after we re-deploy our troops from there?

Ms. GRAHAM. Senator, I'll speak for the collection side of the business. I think there has been development of those strategies. Again, this is something we would be happy to talk to you about in as much detail as you or your staff would like in a classified session.

Senator FEINGOLD. I think my time is about over. Let me just say that I look forward to that, and I hope that when I learn about those things it will show that today's political policies are not dictating the long-term strategic thinking of the intelligence community, particularly in this area. I do hope it gets back to the kind of perspective that you talked about as your understanding of what intelligence is supposed to be about. And I think that we have a great opportunity to at least get that right if we get out ahead of it, so I look forward to learning more about it. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Ambassador Kennedy, there has been no nomination to fulfill the position of the Principal Deputy Director of National Intelligence since General Hayden's departure last May. Why?

Ambassador KENNEDY. I think the answer to that, sir, is that the Director and the White House have been engaged in a very, very intensive search for the right individual for such an important position. And now, obviously, with the change in the Director of National Intelligence, assuming favorable action by the Senate in both cases, that the new Director, should he be so confirmed, would wish to have an input in that as well.

Chairman ROCKEFELLER. I hear you. I'm not sure if I understand the answer completely, but I hear you.

Senator Warner had to leave, and he asked four questions, and I promised that I would ask one of them. So this is his question. The ultimate goal of the 9/11 Commission and others is to provide the best possible intelligence to policymakers so that the President and members of Congress can make informed foreign policy and national security decisions. Since the President announced his Iraq plan early this month, I've taken the opportunity during numerous briefings and hearings to ask members of the intelligence community about their assessment of the Maliki government's ability to achieve the benchmarks necessary for this plan to succeed.

And his question is: I believe important strides have been made towards intelligence reform, but if the intelligence community cannot provide an assessment of the Maliki government's chance for success, one of the most important questions facing policymakers today, how can we be satisfied with the pace of reform?

Ambassador KENNEDY. I think if I could ask my colleague, Tom Fingar, to address that Mr. Chairman.

Dr. FINGAR. It's a fair standard to which to hold us accountable that I think the Estimate that we still plan to finish by the end of the month, as promised, we'll provide some in-depth look at intelligence community thinking. This is thinking that has evolved and been shared, and shared with the Hill in many products, and been shaped and shared with the review that led to the President's policy decision.

The very shorthand is, it would be very difficult for the Maliki government to do this, but not impossible. And the logic that we have applied looks at the importance of security—security as an impediment to reconciliation, as an impediment to good governments, and an impediment to reconstruction.

We judge that Maliki does not wish to fail in his role. He does not wish to preside over the disintegration of Iraq. He has some, but not all, of the obvious requirements for success. The judgment is that gains in stability could open a window for gains in reconciliation among and between sectarian groups and could open possibilities for a moderate coalition in the legislature that could permit better governments. There's a lot of conditional statements in this analysis. But that it is not impossible, though very difficult.

Chairman ROCKEFELLER. Thank you. Ambassador Kennedy, if I could just come back to you for a moment, I understand that General Hayden left a while ago, but there's something about the whole concept of Deputy for DNI, or person for DNI, being left empty—that position being left empty simply because of his departure—and simply because there may be some conversation between the potential new person, who was not named long ago, and whatever other elements are concerned is not impressive to me. What

is impressive to me is that the United States and the DNI would go for any period of time without somebody responsible for that—an acting or whatever. So I can't find your answer satisfactory.

Ambassador KENNEDY. If I might, Mr. Chairman. We have had an acting for the greatest majority of the period after General Hayden left—Lieutenant General Ronald Burgess, U.S. Army, who was the Deputy Director of National Intelligence—one of the four deputies other than the Principal Deputy. Ron Burgess was the acting Principal Deputy Director for National Intelligence—filled that function completely, took on all the responsibilities and duties permitted that Mike Hayden undertook—chaired meetings, met with various groups. So, Ron Burgess filled Mike Hayden's shoes, and if I might humbly say, very ably, during this period of time, sir.

Chairman ROCKEFELLER. That answers my question and I thank you.

Vice Chairman Bond?

Vice Chairman BOND. Thank you very much, Mr. Chairman. Just a couple of comments on things that have been said—talking about getting the analysts together and getting the collectors together. We understand from what we learned about the Iraqi Survey Group that when the analysts and the collectors work together, and in other examples in the field where they work together, they settle these things. And the collectors talking to the analysts tell them what they can do, and the analysts have to be realistic.

Now, there's a great imperative because that's probably the best way they can keep from getting killed if they're in the field. Here, there's not that same imperative, and I wonder why that model is not used more often here, away from the battlefield, to get the analysts to talk to the collectors.

Ms. GRAHAM. Senator, when I travel and have been out to the war zones or to other places, what we're trying to do here in Washington you see there. You're exactly correct. I would say, though, that looking back at the 21 months, where we are beginning to see and we can identify that same kind of collaboration, is in this concept that we call mission management, or the six mission managers.

Vice Chairman BOND. Okay.

Ms. GRAHAM. One of the ways that you know and, of course NCTC is the largest and the biggest of those—even on Iran and North Korea, discrete but very hard problems, you are seeing the analysts and the collectors work together in communities of interest where they are sharing information. So, we're not a hundred percent there yet in the Washington world.

Vice Chairman BOND. Okay. Thank you, Ms. Graham.

I wanted to follow up on some questions that had been raised previously about, number one, if we pull out what chance does the al-Maliki government have of succeeding. I believe that the community was unanimous in their last open session in saying that a premature pullout would cause chaos, increase killing of Iraqis, provide safe haven for al-Qa'ida and possible major conflicts among countries as well as sects in the region.

And what General Hayden told us in public, and followed up by the further briefings that we had, that while it is by no means sure, providing assistance to al-Maliki's government now, with the

commitment he's made and with the assistance perhaps of other friendly countries in the area, is not guaranteed, but it is the best hope for stability in Iraq. Is that a fair characterization of the position of the community?

Dr. FINGAR. Yes it is, Senator.

Vice Chairman BOND. Has the intelligence community been pulled off its tasks that in the professional judgment of the intelligence professionals would be better utilization of their collection and analytical assets in order to perform a political task rather than to focus on the threats that the intelligence professionals believe to be the top priority. Has that happened? If so, when?

Dr. FINGAR. No, Senator. The community is arrayed against the threats that were described in the testimony presented by the DNI and the other intelligence community leaders to this Committee last week.

Vice Chairman BOND. And those are threats that are not dictated by Congress or the executive, but are the threats that are perceived as such by the community?

Dr. FINGAR. Yes, sir.

Vice Chairman BOND. So there's no question about that.

Let me ask Ambassador Kennedy—I'm still concerned about the budget. In the Imagery Way Ahead, General Hayden told the Committee that the DNI wanted to terminate a major program and continue another. What worked out was that the one that he wanted killed is still being funded, and the one he wanted to continue got terminated.

How is this determining the budget? You're going to have to guess what I'm talking about, but I think you could.

Ambassador KENNEDY. I'm with you. I'm not sure that I can give you a fulsome answer in this venue, except to say that when the DNI, in consultation with other senior leaders in the intelligence community, looked at what is the essential, fundamental, base, national technical means that were needed, we made decisions on what should be funded in the national intelligence programs based upon those fundamental requirements, those baseline requirements. And, we made the determination that it is essential to meet baseline needs, and we have done that.

Vice Chairman BOND. Okay. Mr. Chairman, we may want to follow up with this in a closed hearing, I think. Thank you very much.

Chairman ROCKEFELLER. Okay. Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Mr. Chairman. We are expecting a National Intelligence Estimate on Iraq in the not-too-distant future. And this is my first go at this, so I want to get a bit of an understanding of the procedure involved.

How did the preparation of the National Intelligence Estimate, which I think is pretty close to completion and delivery, relate to the discussions that have taken place recently with the intelligence community and the White House with respect to the determinations that have been made in Iraq? And very specifically, did the office of the President or the Vice President provide input to any of you on the desired timing or content of the NIE?

Dr. FINGAR. The answer on both the timing and content is no.

Senator WHITEHOUSE. Good. And what is the preparation process related to the consultations that took place over the past months?

Dr. FINGAR. Well, we began the preparation of the estimate in the fall. Estimates, by their nature, require the input of the most experienced analysts that we have in the community. And even on Iran, where we have a large number of analysts relative to most other subjects, the number of analysts that are really very good is small. And in the course of preparing the Estimate, we were asked to prepare a number of assessments that fed into the President's policy review, to prepare a number of briefings, a number of responses to requests from Baghdad, MNFI particularly.

Given the importance of the subject, we felt it imperative to put our best analysts on it. So there was, in one sense, a competition for time of the most skilled analysts. However, the processes were all interlinked—that the work being done on the estimate informed the input that the community was making in Baghdad and to the reconsideration of policy here. So they were moving in parallel. They don't differ from one another in their judgments, so the specific set of questions we address is the same set of questions that we began addressing, but the production schedule for the Estimate has slipped because task one got in the way of task two in this. As I said earlier, we expect to have this completed by the end of the month, but as we speak, the community is in coordination on a draft.

Senator WHITEHOUSE. Now, looking at that situation, I see a world community that is taking a very meager role in helping us to resolve the conflict in Iraq. I see a regional community that I would also view as taking a very meager role, particularly considering the stakes at hand if Iraq were to spark off a pan-Arabic, Sunni-Shi'ite conflict that would engage Egypt, Jordan, Saudi Arabia, and other nations. They're very directly interested in what is going on there. And there also seems to be widespread skepticism about the real will and capacity of the Maliki administration to be able to manage some form of resolution among the different factions in Iraq.

And with respect to all of those three—the hesitance of the world community, the lack of appropriate, given the risks involved, response by nearby Arab nations, and the either hesitancy or truculence of the Iraq factions at finding an accommodation—what is the role of the U.S. presence with respect to those different characteristics of this dispute?

Dr. FINGAR. Senator, my starting point is the very high expectations that others around the world and certainly in the region have of the United States.

Senator WHITEHOUSE. That's a nice way of saying it.

Dr. FINGAR. Perhaps unrealistically high expectations. But many of the states around Iraq have relied to a greater or lesser degree for their security on their relationship with the United States—political, economic, and military. The U.S. presence in the region is a part of the provision of that security. Iraq is unquestionably a very difficult environment at the moment. That reticence of neighbors to become engaged is one part the unappealing character of the conflict, one part the expectation that they are going to have

to make accommodation with whatever emerges in Baghdad and in Iraq, more broadly.

They don't believe they have a great deal of ability to influence that situation. They worry that they will become tainted by attempting to intervene on behalf of one of the factions or parties or groups or another. It is a situation that, if we could roll the clock back decades rather than a few years, one could imagine things evolving differently. But we're working with the situation sort of as it is.

Senator WHITEHOUSE. Thank you, Mr. Chairman

Chairman ROCKEFELLER. Thank you, Senator. Senator Snowe.

Senator SNOWE. Thank you, Mr. Chairman. And I want to thank the panel as well.

Obviously, with the departure of Director Negroponte, it's raised a number of questions about the true extent of the authority of the DNI. And it is deeply troubling that obviously we not only have the departure of Director Negroponte, but also the Deputy. It was a long-standing vacancy at a time in which we're trying to ground this department in gathering intelligence and centralizing and consolidating intelligence authority. I know that, Ambassador Kennedy, you recently stated that DOD and the DNI had been able to resolve any differences and that DNI has not had to surrender any authority.

But yet, when you look at the statute, obviously that was one of the central questions during the course of this debate in the creation of this department as to what extent the DNI would have concentrated authority overseeing the 16 intelligence agencies' budget.

Now, the language in the statute is he has the authority to determine the budget authority. And yet, as we know, DOD administers 85 percent of the budget and the personnel within those agencies. Do you think that, first, the statute now should be changed? I mean, because the perception in all of the comments, if you read a number of articles, it's clear that the perception is that the Director really has very ambiguous authority. And it's essential for anybody who is sitting atop a large agency as the DNI is has to have that authority or literally has no control.

And so, I think that's one of the issues that we have to grapple with. I mean, you know, certainly, the question about the Director's departure could be central to the issue that he lacked that authority. And we have to get to the heart of that question. Now, some might say it's premature to address any statutory changes, but sooner rather than later if we're going to get this right.

Ambassador KENNEDY. Senator, I believe that in terms of the authority of the Director of National Intelligence to determine the budget, he has that authority and he has exercised it. If I might take a second, we receive what is called the IPBS—the budget request from the 16 agencies. The analysis of those programs is run by people who work for me, in conjunction with representatives from analysis, collection, requirements, technology, the CIO, everyone. We scrub those budgets.

Then they come to me; I make a recommendation to myself, in effect, consult with the other deputies, and then take that package and sit down with the Director and say, this is what I believe

should be allocated to the agencies on the basis of what they have requested. Cut this; add here; shift that.

The Director then makes that determination and that goes over to OMB, and then it goes into the President's budget. It is submitted to the Congress, and after you make the authorization and appropriation decisions that you make, the money then comes back to the DNI, and we issue what are called advisive allotments. We say to agency X, you are hereby on the basis of congressional action given $50. And we put footnotes if there is any doubt on that advisive allotment that says, spend $35 on this, $10 on this, et cetera, et cetera. And those footnotes carry the force of law—the Anti-Deficiency Act.

So the analysis is done within the ODNI; the Director makes the decision; and the way we've set up the process, the agencies follow that decision. They have followed those decisions at the end of 2005, 2006—we're now in 2007—because A, they respect the process, but B, you have given us sufficient force of law to ensure that they have to, should they not want to.

Senator SNOWE. So you think that the common perception about the lack of authority is not real and that in actuality, that it works and in practice, it works?

Ambassador KENNEDY. There are some minor tweaks that we will be submitting in the 2008 discussions, but in the area of the budget, I believe we have an absolutely solid foundation and it doesn't matter whether the agency involved in the 16 is in another cabinet agency or not. The process that you have given to us enables us to be solid and make those determinations and see that they are executed.

Senator SNOWE. And that was true in the preparation of the 2008 budget? I mean, were there any challenges there?

Ambassador KENNEDY. There were lots of challenges, but not challenges from the—obviously, any budget preparation process has an element of triage in it. You wanted perfect security, you'd never get there because the cost curve would go vertical. So we make decisions, but we believe that there will be sufficient funds in the President's budget that you will receive on the 5th of February to meet our national needs, and we believe also that we will present to you an allocation spread across the 16 agencies that is the best decision that the Director can come to.

Senator SNOWE. So you think he has considerable authority then?

Ambassador KENNEDY. Yes, ma'am, I do.

Senator SNOWE. Well, you know, it's troubling then, because I think that there seems to be a gap at least in perception in terms of whether or not the DNI does have real authority. And I think that is a real question, because I think ultimately it undermines the department in terms of making sure that it does have that authority to do what it is required to do and what it has been asked to do.

Ambassador KENNEDY. The only other example, Senator, that I could offer in this regard is that if you had been party to the internal deliberations within the ODNI, you would have seen the DNI's decisions to move funds from one agency to another, and move funds from a program within one agency to another program with-

in that agency. And those decisions of the DNI were sustained and those decisions will be before you on February 5th.

Senator SNOWE. Well, I guess also it's a question of whether or not it works well in one instance; it may not work well in another instance, because you don't have the grounding in statute in terms of a clear and concise authority.

Ambassador KENNEDY. I believe we did the same thing in FY 2007 and we did almost the same thing in FY 2006, which is the first budget that DNI had any responsibility for. And so, we now have a track record of 2006, 2007, and now the submission to you, Senator, of 2008.

Senator SNOWE. And how has the balance occurred between the military and strategic requirements in terms of intelligence? Has it shifted from tactical to strategic or more to tactical rather than strategic?

Ambassador KENNEDY. I believe that—and I can ask my colleagues for assistance on this—that is, the National Intelligence Budget—the NIB, as opposed to the Military Intelligence Budget, the MIB, which is under DOD, but which we play an advisory role on—that the focus of the NIB is solidly on the national and the strategic, and the focus on the MIB is on the tactical.

Senator SNOWE. So you're comfortable with the balance?

Ms. GRAHAM. Senator, one of the pieces of putting ourselves through having the agencies develop with us, the capabilities—the intelligence capabilities that the Nation needs from a collection point of view—when you look at those capabilities and how you array them, things like you want your systems to be survivable perhaps, you want your systems to provide you persistence, you want your systems to provide you with leadership—there are strategic, leadership, persistence, survivable, and there are tactical.

So when Ambassador Kennedy described that basis, the way I would describe it is in the NIP, in looking at the capabilities across the NIP, you find the strategic capabilities, which may be the same as the tactical capabilities. But the spending in the MIP on tactical capabilities, for example, urban things that they have to do in Baghdad—that they are doing in Baghdad today to find and fix—those are more in the tactical. But some of those same systems are using some of the same things that you use in your strategic systems.

Senator SNOWE. Thank you, Mr. Chairman. Thank you.

Chairman ROCKEFELLER. Thank you, Senator Snowe. Ambassador Kennedy, I'm going to pick a bone with you. And I think this is not unimportant, because it gets to the very relationship of the way the congressional branch of government and the executive branch of government talk with each other. We have to be candid and forthright.

I asked you about an absence in Michael Hayden's position when he took over the CIA. You indicated that General Burgess was filling in on that and that everything was O.K.. I receded into a state of temporary satisfaction until my chief of staff launched at my chair and pointed out some very important things, which I think you need to think about in terms of the way you and I talk in the future.

Number one is that he had two jobs. He was Acting Deputy Director of National Intelligence. He was also the Deputy Director for Requirements. So he was being asked to do two jobs at once. You did not tell me that. No, I'm not finished.

And then, he ended his one job—two jobs—whatever you want—2 weeks ago. So my question stands. You cannot tell me in something as important as what we are responsible for from an oversight position that everything was just fine when in fact it wasn't.

You can say he was a superperson and therefore could do the two jobs at once. But I'm not inclined to believe that. So now, I want you to correct the record for me and tell me whether there has been a deputy in General Hayden's position. There certainly has not been for the last 2 weeks, and there certainly was not, in my judgment, for the previous period of time. And those were very, very important times at which Iran and all kinds of things reared their head.

Ambassador KENNEDY. Absolutely, Senator. And I apologize for something I didn't add. During the period of time that General Burgess was acting as the Principal Deputy Director of National Intelligence, he stepped out of his job as the Deputy Director for Requirements, and Mr. Mark Ewing stepped into his job as the Acting Director of Requirements. And so I apologize for failing to add that to the point in my presentation, sir. I apologize for leaving that off.

But, General Burgess was not occupying and doing the two jobs at the same time. He was filling in. He moved out of his office—literally, physically moved out of his office as the Deputy Director for Requirements—and moved into the Principal Deputy's office—a different office adjacent to Director Negroponte's.

Chairman ROCKEFELLER. I will give you an advantage on facts. I will not give you an advantage on the principle of discourse between the executive branch and the congressional branch.

Ambassador KENNEDY. Again, I apologize for any misstatement I may have made, but I thought I was honestly trying to outline that General Burgess had shifted and had taken over as the Acting Deputy.

Chairman ROCKEFELLER. But you didn't.

Ambassador KENNEDY. For the President's designation.

Chairman ROCKEFELLER. But you didn't.

Ambassador KENNEDY. I apologize.

Chairman ROCKEFELLER. Who is Deputy now?

Ambassador KENNEDY. The job is vacant because the Vacancies Act time has expired, as I indicated.

Chairman ROCKEFELLER. And then you referred obliquely to not tensions but discussions. And all of that interests me. All I'm saying is that when you and I converse, let it be open; let it be forthright; and let it be accurate. Our business is intelligence. Yours is intelligence. So let's at least deal with each other fairly.

Vice Chairman Bond has a matter.

Vice Chairman BOND. Just a couple of quick ones. I don't believe I recall getting a response to my question whether the IC has any auditable statement. Is there any auditable statement in any entity in the IC?

Ambassador KENNEDY. Senator, there is no auditable statement without exception. Two agencies have presented auditable financial statements. However, exceptions were taken in the area of plants and equipment—i.e. inventories.

Vice Chairman BOND. What were the two that made the hurdle?

Ambassador KENNEDY. Can I provide that to you offline, sir?

Vice Chairman BOND. Yes, provide that to us. And when are you going to get the rest of them controlled?

Ambassador KENNEDY. For the last year, we have been working with DOD and with OMB on this. We have a very difficult problem that we're facing in that the majority of the funding for several of these agencies runs through the Department of Defense and the Defense finance and accounting system. The Defense finance and accounting system does not have an auditable financial statement, which is beyond the control of the intelligence community, and until we are able to achieve changes in that relationship, we are going to have a problem.

So I have commissioned a team composed of the deputy chief financial officer, and he is working with representatives from OMB and from the Department of Defense to find out how we can resolve those problems so that the agencies who are all working independently with us can have their individual finance statements auditable, and that we are able to reconcile things such as funds balances at Treasury and others, to make this happen.

Vice Chairman BOND. I have had discussions with Admiral McConnell about establishing strong CFO positions and developing a career track for people within the IC with a strong financial management background, and we look forward to following up with you.

The other thing I would add, following on a discussion that Senator Feinstein had with you before we were here, the 9/11 Commission pointed out that there was a lack of coordination or involvement by the intelligence authorizing committees in the appropriations process. Senators Feinstein, Mikulski, and I serve on the Defense Appropriations Subcommittee. We have presented proposals to ensure that this Committee can have some meaningful input to that appropriations committee, which I hope will satisfy the goals of the 9/11 Commission, though maybe not perhaps the precise structure.

So we will look forward to working with you to the fullest extent possible on the budgetary issues because one way or the other, we are going to be deeply—at least some of us are going to be deeply involved in the appropriations process.

Ambassador KENNEDY. If I might, Mr. Vice Chairman, I can assure you that on February 5th that we deliver to this Committee a complete set of the classified congressional budget justification documents—

Vice Chairman BOND. And when you are asked—

Ambassador KENNEDY. If I have to do it personally.

Vice Chairman BOND. And when you are asked for further information, I hope you will share that with my Committee and the SAC/D, and similarly, if we ask for something, I would assume you would keep both Committees fully involved as if both of us have an interest in the budgetary decisions, which we do.

Ambassador KENNEDY. I and my staff are at your disposal on any budgetary question at any time.

Vice Chairman BOND. Thank you, sir, and thank you, Mr. Chairman.

Chairman ROCKEFELLER. And I thank you, Mr. Vice Chairman, and I will have one more question.

Should something arise of a moderately important level in the field of intelligence, how would it get handled? There is no acting deputy director.

Ambassador KENNEDY. I believe, Senator, that it would come to one of the four deputies for collection, analysis, requirements or management, and we would take that—or the CIO. And we would take that matter, if we could not resolve it ourselves, since we do handle large numbers of issues every day with the agencies, we would immediately take that matter to the Director of National Intelligence, sir.

Chairman ROCKEFELLER. And when would you expect that person to be named?

Ambassador KENNEDY. Senator, I can't speculate on that. I am assuming that, subject to the will of the Senate, that is something that Admiral McConnell will be taking up immediately. But I can only surmise. I can't give you a clear answer.

Chairman ROCKEFELLER. I know. In the meantime, Ms. Graham, we are depending upon you.

Ms. GRAHAM. Senator, I know this isn't going to scratch the itch, but can I give you a little bit of the inside baseball of how we have been working for the past 21 months?

Chairman ROCKEFELLER. I am very good at inside baseball, and so is Kit Bond.

Ms. GRAHAM. All right, when we—

Vice Chairman BOND. Ours was a little better than the Braves.

Ms. GRAHAM. Well, you have got a Yankees fan here, so I'm sorry.

When we stood up in May of 2005, and the four of us arrived, you will recall that the Ambassador and General Hayden were downtown in the new executive office building. The other four of us were out then at Langley. And one of the things that we had started then, with the Ambassador's full encouragement, was a meeting on a daily basis. So my other half doesn't work in the Government; he works in corporate America.

Think of us, the four of us, on a daily basis, with the acting PDDNI or the PDDNI, and the Ambassador acting as a corporate team. And every morning still, we sit down, and we walk through the issues. Now, your point about there not being a Principal Deputy I certainly don't quarrel with. But the management of the intelligence community, I don't think, has been lacking because of the structure that the Ambassador put in place in those very early days, whether it be speaking, whether it be participating in the job that we are here to do, whether it be participating in deputies committee meetings on any given issue that impacts intelligence. It's not perfect, but I think—and I'll speak for myself—I think it has worked in the management of the community.

Tom.

Dr. FINGAR. I would absolutely agree with that, that we are all generally knowledgeable about one another's working, but even more importantly, I think we have grown to have absolute trust in one another's judgment, and if I hand something off to one of my colleagues, I don't worry about it being done properly. It will be done properly.

Chairman ROCKEFELLER. I'll leave it at that. Thank you very much. The hearing is adjourned.

[Whereupon, at 4:40 p.m., the Committee adjourned.]

Supplemental Material

OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE
WASHINGTON, DC 20511

April 12, 2007

The Honorable John D. Rockefeller IV
Chairman
Select Committee on Intelligence
United States Senate
Washington, DC 20510

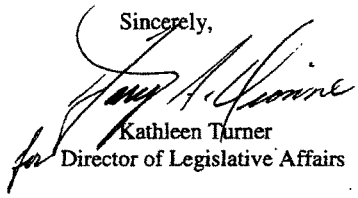
The Honorable Christopher S. Bond
Vice Chairman
Select Committee on Intelligence
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Vice Chairman Bond:

(U) The enclosures to this letter respond to questions from Members during the Committee's January 23, 2007 Intelligence Reform hearing.

(U) If you have any questions on this matter, please contact me on (202) 201-1698.

Sincerely,



for Kathleen Turner
Director of Legislative Affairs

UNCLASSIFIED when separated from enclosures

DECL ON: MR
DRV FROM: MIL S-06

Hearing Date: January 23, 2007
Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 1

Question 1: (U) I was intrigued during the Sunday talk shows when Speaker Gingrich said that he felt that perhaps "we're about 10 percent of the way into effective intelligence reform." In his testimony before members of the House Permanent Select Committee on Intelligence last year, Speaker Gingrich said that intelligence reform must be centered on performance metrics that should be used to define success. So my questions to you are:

- **Do you agree with Speaker Gingrich that we are only about 10 percent of the way toward where we need to be on intelligence reform? Why or why not?**
- **When the Office of the DNI began the process of reform two years ago, what metrics or benchmarks did, or did you not, establish as markers of success or failure to reach your goals? What were they?**
- **Did the ODNI identify benchmarks that had to be achieved by individual intelligence agencies? If so, what were those benchmarks in the areas of HUMINT and SIGINT and analysis?**
- **How far toward achieving those benchmarks have you and the agencies come in the past two years in your judgment? Do the same benchmarks remain relevant today, or do you need to adjust for the years ahead?**

Answer: (U) The ten percent claim of effectiveness for intelligence reform is not a helpful gauge of the progress made to date. The complex and systemic problems within the Intelligence Community (IC) have been worked on and continue to be addressed by the new DNI. The ODNI has implemented several business practice systems that show progress. However, it may take several years to achieve success for some objectives. A robust strategic planning process and evaluation mechanism were established within the ODNI's first year. Planning staffs focused on base-lining capabilities and developing metrics to demonstrate real progress toward reform.

(U) Progress toward reform began in November 2005 with publication of The National Intelligence Strategy. This document initiated a new and unprecedented strategic planning approach to align the activities of the 16 IC organizations. The NIS outlined the DNI's priorities for the IC in the form of fifteen strategic objectives (five mission objectives (MO) and ten enterprise objectives (EO)). "Ownership" of each objective was assigned to a senior ODNI official to lead the IC in achieving the objective. This process included:

a. (U) Fifteen strategic implementation plans were published following extensive IC coordination in July 2006. These plans provide far more detail on the NIS objective goals, initiatives, benchmarks, outline actions already accomplished and those

underway, and establish "outcome" measures (metrics) to guide the assessment of overall success.

b. (U) The Acting Principal Deputy DNI chaired the first National Intelligence Strategy Performance Review (NISPR) in August 2006. The NISPR is a quarterly senior-level ODNI strategic management forum; it comprises the plan owners sitting in executive session before the PDDNI to discuss their benchmarks and metrics progress toward accomplishing the strategic objective outcomes. The emphasis during the NISPR is on recognizing success and identifying (and correcting) impediments. Accordingly, the first NISPR established ground rules for the process, including attendance and reporting. The second NISPR was held November 15, 2006 and focused on the Deputy DNI for Management's objectives (Enterprise Objectives 4, 7, 9 and 10). All affected staffs and IC elements participate in the NISPR preparation process to ensure informed decision-making.

c. (U) The plan owners completed the first iteration of their individual "action matrices" in Fall 2006. These comprehensive tracking sheets identify discrete actions and benchmarks gauging where the Intelligence Community stands in accomplishing the assigned actions.

d. (U) Throughout the fall of 2006, plan owners identified metrics to support each of their outcome measures. A metrics "hierarchy" was developed with the Chief Financial Officer to integrate the outcome metrics with the project/program–level metrics that are required for a performance budget. Plan owners had finalized the outcome metrics and had completed data collection plans (e.g., data availability, frequency of collection, collection format, etc) by January 2007. The initial data call occurred in early-January 2007 and included data requests for MO1 and EO1.

e. (U) Plan owners drafted the FY 09–13 Planning Guidance for the Community in December 2006. This guidance expanded upon the NIS objectives and will guide future IC program builds.

(U) Having completed one annual cycle of strategic planning, the ODNI staff is drawing on that experience in drafting an IC-coordinated Intelligence Community Directive (ICD) on strategy and planning. This ICD will explain how the DNI uses the NIS and strategic plans to transform the IC. It also will describe the strategic review process, including the development of long-range scenarios and far-future planning, the role of the Quadrennial Intelligence Community Review (QICR), how and when the NIS is revised, and how new ideas, concepts, and threats are considered in the process. The strategic review process will concentrate on the issues and targets of intelligence work rather than the details of intelligence processes, will be flexible and not scripted from the outset, and will aim to foment change and demonstrate results rather than to defend a particular status quo.

(U) Individual IC agency performance measurements are incorporated in each agency's Congressional Budget Justification Book (CBJB). We are working with the Agencies to refine their performance measures in order to ensure that their measures both support the ODNI objectives and enable them to track their progress. While each Agency has individual performance measures, Community-wide benchmarks have not been established for HUMINT, SIGINT and analysis. Community-wide measures for those three elements are incorporated in

applicable Mission and Enterprise Objectives implementation plans and will be integrated in the FY 2009 CBJB as part of their performance plans.

(U) Real, measurable progress was accomplished in the first year. We have learned a great deal and will continue modifying the process. Milestones will change as we close gaps and make progress on accomplishing our goals; new benchmarks and metrics will be developed to determine progress.

(U) The new DNI has a plan to improve the quality of intelligence provided to our customers across the IC through a greater emphasis on integration and collaboration. ODNI is adopting proven best practices in both industry and government for enterprise management. This includes a proactive, integrated performance-based management system that anticipates the future and measures progress, enabling the DNI to make strategic choices and align resources, while allowing for detailed execution to take place at the appropriate level. To this end, the ODNI is building on top of the NIS enterprise objectives through the use of an integration diagnostic that examines the current and objective level of integration across a range of focus areas - policy and planning, collection/analysis, management and budgeting, technology and acquisition, human capital management, and information sharing. The integration diagnostic and metric program will measure and guide our progress as we move through the implementation planning process. The intent is to link, measure, and manage our integration efforts with our larger mission objectives and customer needs and requirements. This effort will form the foundation of a larger evidence-based decision-making management model.

Hearing Date: January 23, 2007
Committee: SSCI
Member: Senator Warner
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 2

Question 2: (U) A key feature of the intelligence reform bill was the separation of the head of the Intelligence Community from the management of CIA. Congress recognized the wisdom of the 9/11 commission when it said that, "the CIA will be one among several claimers for funds in setting national priorities. The national intelligence director should not be both one of the advocates and the judge of them all." This principle would seem to apply to the adjudication of HUMINT issues, and conflicts in the HUMINT community if the CIA remains both the national HUMINT manager and one of several HUMINT collectors.

- **Ms. Graham, what is the division of labor between your responsibility as Deputy Director of National Intelligence for Collection and the responsibilities of the director of CIA as the national HUMINT manager?**
- **How are you able to ensure that HUMINT issues, such as information access, are being adjudicated fairly and in the best interests of the nation, not in the parochial interests of one agency?**
- **How has the establishment of the national clandestine service, with the CIA as national HUMINT manager, improved the collection and sharing of human intelligence?**

Answer: (U) The National HUMINT Manager (NHM) is delegated the authority to coordinate, de-conflict and evaluate national HUMINT operations across the Intelligence Community (IC). The NHM provides overall direction and coordination for the collection of national intelligence through human sources by IC elements authorized to conduct such collection. In consultation with the appropriate U.S. Government entities, the NHM develops and issues core common standards, doctrine, and guidelines for training, tradecraft, asset validation, reporting on intelligence collection requirements, and other areas affecting HUMINT operations. The NHM works closely with the Deputy Director of National Intelligence for Collection, through a designated Assistant Deputy Director for HUMINT, on policies governing HUMINT collection, and issues concerning HUMINT tasking, coordination, budget resources, personal policies, and information sharing.

(U) The diffused threats we face today, and the blurred distinctions between domestic and foreign, tactical and strategic intelligence have imbued the HUMINT community with a renewed sense of purpose, which is empowering reform. Everyday we strive to strengthen our collaboration and integration, emphasizing network approaches for greater agility to coordinate and integrate our efforts. The HUMINT enterprise is fostering a construct by which the NHM can orchestrate the nation's collective, full-spectrum HUMINT capabilities in an agile, collaborative, integrated and synchronized manner. This emphasizes centralized management and decentralized execution, wherein we are establishing a system for cross-communication at the lowest level and across each subsequent echelon. In turn, we have established an "appeal process," whereby agencies may raise issues for adjudication. Our efforts to empower a decentralized execution approach have resulted in the vast majority of issues being resolved "in the field."

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Question: 3

Question 3: (U) In the Intelligence Reform and Terrorism Prevention Act, Congress recommended that the Executive Branch reduce disincentives to information sharing and hold senior managers accountable for improved and increased sharing. I recognize that there have been some improvements in information sharing, but too much information remains compartmented, over classified, or stuck in operations cables, seen by few if any analysts. I believe strongly that the process by which the IC calculates the benefits and risks of sharing sensitive human intelligence with cleared analysts with a need to know remains too heavily skewed toward withholding information.

- **Ms. Graham, are you satisfied that the establishment of the National Clandestine Service and the designation of the CIA as the National HUMINT manager will solve this problem?**
- **Are you confident that we will not have another intelligence failure in which we discover that information sequestered in CIA operations cables was a major contributor to the failure?**

Answer: (U) The ODNI used the WMD Commission Report to work with the Community to create and establish the National HUMINT Manager and the National Clandestine Service within the CIA. The ODNI and the National HUMINT Manager over the last 18 months have been actively engaged with Intelligence Community members in standing up activities, monitoring their performance, getting feedback from the HUMINT community, and making recommendations for improvement in areas of HUMINT reporting and information sharing. We have made significant strides in common reporting formats, asset validation standards, and development of HUMINT Communities of Interest, but there remain areas where we are continuing our work to gain efficiency, buy-in, and greater HUMINT community collaboration. Looking at our progress to date and our goals for the near-term and long-term future, I am greatly satisfied that the National HUMINT Manager has established collaboration and coordination mechanisms that allow for a more cohesive work environment.

(U) We are in our next stages of intelligence transformation, going beyond initial reform progress to create a culture of collaboration. We will continue to identify and remove any barriers to collaboration and further our HUMINT integration. Transforming a complex and dynamic HUMINT mission all while maintaining and enhancing the growth of highly reliable HUMINT organizations, involves a concerted effort of everyone in the community combined with dedicated, mindful leadership. With our emphasized mandate of "responsibility to provide" ODNI is confident and pleased to report that as these processes and systems mature, the

HUMINT community's level of interaction, collaboration and sharing with the IC will reach unprecedented heights.

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Mr. Ewing
Question: 4

Question 4: (U) In its December 2006 report, the Iraq Study Group (ISG) said that our Intelligence Community does not have a good strategic understanding of the Iraq insurgency or the role of the militias. As our nation debates the best strategy to achieve a stable and secure Iraq, the ISG's assertion is of concern to me. We must have solid intelligence, both tactical and strategic, if any plan is to succeed in Iraq. The ISG recommended that the DNI devote greater analytic resources to these issue.
I want to give you the opportunity today to comment on the Iraq Study Group's assertion, and let the Senate have the benefit of that response as it is on the verge of these historic debates.

Hearing Date: January 23, 2007
Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 5

Question 5: (U) Some intelligence officials have suggested to Committee staff that the Department of Defense comptroller is unnecessarily interfering with the management of National Intelligence Program (NIP) funds. Is this the case? Currently what role is the Department of Defense playing in determining how NIP funds are apportioned among or within IC elements? What role, if any, should the Department of Defense play in this process?

Under the Intelligence Reform Act, the DNI, with approval of the Office of Management and Budget (OMB), can annually reprogram or transfer up to $150 million, provided that sum is less than five percent of the affected agency or department's budget. Please provide examples of the use of this authority.

Under the Intelligence Reform Act, the DNI, with OMB approval, can transfer intelligence community personnel for up to two years. The DNI, jointly with agency heads, is required to develop procedures to govern such transfers. Please provide examples of the use of this authority.

The DNI has appointed several mission managers whose job is to focus their attention on priority topics such as North Korea and Iran. Have any budget or reprogramming decisions been made as a result of their recommendations? If not, what impact have the mission managers had in this area?

Answer: (U) The Department of Defense (DoD) is not interfering in the management of National Intelligence Program (NIP) funds. The Office of the DNI (ODNI) and OUSD Comptroller (OUSD(C)) coordinate closely on the apportionment of funds because the majority of NIP funds are appropriated to, and executed within, the DoD. The Office of Management and Budget (OMB) with the ODNI and OSD staffs formulated the process to apportion National Intelligence Program funding. The procedures are documented in an OMB memorandum National Intelligence Program Apportionment for Department of Defense Accounts dated August 26, 2005. The memo states that the DNI provides direction to the Department of Defense for the apportionment of NIP funds on a classified attachment to the DoD apportionment form. The Department forwards the DNI's request to the Office of Management and Budget. OMB approves the apportionment and returns the signed document to OUSD(C) and ODNI. After OMB approval is received, DoD processes funding documents to distribute funding for the NIP activities. The DoD cannot tax or withhold NIP funds without the prior approval of the DNI.

(U) The DNI has not used the authority of Section 102A(d)(5)(A)(*iv*) provided in the Intelligence Reform Act to transfer or reprogram NIP funds out of any department or agency over the objection of a department head or the Director of the Central Intelligence Agency. The DNI has used the authority in Section 102A(d)(2) to transfer or reprogram funds appropriated for a program within the NIP to another such program. For example, the DNI approved reprogramming actions that realigned funding:

(U) There has not been an emergent need for the DNI to transfer Intelligence Community personnel during a budget year. However, the DNI has reviewed requirements for Intelligence Community personnel and transferred positions during the FY 2007 and 2008 budget process.
As the result of close interagency coordination and consultation, the ODNI has realigned and reassigned personnel to staff the community mission management centers, such as the NCTC, to meet short term requirements without the need to exercise this statutory authority to transfer up to 100 personnel within the first 12 months after the establishment of a new national intelligence center. In addition, long-term staffing requirements are being addressed through the IC's planning, programming, or budgeting processes.

Hearing Date: January 23, 2007
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Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 6

Question 6: (U) Over the last 17 years, Congress has pushed the Intelligence Community to do comprehensive audits so that the oversight committees can effectively evaluate how authorized funds are being spent. The Intelligence Community has not taken this requirement seriously. Now the new audit strategy that the DNI is trying to implement calls for Intelligence Community elements to undertake an independent assessment as part of a four-phase audit process. What evidence demonstrates that the IC will receive clean audits quicker by undertaking the proposed four-phase audit strategy, as opposed to immediately undertaking comprehensive audits? When can the Committee expect a comprehensive audit on the National Intelligence Programs (NIP) consolidated financial statements? What analysis has been done that demonstrates that there is a cost saving to the government by undertaking internal assessments as opposed to annual comprehensive audits? Given the fact that no element of the Department of Defense has successfully completed this new audit strategy, why do you believe it will work for the elements of the IC? How do you address the concern that postponing the audit requirement over a series of years will just increase the risk that IC managers will not have the incentive to establish effective financial management?

On August 29, 2006, General Meyerrose's staff briefed the Committee about the DNI's plan to consolidate all of the IC's Human Resource (HR) system using the authorities granted in the Intelligence Reform and Terrorism Prevention Act of 2004. Can the DNI use those same authorities, where appropriate, to create a consolidated financial system so that all 16 IC elements can achieve clean audits on their financial statements?

In 2006 the DNI provided the Committee with its preliminary Strategic Plan. Yet even though the IC's budget has grown rapidly over the last five years there was no mention of financial management in the final version of the Strategic Plan. Staff has been told that draft copies of the plan had covered financial management, but that it was cut in the end. Why does the DNI not have an end-to end financial management objective in its Strategic Plan? Would it make sense to add an end-to-end financial management objective in the next Strategic Plan?

Answer: (U) The Director of National Intelligence (DNI) has taken this requirement very seriously and is personally committed to improving the financial performance and accountability of the Intelligence Community (IC). While each IC agency is responsible for its progress in producing auditable financial statements, the Office of Director of National Intelligence (ODNI) will direct and closely monitor their progress against these goals, using measurable and

independently verifiable methods of tracking and reporting progress to achieve this new audit strategy.

(U) By undertaking comprehensive audits, experience has shown that Federal departments and agencies often encounter auditability impediments during their first financial statement audit. By applying the proposed four-phase audit strategy the agencies will have a systematic way to attack an auditability issue: map the business process, identify and assess internal control weaknesses, determine the level of financial statement risk, correct material deficiencies, test the correction, and conduct independent validation/audit. The ODNI believes this approach will reduce the risk of unforeseen audit findings, resulting in either a qualified or disclaimer of opinion. Through this approach, agencies will enter the audit process with their own assurance that the business processes underlying their financial statements are auditable and thereby reduce the risk and costs associated with an incomplete audit.

(U) Collectively, the ODNI expects the IC to achieve auditability of the balance sheet by 2011 and the full set of financials by 2012. The ODNI and agencies will review options this summer and fall for schedule acceleration, in concert with possible FY 2008 budget realignments and the FY 2009 budget build.

(U) The risk of postponing the audit can affect incentives either way. Postponing the audit requirement over a series of years could increase the risk that IC managers will not have incentives to conduct effective financial management, but postponing the audit requirement over a series of years could conceivably achieve the opposite effect and actually increase a manager's incentives for effective financial management. The question hinges on a balance of audit requirements and personnel levels. Managers currently have insufficient time to respond to their reporting requirements in addition to all their other responsibilities, leading them to neglect their financial management responsibilities. An inadequately resourced manager is likely to view the schedule as unrealistic and is unlikely to respond effectively. Unrealistic timelines and goals will not motivate IC managers if they believe the goals are unattainable and they are being setup for failure. However, robust audit schedule could motivate managers towards more effective financial management if the managers are given increased personnel levels.

(U) The Office of Director of National Intelligence (ODNI) favors greater consolidation of all business systems services and maximizing the use of shared solutions. The shared use by at least some agencies of a common feeder system inside the Intelligence Community (IC) is already a reality, and there are opportunities for more collaboration. The ODNI will require agencies to develop plans to retire redundant systems used in different internal departments, and move to a standard, agency-wide system. This will benefit auditability, streamline, and economize the operations of the associated business process.

(U) As these efforts progress, the ODNI will promote further standardization of Financial Management (FM) processes and data--regardless of the particular systems to which the agencies migrate. In a few years, as this stage draws near to meeting its goals, the ODNI will seriously consider whether it makes good business sense to consolidate FM and other business systems further under a central IC service provider concept. Even if the ODNI were to go in that

direction, it does not follow automatically that we would move to a single solution for all serviced agencies.

(U) The Office of Director of National Intelligence (ODNI) has an end-to-end Financial Management (FM) objective in its Strategic Plan. This end-to-end FM objective may be referenced in the ODNI's response to the Congressional Directed Action Response Financial Management, dated April 5, 2007.

(U) The ODNI Chief Financial Officer (CFO) is working with the CIO to determine how the financial management efforts of the IC will work in tandem with the IC's business enterprise architecture plans. While full-fledged business enterprise architecture was not possible in the time available, this report will describe the general terms of reference for a follow-on ODNI study to inform the longer-term path for the IC financial systems architecture. This will include the feasibility of "Centers of Excellence" and "Shared Services" for certain financial management functions, as encouraged by the Senate and by the Office of Management and Budget (OMB).

(U) Additionally, the ODNI CFO is working with the IC Human Capital Officer on a plan to improve the professionalism of the IC financial management workforce. The plan, whose broad features are laid out in this report, will promote IC-wide standards and policies for financial management career professionals and will consider the skill sets, credentials and career paths necessary to implement the IC's financial management initiatives.

Hearing Date: January 23, 2007
Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 7

Question 7: (U) Successful organizational change requires changing the thinking and behavior of an organization's employees. According to organization theory, some of the reasons why change efforts fail are: 1) there is not enough urgency for change, 2) there is a lack of specific goals for the change effort, 3) there is a failure to effectively communicate desired goals, 4) there is a lack of resources and a failure to remove obstacles, 5) the organization is not consistently measuring progress, and 6) there is a lack of leadership talent to lead change efforts. As you know, some are concerned the ODNI has not implemented fundamental change management principles. How do you answer those concerns? What steps, in particular, has the ODNI taken to measure progress and ensure proper implementation of intelligence reform?

Answer: (U) Organizational theory suggests that to effect transformation in an organization takes, on average, seven years. As the ODNI has only been in existence for two years, it would be premature to judge whether ODNI policies were achieving transformational results. The DNI's confirmation highlighted many pressing areas of intelligence reform. The 100-Day Integration and Collaboration Plan focuses on five key areas to implement fundamental change both over the near and long term. The plan calls for strengthened DNI leadership authorities; more integrated personnel policies, programs, and systems across the IC; accelerated integration of analytic workspaces, products, tools, and collection efforts; rethinking of classification rules and standards to ensure greater access to information needed; and modernized business practices. For each of the five areas there is clear communication of what needs to be achieved and why, specific steps necessary to implement these reforms including goals and metrics (which have already been developed or are being developed) to measure progress, adequate resources, a rigorous timeline for completion, and an unwavering commitment from the ODNI and IC to accomplish these reforms. A more detailed description of the five areas follows:

a. (U) DNI and Intelligence Community Leadership Authorities: This area involves clarifying and strengthening the DNI's authorities to lead the IC, consistent with the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). In addition, the ODNI will delineate clearly the roles and responsibilities of the heads of Intelligence Community components, as well as clarify DNI authority over national intelligence agencies within the Department of Defense.
b. (U) Human Resources Integration and Management: This area focuses on the high priority of integration within the IC personnel system and with personnel practices. Specifically, the Plan focuses on aggressive implementation of the IC's civilian Joint Duty program; issuance and implementation of a new performance management

system (including a 360-degree feedback component); a new pay for performance system for IC civilians; a strategy to improve recruitment of first and second-generation Americans from heritage communities; and other recruitment strategies to diversify and strengthen the IC workforce.

c. (U) Strengthening Integration, Collaboration and Tradecraft: This area focuses on tangible ways to accelerate a radical analytic transformation through integration of analytic workspaces, analytic products, analytic tools, and analytic direction of intelligence collection. In addition to creating a community of analysts, it fosters increased transparency and collaboration between analysts and collectors. The ultimate objective is to strengthen analysis and to ensure primary customers – from the President to Police Chiefs, to soldiers on patrol in Iraq – receive the most timely, accurate, and relevant information possible to face our most critical challenges.

d. (U) Accelerating Information Sharing: This area focuses on a comprehensive reevaluation of information sharing, to include classification rules and Program Management behaviors that have accumulated over more than half a century. In conjunction with the government-wide efforts of the Program Manager for the Information Sharing Environment, we will move from a "need to know" model to one of a "responsibility to provide." Such reforms will require transformational rethinking of classification rules and standards to ensure that access to information needed to enhance our national security is provided to those who need it. Ultimately, we will rewrite policies in a way that, while protecting sensitive information, objectively weighs the risk of compromise with the risk to intelligence collection and analysis of *not* providing information to those who need it.

e. (U) Modernizing Business Practices: As an impetus to greater reform of business practices, the Plan focuses on security and acquisition. Many of the current security clearance standards and polices emerged over 50 years of practice. We will build on best practices in "risk management," ensuring that all agencies use modern techniques in determining acceptable levels of risk. This will include incentives for the IC to attract and hire the highly qualified first- and second-generation Americans whose native language skills and cultural experiences are indispensable to face current and future national security challenges. The DNI will use his influence with other senior government officials to support security clearance reforms currently led by the OMB.

(U) During the Cold War, the Intelligence Community was able to acquire cutting-edge technology to defeat the nation's enemies. Today, acquisition processes have not kept pace with the need to address adversaries whose capabilities evolve rapidly and in unpredictable ways. To meet this challenge and to protect our men and women on the frontlines of the war on terror, we must incentivize IC leadership to achieve acquisition excellence, streamline acquisition policies and processes, including those applied to IC practices, and enhance the professionalism of the acquisition workforce. By doing so, we will not only increase our technological agility—an imperative in today's technological environment—but we will also save taxpayer dollars by shortening development timelines and producing more reliable systems.

(U) We are well positioned to effect fundamental change in the IC; we need to stay the course and achieve that goal.

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Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 8

Question 8: (U) Please provide the status of the effort to determine how many contractors are employed by the Intelligence Community and the number, if available, at this time.

(U) In some cases, intelligence agencies rely on contractors to fulfill personnel shortfalls, even though they may be more expensive than using full-time government employees. In other cases, there are some functions that contractors can perform cheaply and reliable. To what extent is the Intelligence Community's reliance on contractors a temporary response to personnel shortfalls, and to what extent does it reflect a preference for contractors rather than [government] employees? Do the Intelligence Community and the Office of the DNI plan to increase or decrease the use of contactors over the next three years? How many contractors do they plan to add or eliminate?

Answer: (U) The DNI acknowledges Congress' valid concerns and recognizes the need to better understand and manage the role of the IC core contractor workforce. This requirement was noted in the DNI's Strategic Human Capital Plan. In June 2006, the ODNI initiated the first ever-comprehensive inventory of core contractors in the Intelligence Community funded by the National Intelligence Program (NIP) as of September 30, 2006. That inventory serves as the baseline for future annual reports and will allow us to track increases and decreases by component, budget category, and function.

(U) Core contractors are those personnel who provide direct support to IC mission areas such as collection activities and operations, intelligence analysis and production, basic and applied technology research and development, acquisition and program management, and/or management and administrative support to these functions. Core contractors performing these functions are generally indistinguishable from the United States Government (USG) personnel. This inventory excluded contractors that produce a specified commodity, such as a satellite or information system and/or provide ongoing operations and maintenance in support of that product. Nor did it request information on contractors that provide commercially available services (for example, food or janitorial services), as defined by OMB Circular A-76. Finally, it does not cover core contractors funded by the Military Intelligence Program.

(U) Based on the inventory, the ODNI was able to estimate the aggregate and *per capita* costs for the reported core contractor workforce, compared to the overall IC civilian workforce payroll costs. This is an area we plan to analyze further. The available data leads us to the preliminarily conclusion that the cost per core contractor FTE exceeds the cost of a USG civilian FTE, at least in the budget year of execution. This distinction is critical because the use of core contractors does not incur the long-term costs associated with USG employees, such as health care and retirement costs, which last decades. The available data does not at this time allow us to make a more precise cost comparison, which would take into account the full, long-term costs of both USG and contractor employees.

(U) The IC's use of core contractors in direct support of the IC's mission is entirely appropriate and justified under certain clearly specified reasons, of which a temporary response to USG personnel shortfalls (referred to by the ODNI as "surge requirements") is but one example.

(U) In addition to surge requirements, there are at least four other specific reasons detailed below where the use core contractor for direct mission support in the IC. None of these reasons, however, reflect a bias against USG personnel or deliberate policy preference for contractors. Rather, the use of contractors is driven by mission requirements and other related considerations, and as such can be expected to and will change over time.

(U) Contractors are key to the IC's mission, providing unique expertise, cost-effective support and flexibility. However, as the IC has come to rely on contractors more and more for work that is in direct support of its intelligence mission (for example, in analysis and production, or the operation and maintenance of agency information systems), it is especially important to ensure that their use is carefully managed, with appropriate oversight from the DNI. The DNI intends to issue policy guidance to the IC in this regard.

(U) The DNI has issued no policy guidance, and is unaware that any IC component has issued any policy guidance, to deliberately increase or decrease the number of contractors over the next three years. We believe the number of contractors will either increase or decrease due to a variety of factors both known and unknown. For example, if Congress ceases to impose personnel ceilings on IC components, then IC components with adequate budget may choose to hire permanent USG employees to perform those missions. Or if U.S. involvement in ongoing contingencies that require IC support were to diminish, then any contractor support to those missions could likewise diminish. Conversely, if the U.S. became involved in additional contingencies requiring IC support within the next three years, then the overall number of contractors could likely increase to support those contingencies. Given these factors and uncertainties, the ODNI is unable to determine if the use of contractors will increase or decrease within the next three years.

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Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
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Ms. Reingold
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Question: 9

Question 9: (U) Is an Independent Cost Estimate (ICE) being prepared for the current wave of personnel growth?

In 2004, the President directed CIA to increase its number of case officers and analysts by 50 percent, and the CIA is doing so. Are support staff and technical specialists being increased proportionally? If not, why not?

Answer: (U) The ODNI Cost Analysis Improvement Group (CAIG), the organization that develops ICEs for Major System Acquisition (MSA) programs within the NIP, has not been requested to perform an ICE in support of the recent wave of personnel growth within the Intelligence Community (IC). Only personnel costs associated with specific MSAs have been captured in these individual ICEs.

(U) Many agencies have internally developed cost estimates in support of their respective growth projections, and incorporated these estimates as part of their program builds.

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Question: 10

<u>Question 10</u>: (U) What authorities does the DNI have over the Department of Defense's Military Liaison Elements? Do any of the operations of the MLEs constitute intelligence activities? Who is in charge of ensuring that MLE operations do not conflict with the activities of the various intelligence community agencies?

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Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
Ms. Graham
Mr. Ewing
Question: 11

<u>Question 11:</u> (U) How many investigations have been begun by the DNI Inspector General's office? How many have been concluded?

Hearing Date: January 23, 2007
Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
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Question: 12

Question 12: (U) One of the major challenges widely cited by observers of the intelligence effort is the absence of adequate numbers of trained linguists. What has been the ODNI's approach to this challenge? Is funding for the National Security Education Program or any other program to increase the number of linguists adequate? Do you see the need for additional congressional initiatives?

(U) The National Security Education Program (NSEP), and especially its National Flagship Language Program, is the premier national program for producing personnel with professional-level proficiency in critical languages. There are currently Flagship programs in Arabic, Chinese, Korean, Russian, and Persian, with Hindi and Urdu to be added this summer. Total throughput of the Flagship programs is about 200 students per year.

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Witnesses: Ambassador Kennedy
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Question: 13

Question 13: (U) The DNI's Office of Customer Outcomes was set up to ensure that users of intelligence - policymakers, law enforcement, and other government agencies - were having their needs met. What have been the most important initiatives for customer support developed since this office was set up?

(U) The Office of the Director of National Intelligence for Customer Outcomes (ODNI/CO) has established the Director of Global Maritime Intelligence Integration as directed by the National Strategy for Maritime Security. This staff has also been assigned responsibilities in the Air Domain in response the National Strategy for Aviation Security. These responsibilities require continuous interaction with various elements of the Federal Government, as well as state and local officials and representatives of private enterprise associated with the maritime and aviation domains.

(U) The DNI restructured the Mission Requirements Board (MRB) in 2006 to make it better reflect the new focus on mission managers in the post-911 environment and reinforce the emphasis on user-driven requirements. Diplomacy, defense, homeland security, and law enforcement now have equal voices in the MRB along with all-source analysis, counterterrorism, counter-proliferation, counterintelligence, and human intelligence. Along with the restructuring, the MRB placed greater emphasis on prioritizing user requirements across systems to inform Intelligence Community investment and acquisition decisions.

(U) One of the founding principles of the ODNI was to become an institution that learns from its successes and mistakes by instituting methods of self-evaluation to ensure that the IC meets decision makers' intelligence needs. We believe that the elements of the DDNI for Customer Outcomes (Requirements) have made significant contributions toward achieving this objective.

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Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
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Question: 14

Question 14: (U) We are aware of several initiatives within your office to improve the quality of analysis through the creation of standards, improved training, and an enhanced product evaluation process. These initiatives have great potential but often go unmentioned during Committee staff discussions with analytic professionals at the individual agencies. What is being done to make analysts in the Intelligence Community aware of these initiatives? What specific steps are being taken to distribute lessons learned to Intelligence Community analysts?

(U) The need for more strategic analysis has been noted in a number of recent critiques of the Intelligence Community. The ODNI has created a Long-Range Analysis Unit within the National Intelligence Council to help address this issue. However, some intelligence officials have voiced the concern that assigning a Mission Manager to a particular target can have the unintended consequence of making the Intelligence Community overly focused on the tactical or short-term aspects of the target rather than on producing meaningful strategic or long-term analysis on the issue. Also, Committee research has found that the Intelligence Community's individual agencies have differing ideas on what constitutes strategic analysis. For example, some emphasize projections well into the future while others focus on more in-depth coverage of current topics. What is being done to ensure adequate strategic coverage for issues having a mission manager and for other important issues that do not have mission managers?

(U) For all issues, the DDNI/A has a special responsibility for bolstering strategic analysis throughout the Community. The DNI's National Intelligence Strategy identified the need for more and better strategic analysis as Mission Objective #5. As part of fulfilling that objective, the National Intelligence Council established its Long-Range Analysis Unit, which now has built up to fourteen mid-level and senior analysts from around the IC. Six LRAU members are DNI Exceptional Analysts who compete to spend a year away from the demands of current intelligence studying a particular national security topic. Recent LRAU products include studies on democratization, energy security and military disruptive threats. The National Intelligence Council and other IC officers under the DDNI/A also are working with individual IC agencies to increase the opportunities for strategic analysis inside and across IC analytic agencies, including more joint projects with the NIC. The NIC is also working with the DDNI/A's Analytic Integrity and Standards staff to develop a shared definition and evaluation process for strategic analysis products. The NIC has a longstanding and recognized reputation for producing a range of analytic products—including National Intelligence Estimates—that take strategic perspectives on critical national security issues.

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Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
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Mr. Ewing
Question: 15

Question 15: (U) Please describe in what ways the creation of the Office of the Director of National Intelligence has improved the NIE process.

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Committee: SSCI
Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
Ms. Reingold
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Mr. Ewing
Question: 16

Question 16: (U) One of the intentions of the Intelligence Reform Act was to streamline the security clearance process and promote reciprocity among the agencies. The Committee continues to hear horror stories of personnel taking over a year to get through the clearance process, currently cleared personnel requiring months to be able to move to a position at another agency, and one agency's polygraph exam not being accepted by another agency. There also appears to be only limited progress on badge reciprocity. Who is responsible for progress in these areas, and when can this Committee expect to begin seeing meaningful results?

Answer: (U) The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) and Executive Order 13381 places the Office of Management and Budget (OMB) in the leadership role as the single authority for the oversight of personnel security programs government-wide. The Office of Personnel Management (OPM) conducts over 90% of the personnel security investigations government-wide. The DNI's Special Security Center (SSC), as IC subject matter expert, is assisting OMB in its national-level security clearance reform effort.

(U) The DNI has the authority to develop and implement policies and procedures regarding access to sensitive compartmented information (SCI). However, most of the investigations upon which SCI determinations are based in the U.S. Government are conducted by OPM and most adjudications by military Central Adjudication Facilities. The DNI neither directs nor funds their activities.

(U) Within the Intelligence Community, six of the sixteen agencies conduct some or all of their own background SCI investigations and periodic reinvestigations (PRs): CIA, DIA, DOS, FBI, NRO and NSA collectively conducted approximately 55,000 in FY 2006. Additionally, DHS has the ability to do a small number of investigations (approximately 100) per year to address special requirements. OPM conducts the remainder of the SCI investigations and PRs numbering approximately 170,000, including all those for the military services. Of note is that OPM conducts approximately 1.8 million personnel investigations per year and SCI investigations and PRs are less than 10% of OPM's workload.

(U) The DNI's SSC has imposed reporting requirements upon the IC agencies that conduct their own investigations. This enables the SSC to monitor IC performance metrics and assess compliance with IRTPA mandates. The metrics collected thus far indicate that five of six IC agencies already exceed the December 2006 IRTPA requirements for investigations and

adjudications combined (maximum average completion time of 103 days which is 83% of the cases).

(U) OPM's average time for all cases completed after October 1, 2006 is 166 days, with adjudication by its customers averaging 39 days. An average of 15 days should be added to account for transmittal between OPM and the customer. For agencies that use OPM to complete the investigations, the average processing time is 220 days. The DNI will engage with the Secretary of Defense to establish or enhance authorities and capabilities of those intelligence agencies within DoD to independently pursue investigations and adjudications of their own clearance cases.

(U) The IRTPA mandates that security clearance investigations and determinations completed or initiated by one agency shall be accepted by all agencies. The DNI has mandated reciprocity for the IC in IC Directive (ICD) 1. Two recently published, security-related IC Policy Memoranda (ICPM) specifically address reciprocity and expeditious handling of "issue-free" cases. The IRTPA effectively exempts polygraphs from the reciprocity requirement by allowing authorized adjudicative and investigative agencies to add the polygraph requirement on top of requirements outlined in executive orders. The IRTPA does not mandate reciprocity of the polygraph and agencies view the polygraph as a tool to determine employment suitability instead of a tool for determining security clearances. Per EO 10450, "Security Requirements for Government Employees," the DNI does not have the authority to determine suitability requirements for the hiring of agency employees. A 1999 Security Policy Board Memorandum of Agreement standardized polygraph procedures and endorsed reciprocity, for polygraphs standardized in scope, amongst those IC agencies that conduct polygraph examinations.

(U) The Reciprocity Working Group, a body of senior IC personnel security officials established by the SSC, and the IC Security Directors have met and discussed the issue of clearance recognition among IC components. The Policy Coordinating Committee for Records Access and Information Security initiated the development of a statement of reciprocity principles with the goal of reducing the processing burden when cleared individuals change employment or require clearance to another program. This statement was promulgated to the IC as one of the aforementioned ICPMs.

(U) The centralized IC security clearance repository, known as Scattered Castles, is the authoritative security source for the SCI access approvals and clearances across the IC. It provides all the information required to make a reciprocity determination, such as clearance/access level, investigation/polygraph dates as well as exceptions to standards.

(U) The DNI's SSC is currently coordinating the formal DNI announcement of the Intelligence Community Badge Interoperability Program (ICBIP). We expect the announcement to be signed by the DNI within the next two weeks. The ICBIP marks an important milestone for the IC. The ICBIP enables government and contractor personnel assigned to CIA, DIA, NGA, NRO, NSA and the ODNI to achieve seamless facility access among the participating agencies using the badge and the personal identification number issued by their home agency. The ICBIP is a dramatic improvement over previous badge reciprocity agreements that were in effect in the IC. Such reciprocity agreements applied, in most cases, only to government personnel and allowed

access only to the main gate. The ICBIP is an interoperable system enabling access for government and contractor personnel all the way to and through the turnstiles at participating agencies. The SSC intends to conduct a lessons learned period of six months after the formal announcement with the goal of applying the lessons learned and expanding the badge interoperability beyond the six initial agencies.

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Witnesses: Ambassador Kennedy
Mr. Meyerrose
Dr. Fingar
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Question: 17

Question 17: (U) A number of major acquisitions undertaken by the Intelligence Community have resulted in significant cost overruns and schedule delays. In some cases this has been the result of pursuing cutting-edge technology that proved more complex than anticipated. In other instances it would appear that the programs suffered from poor acquisition management by the Government. The Committee continues to be made aware of government acquisition officials who have not been properly trained, and processes that are not in full compliance with acquisition regulations or best practice. What is being done by the Office of the DNI to improve the Intelligence Community's overall management of major acquisition programs?

Answer: (U) The ODNI is executing a multi-part initiative to improve major system acquisitions:

a. (U) Publishing Acquisition Policy and Policy Guidance for the IC and requiring IC elements to have and use element acquisition policy/guidance consistent with the DNI policy and guidance.
b. (U) Determining delegations of milestone decision authority (MDA).
c. (U) Using IC element developed, Intelligence Reform and Terrorism Prevention Act (IRTPA) compliant, program management plans (PMPs) to evaluate acquisitions and report to Congress.
d. (U) Budgeting National Intelligence Program (NIP) funded major system acquisitions (MSAs) to an independent cost estimate (ICE) from the DNI Cost Analysis Improvement Group (CAIG).
e. (U) Explicitly adding acquisition excellence to the National Intelligence Strategy through the Acquisition Crosscutting Emphasis Area (ACCEA) document.
f. (U) Enhancing the acquisition workforce through a collaborative effort between the DNI Senior Acquisition Executive (SAE) and the Chief Human Capital Officer.
g. (U) Creating a DNI procurement executive to coordinate contracting and procurement.

(U) The foundation for IC acquisition improvement is DNI policy and policy guidance. The first ever Intelligence Community Directive (ICD) on Acquisition (ICD 105) defining the DNI's overarching policy for executing MSAs was published on August 15, 2006. The IC Policy Guidance on Acquisition (ICPG 105.1) provides instructions for implementing the acquisition ICD, to include PMPs, and is in final legal review prior to signature. IC elements are required to use the DNI acquisition policy and policy guidance to create their own policy and guidance and to execute acquisitions in accordance with the policy. The extent to which the elements adhere to their acquisition policy is one of the key criteria that will be used to determine when to

delegate the DNI's IRTPA milestone decision authority (MDA). The first DNI delegation of MDA was signed in January 2007. The first joint delegations of MDA were issued in February and March of 2007 by the ODNI and the Department of Defense (DoD) to the IC elements in the DoD. All NIP-funded MSA are required to be fully budgeted to an ICE established or endorsed by the DNI Cost Analysis Improvement Group (CAIG) to ensure that the total acquisition content of the NIP does not exceed the funding available in the NIP. An Acquisition Crosscutting Emphasis Area (ACCEA) document to explicitly add acquisition excellence to the National Intelligence Strategy (NIS) was signed in December 2006. A key ACCEA metric is the explicit inclusion of acquisition excellence in the performance plans of the heads of the IC elements. In concert with the DNI's human capital initiative, a plan is being constructed to identify the acquisition professionals across the IC; provide a training and experience framework for advancement in the acquisition community; create unified IC set standards to allow cross utilization of acquisition professionals training and certification; and develop a database of acquisition positions across the IC requiring the most experienced acquisition professionals. The first DNI Procurement Executive was appointed in the summer of 2006.

(U) Currently, special emphasis is being placed on the program management plans (PMPs) mandated by the IRTPA. The first PMP Annual Report, as directed by the IRTPA, was delivered to Congress in late-January 2007. Interim, not fully compliant, PMPs for a subset of the IC MSAs was the basis for this report. The publication of ICPG 105.1 will require IC elements to create and maintain fully compliant PMPs for all NIP-funded MSAs. These compliant PMPs will provide a consistent baseline against which quarterly reviews can be conducted. The results of these reviews will provide meaningful insight into the status of the IC MSAs and will be the basis for the DNI's 2007 PMP Annual Report to be published in late-January 2008.

(U) The ODNI multi-part initiative to improve MSAs is focused on a sustainable and permanent improvement in IC MSA performance. The extent of the improvement will become increasingly evident over the next several years as the elements of the ODNI acquisition initiative begin to achieve their objectives.

HEARING ON THE PROGRESS OF INTELLIGENCE REFORM: DEPARTMENT OF HOMELAND SECURITY AND THE FEDERAL BUREAU OF INVESTIGATION

THURSDAY, JANUARY 25, 2007

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, at 2:45 p.m., in Room SH-216, Hart Senate Office Building, the Honorable Jay Rockefeller (Chairman of the Committee) presiding.

Present: Senators Rockefeller, Feinstein, Mikulski, Feingold, Whitehouse, Warner, Snowe, and Burr.

Chairman ROCKEFELLER. Welcome, all. This hearing is declared open. Happily, it's open to the public as well.

OPENING STATEMENT OF HON. JOHN D. ROCKEFELLER IV, CHAIRMAN, A U.S. SENATOR FROM WEST VIRGINIA

On Tuesday the Senate Intelligence Committee began to take stock of the implementation of the Intelligence Reform and Terrorism Prevention Act of 2004. At our hearing two days ago, we heard from the Office of the Director of National Intelligence on the central question of whether the promise of intelligence reform has been fully realized and whether the pace of reform reflects the urgency which we were called to action to two years ago.

As the Committee examines the state of intelligence reform, we need to understand what has been accomplished, what remains to be accomplished and what changes to the law, if any, are warranted in light of the experience of the past two years.

Today, we're focusing on the Federal Bureau of Investigation and the Department of Homeland Security. We will hear not only from senior career officials of the FBI and the DHS but also from outside experts in an effort to examine whether we have made sufficient progress since 9/11 in strengthening our domestic security program and in the sharing of information with state and local officials.

From the perspective of the intelligence community, the FBI and the DHS Office of Intelligence and Analysis are very different entities.

The FBI is one of the six largest components of the intelligence community and, through its National Security Branch, participates in the weekly planning and coordinating sessions held by the Office of the Director of National Intelligence.

The Office of Intelligence and Analysis in the Department of Homeland Security is one of the smallest components of the intelligence community. The chief intelligence officer of DHS, however, has been given the responsibility to create an intelligence enterprise among the 180,000 personnel within the department, and the vast majority of those are outside the intelligence community.

Even though the FBI and the DHS represent different components of the intelligence community, both have responsibilities for domestic security and domestic intelligence. Both have missions that require close coordination with state, local and tribal governments, and the private sector.

We will be asking today how clearly those roles are drawn, how well they have been fulfilled, and whether gaps in intelligence collection and analysis exist that can, in turn, be exploited by our enemies.

As we examine these and other issues today, I think it is important that we acknowledge the dedication and the hard work of the employees of the Bureau and the department. And this always needs to be said and sometimes is not taken in by those to whom we say it, because this is not a town which responds to praise as easily as it does to criticism. That, therefore, would be a great injustice with the two departments that we are working with today.

Your folks have taken on incredibly critical responsibilities. We are, in fact, profoundly grateful for the work that they do to keep Americans safe. The Committee's goal is to identify where we can assist them in performing their missions.

Sometimes it just comes across as criticism. When we did the WMD phase one report on WMD in Iraq, I think the CIA, with some justification, but necessarily, generally felt beaten up as individuals, as human beings, as people who get up early and go to work and work hard all day long and who could be doing a lot of other things that pay a lot more.

That is never our intention. It sometimes seems to be the result. And we have to find a way that we do oversight that makes sense, that brings out possible areas of improvement, but do it in a way which never questions the integrity and the intensity and the sacrifice of those who do that work every day.

Now, the FBI has had a national security mission to catch spies and terrorists, but it has struggled to a certain extent to become an effective intelligence community partner. After the attacks of 9/11, the Director of the FBI made a commitment to better integrate the FBI into the intelligence community and promised to address its longstanding problems of, as we say, culture and insularity.

Since 9/11 we have seen the FBI set new priorities, develop new programs and restructure itself. Clearly, the national security and intelligence missions of the FBI have grown in significant measure, from the agents working counterterrorism cases to the intelligence reports the FBI issues to its federal partners and state and local officials.

But there is still more to achieve. Today we want to drill down past the numbers to examine the progress and the results of the FBI's transformation and to be honest with each other about it. There is still a great concern over the status and the role of intelligence analysts at the FBI. Either that's well-placed or it's not, or it's in between. And this takes place both at headquarters and in the FBI's 56 field offices across the Nation.

There has been much talk of FBI analysts being full partners with FBI special agents in addressing the threats faced by the Nation. Yet the FBI's own Web site continues to categorize its employees as either special agents or support staff, a term that includes

all other employees at the Bureau. This support staff label suggests that the Bureau has yet to recognize the importance of recruiting, of training and retaining highly skilled intelligence analysts that are crucial for the FBI to meet its national responsibilities.

Now, have we just found a word on a Web site that turns into this kind of a statement? I don't know. But we need to talk about that.

I have concern over the development of the FBI's Intelligence Career Service. Director Mueller, in his December 2006 testimony before the Senate Judiciary Committee, noted that there was a need to aggressively work to improve training, meet workforce expectations and to handle mission demands.

I would like to know what specific progress has been made and was made over this last year, and what are the training priorities for the future. In other words, is the FBI creating an intelligence cadre second to none that will be able to proactively identify and address threats facing the homeland? Can we go from the one mission to the other mission? It's an age-old question, but it's one that has to come out properly.

A related issue has to do with the experience and the expertise of FBI management. Much has been made about the turnover at the highest levels of the FBI, but what about the lower and mid levels of management, particularly at the headquarters level, those who are supposed to be guiding and supporting FBI field offices? How does that stand? And we need to know that.

Does this level of the FBI's management ranks have the appropriate expertise, especially in international counterterrorism, to perform their duties? Are the mid to senior ranks of the FBI being given the right incentives to come to FBI Headquarters and to stick around at the FBI Headquarters, and to stick around long enough to help guide the FBI's national security and intelligence activities?

With respect to the Department of Homeland Security, the Office of Intelligence and Analysis has improved its intelligence products and taken steps to integrate itself into the intelligence community. But I remain concerned as to whether the department has the tools and the resources it needs to perform its mission.

With respect to both the FBI and the DHS, the Committee will want to be assured that actionable intelligence information is flowing freely to state and local law enforcement and homeland security officials.

Resources are not unlimited, either in Washington or in state capitols. But we have a responsibility to ensure that the federal government is acting in as efficient and effective a manner as possible in its dealings with its state and local partners.

This was a chief failing prior to 9/11 and we need to know that the walls that inhibit the flow of information have been removed. We passed legislation on that. Has it worked?

As a final note, we need to face squarely the fact that in the area of intelligence, regarding the threats and vulnerabilities that exist within our borders, that we are discussing the collection and analysis of information, some of which pertains to the American people. The Committee needs to be assured that scrupulous attention is being paid to the privacy and civil liberties of Americans, as the

federal government moves aggressively to identify local situations and arrest terrorists.

Now, I have to say that Vice Chairman Bond is traveling with the president to Missouri today. And he asked to convey to the witness his regrets over not being able to attend this hearing. As a fellow former Governor—and in fact, we served together—Senator Bond has a deep appreciation and interest in how our domestic security efforts are being coordinated with state and local governments.

The Vice Chairman, however, does have a written opening statement and, without objection, it will be made a part of the hearing record, as will all opening statements.

[The prepared statement of Vice Chairman Bond follows:]

PREPARED STATEMENT OF VICE CHAIRMAN CHRISTOPHER S. BOND

Although I very much would have liked to have been in attendance for today's important hearing, I regret that I am unable to attend because I will be traveling back to Missouri with the President to participate in a roundtable on health care initiatives.

I'd like to welcome John Pistole and Charlie Allen back to the Committee and thank them for their participation on this first panel. Both John and Charlie have always provided outstanding testimony in the past and I am confident that they will do so again today.

This first panel focuses on the two intelligence components that have primary responsibility in the domestic arena—the Federal Bureau of Investigation (FBI) and the Department of Homeland Security (DHS). The FBI and DHS are, in many respects, defensive in nature. Their top priorities are attack prevention and protection of the Homeland. We all have a vested interest in ensuring that both the FBI and DHS are well positioned to protect us from such attacks.

The intelligence and governmental reform efforts following 9/11 were responsible for creating DHS and significantly affected the FBI's counterterrorism and counterintelligence operations. Both agencies have had the difficult task of performing their current mission while transforming themselves into more effective members of the Intelligence Community.

The FBI was given a number of improved investigative tools during the PATRIOT Act and intelligence reform process. They were also authorized to "tear down the walls" and provide greater access to their intelligence information, both within the FBI and throughout the Intelligence Community.

I hope that Mr. Pistole will discuss how these improvements have affected the FBI's intelligence operations, and whether any new tools are required. I am also interested in hearing how the FBI is dealing with its intelligence infrastructure issues, specifically addressing the current shortfall of Secure Compartmented Information Facilities and the ongoing effort to modernize its computer system and case management tools.

Mr. Allen has been facing some rather difficult challenges since he assumed his current responsibilities at DHS. The Depai talent was established by the Homeland Security Act of 2002. The Act merged 22 disparate agencies and programs into one department. It is the third largest cabinet department in the government, with approximately 184,000 employees.

In 2005, Mr. Allen took over the Department's intelligence function and had to meld all of the separate intelligence organizations into a cohesive unit, capable of strengthening intelligence and information sharing at all levels—within DHS itself, with other members of the Intelligence Community, and with state, local, and tribal governments. I hope that Mr. Allen will tell the Committee about the progress he has made since taking over the Department's intelligence program.

I believe that the global war on terrorism is really an ideological war, where 20 percent of the war is kinetic and the remaining 80 percent is ideological. To win this war, we are going to have to win on both fronts. We've been doing a pretty good job on the kinetic front, but I'm concerned that we haven't been doing nearly enough on the ideological front.

Both of you are in the midst of assisting your respective organizations transform into better intelligence agencies. I would invite both of our witnesses to comment

during the hearing on what efforts the FBI and DHS are making with respect to the ideological front in the war against radical fundamentalist terrorists.

I also hope that Mr. Pistole and Mr. Allen will both describe for the Committee the nexus between law enforcement and intelligence. Some claim the wall between the two is no more, others claim that it still remains and I have seen some evidence of that over the past year. The Committee would benefit therefore from hearing your perspective on the proper nexus and distance between the two.

With regard to our second panel of witnesses, I believe that reality dictates that state, local, and tribal law enforcement and emergency personnel will be the first responders for nearly all domestic terrorist attacks. We certainly remember the heroic efforts of these personnel on 9/11.

Rather than put these first responders in that situation again, it makes a lot more sense to make sure that they have access to the intelligence and resources they need to help prevent future terrorist attacks. I know that the Committee will be particularly interested in the insights of our witnesses on how the Intelligence Community can improve its information sharing mechanisms to better empower our first responders.

Chairman ROCKEFELLER. Our witnesses today, on the first panel, are Mr. John Pistole, Deputy Director, Federal Bureau of Investigation, and Mr. Charles Allen, Chief Intelligence Officer and Assistant Secretary for Intelligence and Analysis, Department of Homeland Security.

And I will just say now that, in our second panel, our witnesses are Chief Cathy Lanier, Chief of Police, Metropolitan Police Department, District of Columbia; Secretary James W. Spears is West Virginia Homeland Security Adviser and Cabinet Secretary of the West Virginia Department of Military Affairs and Public Safety; and Dr. John Gannon, Vice President for Global Analysis, BAE/IT, McLean, Virginia, former Assistant Director of Central Intelligence for Analysis and Production and former staff director of the Select Committee on Homeland Security of the House of Representatives.

Deputy Director Pistole, I understand that you will give the first opening statement and Assistant Secretary Allen will follow with his statement. They're both in the record. Please proceed.

Mr. PISTOLE. Thank you, Mr. Chairman, and thank you, members of the Committee, for the opportunity to be here today to discuss the FBI's progress in implementing the Intelligence Reform and Terrorism Prevention Act of 2004.

After the attacks of 9/11, the FBI's priorities shifted dramatically, as we charted a new course, with national security at the forefront of our mission to protect America. Building on our established capacity to collect and act on information, we began enhancing the FBI's mission as a dual intelligence and law enforcement agency. The enactment of IRTPA provided us with the authority and tools to continue enhancing our capabilities.

In the five years since 9/11, we have made tremendous changes in the Bureau. Among the most significant of those changes are initiatives that were authorized by IRTPA, including: one, strengthening our intelligence capabilities; two, developing a national intelligence workforce; three, enhancing our information-sharing; and, four, establishing a budget structure that reflects our new priorities.

Our intelligence capabilities have evolved significantly since early 2002, when we began our efforts to develop a more robust intelligence program. As called for by IRTPA, we established a Directorate of Intelligence in February 2005 as a dedicated and integrated intelligence service within the FBI. The DI manages and

oversees our enhanced field intelligence operations, human source development, analytical capabilities and intelligence workforce.

In September of 2005, we went further, implementing a presidential directive, based on the WMD Commission's recommendation to establish a "national security service" that integrates the FBI national security programs under the leadership of an executive assistant director.

The National Security Branch comprises the FBI's Counterterrorism Division, Counterintelligence Division, and the Directorate of Intelligence. As of July of last year, it also includes a newly-created Weapons of Mass Destruction Directorate which consolidates the FBI's WMD components.

Consistent with IRTPA, we took steps last summer to strengthen the field intelligence groups we had established in each of our 56 field offices, standardizing their structure and clarifying the roles and responsibilities of our operational squads with these field intelligence personnel.

In response to IRTPA's directive to create a national intelligence workforce, we created an intelligence career service consisting of special agents, intelligence analysts, language analysts and surveillance specialists.

Since 9/11, we have more than doubled the number of IAs in the FBI, and increased the number of linguists in certain high-priority languages by more than 250 percent. To build this intelligence cadre further, we are creating a workforce environment that will continue to attract and retain intelligence personnel with critical skills and competencies. We're also enhancing the training opportunities and technology tools they need to perform their jobs.

Among the fundamental post-9/11 changes in the FBI, sharing intelligence is now a primary objective. A key question for us is how do we add value to our partners in the law enforcement and intelligence communities. We regularly post FBI intelligence products on platforms accessed by our law enforcement and intel community partners.

We've launched an initiative with DHS to expand our participation in state-wide fusion centers. We recognize these centers as key partners in facilitating the sharing of homeland security and criminal-related information and intelligence.

And to ensure that our FBI's budget adequately reflects our intelligence capabilities, we worked extensively with the Department of Justice and the Office of the Director of National Intelligence to develop a new methodology for funding the FBI's national intelligence programs.

In conclusion, Mr. Chairman, I'm pleased to report that we've made significant progress in fulfilling the provisions of IRTPA. As a result, we've greatly enhanced our ability to counter today's most critical threats and we recognize that we have much more work to do. We look forward to continuing to work with the Committee to tackle those challenges.

Thank you.

[The prepared statement of Mr. Pistole follows:]

PREPARED STATEMENT OF THE HONORABLE JOHN PISTOLE, DEPUTY DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

Good afternoon Mr. Chairman, Vice Chairman Bond, and Members of the Committee. I am pleased to be here today to discuss the FBI's progress in strengthening its intelligence capabilities and implementing the Intelligence Reform and Terrorism Prevention Act of 2004 (RTPA).

After the attacks of September 11, 2001, the FBI's priorities shifted dramatically as we charted a new course, with national security at the forefront of our mission to protect America. The historic enactment of IRTPA provided the FBI with the necessary tools and guidance to continue enhancing our capabilities.

The intervening five years have seen tremendous changes at the FBI. Chief among them is the development of a more robust intelligence program, which we began implementing in early 2002. In 2003, we created an Office of Intelligence, which was charged with creating a single program to manage all FBI intelligence production activities. We also expanded our analytic, reporting, and intelligence capabilities.

Our efforts were endorsed by Congress, the 9/11 Commission, and the WMD Commission, who offered additional recommendations and guidance on how to further strengthen the FBI's intelligence program. In response, the FBI in February 2005, officially established the Directorate of Intelligence as a dedicated and integrated intelligence service within the FBI. In September 2005, we implemented a Presidential directive based on the WMD Commission's recommendation to establish a "National Security Service" that integrates the FBI's national security programs under the leadership of an Executive Assistant Director. The National Security Branch (NSB) comprises the FBI's Counterterrorism Division (CTD), Counterintelligence Division (CD), and the Directorate of Intelligence (DI), and—as of July 2006—the new Weapons of Mass Destruction Directorate (WMDD).

In this relatively short period of time, the FBI has made significant progress in fulfilling the provisions of IRTPA and in meeting the numerous other expectations placed upon the Bureau. In addition to those mentioned above, our accomplishments in strengthening our intelligence capabilities and implementing the Act include the following:

Strengthened Intelligence Capabilities

Since September 11, 2001, the men and women of the FBI have worked tirelessly to reinforce our intelligence capabilities and improve our ability to protect the American people from national security threats. We have built on our established capacity to collect information and enhanced our ability to analyze and disseminate intelligence. The development of the DI and the NSB also enhanced the FBI's mission as a dual law enforcement and intelligence agency.

As part of our efforts to strengthen the FBI's capabilities, we have overhauled our counterterrorism operations, expanded our intelligence capabilities, modernized our business practices and technology, and improved our coordination with our federal, state, local, and tribal partners.

As called for in IRTPA, the Director of the FBI carries out his responsibility for intelligence collection, processing, analysis, and dissemination through the DI. By virtue of the Director's designation of the EAD-NSB and the designation of the DI as a component of the NSB, the EAD-NSB assumes authority for these intelligence functions. This authority is carried out under the joint guidance of the Attorney General and the Director of National Intelligence (DNI).

Collection Against National Intelligence Requirements

The EAD-NSB is responsible for implementation of strategies for collection against national intelligence priorities and ensures that the national priorities drive intelligence collection in each FBI division. To implement that responsibility, the DI has developed an intelligence requirements and collection management process that actively manages the transmission of national intelligence and FBI requirements to the field.

To ensure that intelligence tasking is aligned with DNI priorities, the FBI is currently participating in the Office of the Director of National Intelligence's (ODNI) Integrated Collection and Analysis Requirements System (ICARS), previously known as Intelligence Community (IC) MAP. ICARS is a web-based collection requirements management environment that provides a common, secure, single point-of-entry for all authorized users. When completed, this information technology project could be used to automate FBI intelligence collection management, linking information requirements to collection and tasking and intelligence production.

Field Intelligence Groups

The FBI has established a Field Intelligence Group (FIG) in each of its 56 field offices to manage and coordinate intelligence functions in the field. The FIGs are the mechanism through which the FBI contributes to regional and local perspectives on a variety of issues, including the receipt of and action on integrated investigative and intelligence requirements. In addition, FIGs provide the intelligence link to the Joint Terrorism Task Forces (JTTF), Fusion Centers, FBIHQ, and other Intelligence Community agencies. FIGs are staffed by Intelligence Analysts (IAs), Special Agents (SAs), Language Analysts (LAs), and Surveillance Specialists. As called for in IRTPA, each FIG reports directly to a field office senior manager responsible for intelligence matters.

In June 2006, the DI issued an Electronic Communication (EC) to standardize FIG structure and clarify the roles and responsibilities of operational squads and field intelligence personnel. In September 2006, the DI issued a FIG Handbook, which provides additional specific guidance, instructions, and policy for many aspects of FIG organization, operations, and administration.

Domain Management

Traditionally, the FBI has derived intelligence primarily from our cases. The establishment of the NSB in 2005 required that we expand our intelligence capacity beyond case-driven investigations. The focus is to remain ahead of the threat. After completing successful pilots in 10 field offices across the country, the FBI has adopted a comprehensive domain management methodology that will form the basis of our approach to analysis and integration throughout the FBI. Domain management is simply about "questions and choices": What do we need to know about our territory to protect the people in it? What do we know about the threats and vulnerabilities that worry us most? What don't we know about the threats and vulnerabilities that worry us most? What are we going to do to address our threats and vulnerabilities?

The domain management process is a continuous, systematic approach designed to achieve a comprehensive understanding of a geographic or substantive area of responsibility. It provides the basis for investigative, intelligence, and management direction by enabling leaders to consider and select courses of action through the knowledge gained, identified gaps in knowledge, and identified gaps in capability. Although the selected course of action may at times involve diverting resources to close those knowledge gaps, the purpose of domain management is to better arm our leadership with strategic domain knowledge to proactively identify and neutralize national security and criminal threats.

Strategic Analysis

A key part of the FBI's national security emphasis is the capacity to understand homeland threats in a strategic context. To that end, the NSB has placed an emphasis on achieving and sustaining an appropriate operational balance between strategic and tactical analysis. The Senior-Level Intelligence Officer positions authorized by Congress and approved by the DNI will provide a dedicated cadre of senior analysts who will sustain the focus on issues about which policy makers and planners need information now to manage or confront challenges when they emerge.

In that vein, the FBI has become an active participant in the process for identifying and authoring items for the President's Daily Brief and the National Terrorism Bulletin. FBI analysts have also done groundbreaking work on subjects such as Islamic radicalization and the counterterrorism, counterintelligence, and counterproliferation threats to the United States.

Human Intelligence (HUMINT)

In response to IRTPA and a Presidential directive, the FBI, in collaboration with the Department of Justice (DOJ), has begun a Confidential Human Source Re-engineering Project to enhance and improve the administration and operation of the FBI's Human Source Program.

As part of the Re-Engineering Project, the FBI and DOJ have worked to update guidelines on Human Source policy and Human Source validation. The ultimate goals of the Re-engineering Project are to streamline, consolidate, and update all human source guidelines; develop a "one source" concept; strengthen the validation of human sources; and introduce an advanced information technology application (Delta) that will support new human source management policies. The changes to the existing policies will enhance the FBI's ability to share human intelligence infor-

mation within its organization and will encourage SAs to open and operate new Human Sources.

National Intelligence Workforce

Consistent with IRTPA, the FBI has also created an Intelligence Career Service (ICS) of SAs, IAs, LAs, and Surveillance Specialists. The DI continues to build up the ICS, bringing an additional 370 IAs onboard in fiscal year 2006. The FBI currently has approximately 2,200 IAs onboard as a result of these efforts, more than double the number on board before 9/11. The number of linguists, meanwhile, has climbed to more than 1,300, with the number of linguists in certain high-priority languages (Middle Eastern and North African languages) increasing by more than 250%. In addition, our linguists are playing a more integral role in our intelligence program.

Recruitment and Retention Efforts

As part of its recruiting efforts, the FBI is seeking IAs and SAs with substantial expertise to meet national security needs, as defined by the DNI. The FBI will ensure that our standards reinforce and are integrated with the DNI's IC-wide effort to establish a common set of core, competency-based qualification standards for analysts.

The FBI is continuing to enhance our process for ensuring that we continue to hire the most highly qualified analyst applicants. In addition to the existing online application and panel interview, we are currently validating a selection tool that would incorporate a writing sample, specialized tests, and situational exercises into the selection process. This proposed selection system is modeled on the success of the Special Agent program.

The FBI is implementing several workforce programs to build our national security capabilities, including specialized SA, IA, and Professional Support career paths. These programs are designed to enhance and establish national security workforce specialties and create training and developmental opportunities for SAs, IAs, LAs, and Surveillance Specialists in the FBI's national security programs. They will be developed in close coordination with the DNI, to ensure that IC joint duty requirements and other functionally specific cross-community career paths are addressed.

An example of our recruitment and retention efforts is the use of the authority afforded the FBI in the Consolidated Appropriations Act of 2005 to obtain Senior Intelligence Officer positions using senior level positions and critical pay authority. The Attorney General, the Office of Personnel Management, and the Office of Management and Budget have approved the FBI's request for 24 Senior Intelligence Officers and corresponding critical pay authority. The Senior Intelligence Officer for Counterterrorism position was posted in October 2006, and an applicant has been selected for this job.

In the leadership development arena, the FBI created an FBI Intelligence Officer Certification (FIOC) Program, as recommended by the 9/11 Commission, and mandated by Presidential directive. FIOC complements the larger Intelligence Community Officer (ICO) Program, which develops senior intelligence professionals to serve as future leaders of the IC. FIOC, which is aligned with ICO certification criteria, will serve as a credential for those who wish to pursue ICO certification. Both the FBI Intelligence Officer and the ICO must demonstrate in-depth knowledge, work, and experience in intelligence issues. However, FIOC is unique to the FBI in its emphasis on integrating the FBI's dual investigative and intelligence missions. This program is available to SAs, IAs, LAs, and Surveillance Specialists.

Training Initiatives

Consistent with IRTPA, the DI in October 2005 launched the ICS Cohort Program, a training initiative designed to prepare new ICS members to work collaboratively against national security and criminal threats to the United States.

We are currently in the process of enhancing and updating the Cohort initiative, incorporating lessons learned and other suggestions from students to ensure that we are giving our new hires the skills necessary to do their jobs in the most effective way possible. The refined entry-level training program will focus more sharply on fundamental analytic tradecraft skills (i.e., critical thinking, expository writing, and briefing).

The FBI is fully engaged in the ODNI's efforts to strengthen intelligence analytic tradecraft. On an interagency level, we participated in the ODNI's pilot "Analyst 101" training program, which provides training in analytic tradecraft to an IC-wide student body. The FBI intends to participate in future training sessions.

More generally, the FBI is expanding current classroom, in-service, and computer-based training for Bureau employees and our partners in other federal, state, local, and tribal agencies. Extensive efforts are underway to provide new and existing training opportunities for all employees working in national security matters.

To enhance the coordination of our national security training, we recently created the NSB Executive Training Board, made up of executives from the four NSB component divisions. The board is working collaboratively to develop national security training requirements, curricula, and thresholds for new agent and analyst career paths and training sets for new agents and analysts. For example, New Agent Training has been recently modified to provide 100 additional hours of training in all national security-related areas.

The NSB is also developing a catalog of specialized national security training courses. Created in conjunction with the ODNI, the catalog will be broken down into core and elective instruction and will help employees and managers develop programs appropriate for their specific roles and responsibilities. Courses will also be available in a variety of formats to better serve users at FBI Headquarters and field offices.

The NSB is devoting particular attention to Human Source development training by conducting an evaluation of existing HUMINT training, including identifying best methods and practices used by other members of the IC. This evaluation is being conducted to ensure compliance with developing ODNI standards as well. Among the particulars are extensive modifications to New Agent Training, the modification of advanced training courses, and the new "HUMINT Source Targeting and Development Course," which was piloted in fall 2006 and which the DNI called an important first step toward development of the FBI's domestic HUMINT training program. We are currently working with the CIA to refine the course and will relaunch it in 2007.

In addition to Human Source development training, new courses have been and are being developed to explain the role of the NSB to the IC; state, local, and tribal law enforcement; and our own FBI employees. Among these initiatives is a collaborative effort between the FBI's Counterterrorism Division and the U.S. Military Academy's Combating Terrorism Center (CTC) to develop a counterterrorism curriculum, exchange instructors, and work on knowledge development projects. This collaborative effort includes providing training to JTTFs, hosting a Counterterrorism Leadership retreat at West Point that was held in August 2006, developing and delivering instruction to New Agent Trainees, and the future development of FBI case studies and a counterterrorism textbook.

Infrastructure

Although the FBI's information technology (IT) systems and other infrastructure have offered us some of our greatest challenges, they have also resulted in some of our most significant improvements in the last five years. We are ensuring that our IT systems and other infrastructure are being developed along with the architecture as required in Section 8402 of the IRTPA. We are ensuring consistency with the Information Sharing Environment Architecture.

Investigative Data Warehouse

An example of a technology application that has surpassed our expectations is the Investigative Data Warehouse (IDW). IDW is a centralized repository for relevant counterterrorism and investigative data that allows users to query the information using advanced software tools. IDW now contains over 560 million FBI and other agency documents from previously stove-piped systems. Nearly 12,000 users can access it via the FBI's classified network from any FBI terminal throughout the globe. And, nearly 30 percent of the user accounts are provided to task force members from other local, state and federal agencies.

Foreign Terrorist Tracking Task Force

The Foreign Terrorist Tracking Task Force (FTTTF) was created pursuant to Homeland Security Presidential Directive No. 2 and was consolidated into the FBI pursuant to the Attorney General's directive in August 2002. The FTTTF uses innovative analytical techniques and technologies that help keep foreign terrorists and their supporters out of the United States or lead to their location, detention, prosecution, or removal.

The participants in the FTTTF include the Department of Defense, the Department of Homeland Security's Bureaus of Immigration and Customs Enforcement and Customs and Border Protection, the State Department, the Social Security Ad-

ministration, the Office of Personnel Management, the Department of Energy, and the Central Intelligence Agency.

To accomplish its mission, the FTTTF has facilitated and coordinated information sharing agreements among these participating agencies and other public and proprietary companies to assist in locating terrorists and their supporters who are, or have been, in the United States. The FTTTF has access to over 40 sources of data containing lists of known and suspected foreign terrorists and their supporters, including the FBI's Violent Gang and Terrorist Offenders File (VGTOF).

Secure Work Environment

The FBI's expanded role in intelligence operations has significantly increased the requirement to build Secure Work Environment (SWE) facilities. The goal is to provide the physical infrastructure and IT connectivity to enable FBI personnel to execute their mission of protecting national security. A database of existing Sensitive Compartmented Information Facilities (SCIF) space and SCIF requirements has been developed, which includes SCIF construction projects underway. This database is at the center of the NSB's plan to develop and build out the SCIF requirements of the FBI.

The NSB directs the prioritization of the deployment of SCIF space and Sensitive Compartmentalized Information Operational Network (SCION) connectivity based upon established threat-based criteria and available resources. A prioritized list of 100 field office headquarters and resident agencies was completed to facilitate the construction of SCIF space and the deployment of SCION connectivity. In FY 2006, retrofits of existing SWE facilities were begun in 48 of the top 100 locations. Construction was completed at 25 locations, 15 of which were accredited in FY 2006. In FY 2007, retrofits of existing SWE facilities are scheduled to begin at an additional 60 locations.

We also are working to provide SCION access to as many locations as quickly as possible so we have a baseline level of connectivity in every field office and resident agency. From the inception of the project to the end of FY 2006, SCION has been deployed to 55 field offices (New Orleans Field Office deployment remains incomplete due to reconstruction from Hurricane Katrina), 29 Resident Agencies (RAs)/off-sites, and one LEGAT (London). In FY 2006 alone, SCION was deployed to 37 field offices, 12 RAs/off-sites, and one LEGAT, thereby exceeding the congressional mandate of 20 field office deployments for FY 2006.

Budget Authority

As recommended by the WMD Commission, and mandated by Presidential directive, the EAD-NSB exercises direct budget authority over the Counterterrorism/Counterintelligence and Intelligence budget decision units, which include funding for all FBI national security programs.

The FBI has further implemented the WMD Commission recommendation by funding the intelligence activities of the FBI in the National Intelligence Program (NIP) in the President's FY 2007 budget request, consistent with the DNI's statutory authorities. Under the IRTPA, the DNI is responsible for developing and determining the annual consolidated NIP budget. Consistent with the IRTPA, the FBI works closely with the DNI and provides his staff the FBI's assessment of our needs, our priorities, and other technical and subject matter assistance as requested. In addition, the DNI also has the authority to reprogram (with certain limitations) and monitor the execution of these funds.

During the FY 2007 budget formulation process, the FBI, along with DOJ, reviewed its NIP, and agreed with the ODNI that it did not adequately reflect the FBI's intelligence capabilities. With the mandate of the President to create the NSB, the FBI worked extensively with the DNI staff to create a new NIP budget structure that would encompass all FBI intelligence related activities, without hindering counterterrorism and law enforcement functions. The FBI worked extensively with the DOJ and the DNI to devise and obtain approval for a new methodology that would better reflect the FBI's intelligence program, as well as map to other programs/priorities within the rest of the IC. The FBI, DOJ, and DNI agreed to this new methodology in December 2005, and it is reflected in the FBI's FY 2007 Congressional Budget Justification Book (CBJB).

The DNI will provide strategic guidance through his budget authority, while tactical and operational control over the FBI's investigative, intelligence, and law enforcement resources will remain with the Attorney General and the Director of the FBI. Preserving this chain of command ensures that the Attorney General will be able to meet statutory responsibilities to enforce federal law.

To ensure the DNI has full visibility into the FBI's portion of the NIP budget, the FBI's NIP budget submissions will contain DNI-specified detail. Also consistent with the IRTPA, the DNI will provide guidance to the Attorney General on the development and execution of the remainder of the budget under the management of the EAD-NSB. Further, the FBI regularly conducts budget execution reviews with the ODNI to ensure the NIP budget and program remain visible throughout the execution of each fiscal year.

The ODNI and the FBI/DOJ continue to assess the impact of the budget realignment that has been reflected in the FBI's FY 2007 NIP Budget. Initial review of the impact is centered on developing an accounting process to ensure appropriate allocation of resources and the distribution of expenses between NIP and non-NIP funding.

Collaboration

As envisioned by the authors of IRTPA, the FBI has become a full member of the Intelligence Community. To enhance collaboration with other IC agencies, the Director designated the EAD-NSB as the lead official responsible for coordination with the ODNI and the rest of the IC. The EAD-NSB ensures appropriate FBI representation in the interagency process and participation in IC activities as requested by the DNI.

The NSB senior management represents the FBI at the DNI's weekly Program Manager meetings, Information Sharing Council meetings, and the monthly DNI Intelligence Community Leadership Committee (ICLC) meetings. The EAD-NSB meets regularly with the Principal Deputy DNI (PDDNI) and periodically with the DNI to ensure effective coordination and communication. FBI personnel participate in approximately 170 IC boards, councils, and regular working groups. The effective coordination of the FBI's role in these groups is a high priority within the NSB.

The DI represents the FBI on those IC bodies that coordinate collection requirements, analysis, and production functions, and other activities related to the DI mission. Other FBI officials, such as the Chief Information Officer (CIO), the Chief Human Capital Officer, and senior managers from the Security Division, Facilities and Logistics Services Division, and the Science and Technology Branch, represent the FBI on bodies that coordinate IC policies and programs under their jurisdictions.

Information Sharing

Among the fundamental post-9/11 changes in the FBI, sharing intelligence is now a primary objective. We have developed an FBI intelligence presence within the intelligence and law enforcement communities by sharing Intelligence Information Reports (IIRs), Intelligence Assessments (IAs), Intelligence Bulletins (IBs), and related intelligence information on platforms routinely used by our law enforcement and Intelligence Community partners, including the Joint Worldwide Intelligence Communications System (JWICS), Secure Internet Router Protocol Network (SIPRNet) and Law Enforcement Online (LEO), as well as on the FBI Intranet. In one measure of our information sharing efforts, the FBI disseminated more than 7,100 IIRs in FY 2006 to our Intelligence Community partners via SAMNET.

The FBI has also expanded its analytic investment in the National Counterterrorism Center (NCTC), with more than 40 analysts now deployed to NCTC. The FBI also maintains a substantial cadre of counterterrorism personnel at CIA, and established the National JTTF (NJTTF) in July 2002 to serve as a coordinating mechanism with the FBI's partners. Some 40 agencies are now represented in the NJTTF, which has become a focal point for information sharing and the management of large-scale projects that involve multiple partners. The activities of the NJTTF are consistent with the Information Sharing Environment (ISE) Implementation Plan and Presidential guidelines.

Fusion Centers

Information sharing with state, local, and tribal law enforcement is also crucial to fulfilling the FBI's intelligence mission. The FBI has expanded its efforts to share raw intelligence reporting and analysis with state, local, and tribal entities on LEO. The FBI also produces joint bulletins with the Department of Homeland Security (DHS) for our law enforcement partners on threat issues. These activities were reinforced in 2006 with the dissemination of policy and guidelines for FBI integration with state-wide fusion centers, a partnership with DHS to jointly codify expectations for our roles in these centers and continuation of actions to put a minimum of one SA and one IA in the lead fusion center in each state.

The FBI recognizes that fusion centers are fundamental in facilitating the sharing of homeland security and criminal-related information and intelligence and considers our participation in fusion centers an extension of our traditionally strong working relationship with our state, local, tribal and private sector partners. The FBI has been an active participant in the ISE Program Manager's development of Guideline 2, and is ensuring our partnerships with fusion centers are consistent with that guideline. Moreover, the FBI is a partner in developing the implementation plan for a national level coordination group to facilitate timely information sharing.

Conclusion

The FBI has a mandate from the President, Congress, the Attorney General, and the DNI to protect national security by producing intelligence in support of our investigative mission, national intelligence priorities, and the needs of other customers. The FBI has always used intelligence to solve cases; however, today, we count on our agents and analysts working hand-in-hand with colleagues around the country and around the world to collectively piece together information about multiple, interrelated issues.

With the authority and guidance provided by the IRTPA and other directives and recommendations, the FBI has implemented significant changes to enhance our ability to counter today's most critical threats. We recognize that additional work remains to be done. We look forward to continuing to work with the committee to tackle those challenges.

I appreciate the opportunity to be here today. I would be happy to answer any questions you may have.

Chairman ROCKEFELLER. Thank you, sir.

Mr. Allen?

Mr. ALLEN. Chairman Rockefeller, members of the Committee, thank you very much for inviting me to speak to you today about the progress of the Department of Homeland Security in implementing intelligence reform. And thank you for permitting me to submit a written statement for the record. I will have a very short oral opening statement.

I have long been an advocate for intelligence reform and I firmly support congressional efforts to address the threats of the 21st century. As the department's first chief intelligence officer, I have pursued the goals of intelligence reform by focusing on five priorities—improving intelligence analysis across the Department of Homeland Security; integrating intelligence within the department, strengthening our support to state, local and tribal authorities and the private sector; ensuring that the Department of Homeland Security intelligence takes its place within the national intelligence community; and solidifying our relationship with Congress by improving transparency and responsiveness.

Mr. Chairman, I believe we've made progress in all five areas.

First, we have devoted considerable effort to improving analysis. We provide crucial intelligence support to the Secretary and to DHS leaders, as well as key departmental efforts such as the Secure Border Initiative and the Visa Waiver Program.

Additionally, DHS intelligence analysts are now working closely with our counterparts at the state, local and tribal levels of government to produce collaborative assessments.

Moreover, we are pulling our weight in the national intelligence community, preparing special assessments and producing articles for the intelligence community at the highest level of classification. And we work very closely with the Federal Bureau of Investigation in production of those items.

To improve further analysis, I have increased our focus on border security, weapons of mass destruction and infectious diseases, crit-

ical infrastructure protection, extremism and radicalization and demographic forces that drive migration to the United States.

Second, we have integrated DHS intelligence in a number of ways, notably, by driving ever-increasing cooperation among DHS intelligence components through the mechanisms of the Homeland Security Intelligence Council as well as, for example, the Intelligence Campaign Plan, which is directed at the Southwest border.

We're also improving and integrating departmental information collection capabilities, including air-based systems, ground sensors, law enforcement, technical collection.

Third, we have strengthened our support to state, local and tribal authorities in the private sector in a number of ways. To date, we have deployed intelligence officers to 12 state and local fusion centers, and will continue an aggressive schedule to embed officers in over 35 fusion centers by the end of fiscal year 2008.

In response to guidance from the White House, we're establishing a federal coordination group to ensure that the federal government speaks with one voice on emerging and potential threats to our homeland. Co-located with the National Counterterrorism Center, this group will be led by one of my senior intelligence officers, supported by a senior deputy from the Federal Bureau of Investigation, along with participation from the Department of Defense and other federal intelligence agencies.

Fourth, we have taken our full place within the intelligence community in various ways. For example, the Department of Homeland Security is now a member of the DNI's program managers' group. We're able to interact more effectively with key agencies of the intelligence community.

Additionally, my office is leading an effort in the intelligence community to develop a homeland WMD intelligence strategy that will outline goals and actions needed for us to meet this challenge.

Finally, I believe we have solidified our relationship with the Congress by regularly conducting threat briefings, particularly with the Bureau, testifying repeatedly to oversight committees, and establishing contacts with key members and staff of both parties so that ours continues to be a true partnership.

Undergirding all these priorities is an aggressive commitment to attracting and attaining a diverse, innovative and world-class workforce. Last year, we launched a two-year plan to transform our intelligence training, education and professional development capabilities. We're taking another major step in this transformation by conducting the first DHS basic intelligence training course.

We're also continuing an aggressive recruiting plan that includes bringing the best and brightest graduates from our colleges and universities. We must build future cadres of experienced all-source analysts dedicated to homeland security intelligence.

Even as we work to strengthen DHS intelligence, we are maintaining a continuing respect for civil rights, civil liberties and privacy of our citizens. I continually consult with my own counsel as well as with relevant experts in civil liberties, civil rights and privacy and as well as officials in the Office of the Director of National Intelligence to ensure our programs conform to the letter and spirit of the law.

Members of the Committee, this concludes my oral remarks, and I look forward to answering your questions.

[The prepared statement of Mr. Allen follows:]

PREPARED STATEMENT OF THE HONORABLE CHARLES ALLEN, CHIEF INTELLIGENCE OFFICER AND ASSISTANT SECRETARY FOR INTELLIGENCE AND ANALYSIS, DEPARTMENT OF HOMELAND SECURITY

I. Introduction

Chairman Rockefeller, Vice Chairman Bond, Members of the Committee: Thank you for inviting me to speak with you today about Intelligence Reform. I have been a strong advocate for many years for intelligence reform, and I firmly support congressional efforts to enact sound reforms of the U.S. Intelligence Community, to ensure it can meet the changed threat environment of the 21st Century.

The threat of terrorist attacks is as real today as at any time since 9/11. The disrupted aviation plot of last summer demonstrated that international terrorism continues to represent a direct and major threat to the Homeland. The United States and its allies are engaged in a global struggle against a broad range of transnational threats. Our Nation's communities face the threat of terrorism, of cross-border violence spurred on by the poison of illicit trafficking in narcotics, and of the diminishment of our humanity by the exploitation of men, women, and children by international criminal organizations. The Intelligence Community has no option but to hold itself accountable both for its successes and failures, and to reform its structure and tradecraft to be the best possible advisor to the Nation's federal and non-federal leadership as they seek to secure the Homeland and protect its people.

Today I will discuss our progress in DHS Intelligence in implementing the principles of intelligence reform. I will also speak to how the implementation of the Intelligence Reform and Terrorism Prevention Act of 2004 is strengthening DHS Intelligence's ability to support our national, departmental, and non-federal partners in securing the Homeland.

II. DHS Intelligence Integration

It is a challenge to define the current threat environment with the level of precision required to act. We seek to strengthen the capability of DHS Intelligence to collect intelligence and to produce finished analysis tailored to the needs of our key customers. We seek to provide our Nation's leaders at all levels of government with the best possible understanding of the threat to inform their decision-making, their policies, and their operational responses. In many respects, DHS Intelligence, in supporting the Department and its partners in the law enforcement and homeland security communities (including the private sector), is the last defense between the transnational threats and our communities and families. It is for this reason that we continually seek to strengthen DHS Intelligence.

We are guided by many of the same principles that inform the broader reform of the Intelligence Community: a strong, shared, and common direction for our enterprise; an improvement in our core capabilities of collection and analysis; a renewed sense of purpose and accountability for our efforts; and an aggressive commitment to attracting and retaining a diverse, innovative, and world-class workforce. And equally important, we must undertake our work with a continuing respect for the Constitution and for the civil rights, civil liberties, and privacy of our citizens.

A. Secretary Chertoff's Second Stage Review ("2SR")

The Secretary demonstrated true vision in his Second Stage Review by elevating the role of Intelligence within the Department. Although the Second Stage Review was issued before I arrived at DHS, I strongly support the Secretary's statement that, "Intelligence is at the heart of everything we do." As a result of the Second Stage Review, the Secretary created the position of the Chief Intelligence Officer to lead and manage the integration of the DHS Intelligence Enterprise. I am honored to be the first person to hold this position.

One of my first actions as the Chief Intelligence Officer was to establish the Homeland Security Intelligence Council, which is comprised of the heads of the seven intelligence components in the Department and key members of my leadership team. This Council serves as my principal decision-making forum for intelligence issues of Department-wide significance.

I also made it a priority to issue the first DHS Intelligence Strategic Plan. This document laid the foundation for a strong and shared direction for our Enterprise.

I think we can draw a strong parallel between these actions and the Director of National Intelligence's (DNI) establishment of the Program Managers Group and the publication of the National Intelligence Strategy.

B. Five Priorities

When I arrived at DHS in late 2005, I said I would deliver results against five priorities, all of which ensure that the direction of DHS Intelligence is firmly aligned to the intent of intelligence reform within the Department and in the Intelligence Community. My priorities are:

- Improving the quality of intelligence analysis across the Department;
- Integrating DHS Intelligence across its several components;
- Strengthening our support to state, local, and tribal authorities, as well as to the private sector;
- Ensuring that DHS Intelligence takes its full place in the Intelligence Community; and,
- Solidifying our relationship with Congress by improving our transparency and responsiveness.

C. Progress

The business of intelligence is collection and analysis. I am proud to highlight the progress we have made in strengthening the core capabilities of the DHS Intelligence Enterprise in both of these areas. Over the past year, we have defined homeland security intelligence as our unique mission—to serve the Secretary and the Department, our partners at the state, local, and tribal levels and in the private sector, and in the Intelligence Community.

On the front end of the intelligence business is collection—a topic near and dear to my heart, as you well know. DHS Intelligence has made great strides in maturing our collection management capabilities. We have developed new capabilities in open source intelligence, streamlined the reporting of information of intelligence value, and improved our exploitation of the information gathered through the Department's conduct of law enforcement and regulatory responsibilities.

With the support of the Office of the Director for National Intelligence (ODNI), and especially the Assistant Deputy Director for National Intelligence (ADDNI) for Open Source, DHS Intelligence is developing a strong Open Source Intelligence (OSINT) capability focused on our areas of expertise and responsibility to complement the broader Intelligence Community's open source investments.

To improve the Department's ability to evaluate the information it possesses for intelligence value, we began a training program throughout the Department to teach intelligence professionals how to recognize information with intelligence value, how to write good intelligence reports, and how to report this intelligence in a timely manner. Last fall, we piloted a similar training program at a state and local fusion center, and we will seek to expand that pilot this fiscal year. The result will be to increase the exchange of information with intelligence value between the Department and its homeland security partners.

Additionally, we are working throughout the Department to improve and integrate existing information collection capabilities, such as our Department's air-based systems, ground sensors, and law enforcement technical collection capabilities. Our efforts will result in a departmental approach to Intelligence, Surveillance, and Reconnaissance (ISR) that will complement the abilities of our partners in the Intelligence Community. The ISR conference we hosted last year was a major milestone in moving toward the goal of being able to adroitly task any part of the Department's collection capability and move the results of that collection to any part of the Department for exploitation and analysis.

In addition to this progress in collection, we are successfully implementing the lessons learned in the Intelligence Community in response to intelligence reform. For example, we are building an OSINT capability that responds to the modern recognition of the value of open-source intelligence reflected in the ODNI's creation of the ADDNI for Open Source. We are evaluating our collection capabilities and improving our core abilities and collection management, much as the ODNI seeks to do with the Integrated Collection Architecture and the continuing use of the Mission Review Board. Above all, we are focusing the Department's information gathering efforts on the priorities established by the President, the DNI, and the Secretary to ensure that we contribute towards answering the key intelligence questions confronting the Homeland. In all of our efforts, we are acting with full respect to the Constitution. I continually consult with our counsel and both the Department's and the ODNI's Civil Liberties, Civil Rights, and Privacy experts to ensure we are pro-

tecting our citizens and legal residents—both from the transnational threats confronting our Nation and from the inappropriate use of our capabilities.

My Deputy Assistant Secretary for Intelligence, Dr. Mary Connell, deserves credit for the progress in improving the quality of intelligence analysis. Most importantly, we have realigned the Office to reflect our critical mission. The essence of what constitutes homeland security intelligence is a simple concept—threats to the U.S. Homeland. Currently, the key threat to the Homeland remains terrorism. While we must focus on this terrorism threat, we cannot take our attention away from other threats to the Homeland as we continue to provide intelligence support to our customers in the Department, the Homeland, and the Intelligence Community.

Our analytic focus now includes:

- Border Security: We look at all borders—air, land, and sea on the Southwest, Northern, and maritime borders. The threat to our borders is far more complex than terrorism. It more likely stems from narcotrafficking, alien smuggling, money laundering, and organized crime, which are all intertwined in networks that cross our borders into the Homeland.
- Chemical, Biological, Radiological, Nuclear (CBRN) attack: We clearly are concerned with the nuclear threat—improvised nuclear devices (INDs) and radiological dispersal devices (RDDs)—and especially the bioterrorist threat, a key Department prerogative. We also focus on explosives and infectious diseases such as avian flu and foot-and-mouth disease, threats for which DHS also has responsibilities.
- Infrastructure: We are enhancing the Department's Homeland Infrastructure Threat and Risk Assessment Center (HITRAC), which is a unique partnership of homeland security intelligence analysts, infrastructure specialists from the Office of Infrastructure Protection, and the private sector. DHS has a particular mission to work with our 17 critical infrastructure and key resource sectors to provide insight into threats and vulnerabilities, so they can more effectively defend against and respond to potential attacks.
- Extremism/Radicalization: We have created a branch to focus on the threat posed by domestic terrorists prone to violence—Islamic extremists (Sunni and Shia) to be sure, but also white supremacists, black separatists, and environmental extremists. Our homeland security intelligence approach to this potential threat is collaboration with our state, local, and tribal partners that can provide unique expertise and insight.

We are still in the "building" mode—we have yet to develop the required expertise and experience to fully implement our mission. Nonetheless, we already have made strides in serving our customers. We regularly produce Homeland Security Intelligence Assessments to brief the Secretary, Deputy Secretary, and other senior DHS officials, and support key Department efforts such as the Secure Border Initiative and Visa Waiver Program. For the first time, DHS Homeland Security Intelligence analysts are working closely with their counterparts at the state, local, and tribal levels to produce collaborative assessments. Finally, we have laid down a marker in the Intelligence Community for homeland security intelligence in producing a number of Presidential Daily Briefs on our mission topics and co-authoring special assessments.

Over the coming year, my goal, as part of developing mission expertise, is integration. We cannot achieve our mission alone. We especially need a more integrated intelligence effort particularly with our operating components. This area truly reflects a unique DHS contribution to intelligence. The Homeland Intelligence Integration Board is building momentum, but most important will be DHS intelligence analysts collaborating on specific projects with operating components' intelligence analysts. We also need a more integrated effort with our state, local, tribal, and private sector partners. As a formal beginning, we are hosting the first-ever analytic conference that will bring together a large number of these analysts to focus on Homeland threats. We have only begun, but homeland security intelligence is a critical mission and we are pursuing it with urgency.

D. Management of Intelligence

My Deputy Assistant Secretary for Mission Integration, James Chaparro, deserves credit for building an integrated approach to program and career force management. I take the responsibility of leading and managing DHS Intelligence extraordinarily seriously, and I recognize that with these responsibilities comes accountability. As the Chief Intelligence Officer, I must take personal responsibility for the success or failure of DHS Intelligence. Under the authorities laid out in the Department's Management Directive 8110, last spring I implemented the first ever DHS Intelligence Program Reviews. I worked with the DHS Office of Strategic Plans and the

Chief Financial Officer to issue intelligence guidance as part of our resource planning and programming cycle. My staff reviewed the resource allocation plans from each of the DHS Intelligence components. I then conducted program reviews of each of the DHS Intelligence components and advised the Secretary and the component chiefs on future program investments. As a result of my program reviews, the Commissioner of Customs and Border Protection charged his Director of Intelligence with developing an integrated Customs and Border Protection intelligence structure. This is exactly the type of management the Chief Intelligence Officer must provide to build the strongest possible DHS Intelligence capability.

This year I will again issue intelligence guidance as part of the resource allocation planning and programming cycle, and again conduct reviews of each intelligence component. In addition, I will expand the reviews to look at each program's mid-year successes in meeting its objectives, and I will examine investments in other intelligence-related activities that complement the investments we are making in our intelligence components. We also continue to professionalize our program review capability and to institutionalize the process so careful scrutiny of these investments in intelligence increasingly becomes a part of our culture. Our goal is to ensure that we are efficient and effective in our approach across the Department.

I have aligned these efforts within the Department, in order to mirror the approach suggested by intelligence reform that created the Office of the Director of National Intelligence (ODNI). I am reviewing our program and budget authorities to ensure strong accountability for investments in our Nation's intelligence capabilities.

Last year I embarked on a two-year plan to transform our intelligence training, education, and professional development capabilities. I am pleased to announce that in 2 weeks, we will kick off the next major step by holding the first DHS basic intelligence course—a six-week, in-residence course hosted at the Federal Law Enforcement Training Center in Cheltenham, MD, to whom we are indebted for their great support. This course will include representatives from throughout the Department's intelligence cadre, and we are working to open the enrollment to the broader Intelligence Community and our partners in the state and local fusion centers.

For the rest of this year, we will continue to pursue an aggressive training schedule, develop learning roadmaps for our junior and mid-level employees, and build a close partnership with the ODNI and DHS Human Capital offices, as well as our partner institutions such as the National Intelligence University and the Federal Law Enforcement Training Center. I will continue working with the Homeland Security Intelligence Council to develop common approaches to recruiting and retaining qualified personnel to ensure all of DHS Intelligence is strengthened.

III. DHS Role in Overall U.S. Intelligence Reform

A. Importance of the Intelligence Reform and Terrorism Prevention Act of 2004 within DHS

The implementation of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) is strengthening DHS Intelligence's ability to support our national, departmental, and non-federal partners in securing the Homeland. From my perspective, having served as a senior intelligence official in a number of capacities, including six years as the Assistant Director of Central Intelligence, I place the IRTPA in the same category as the Goldwater-Nichols Act as one of the most important pieces of legislation to strengthen our homeland security. In particular, I would like to speak briefly about the creation of the Information Sharing Program Manager and Information Sharing Environment, and the impact on homeland security intelligence.

B. Information Sharing

Section 1016 of the IRTPA created the Information Sharing Environment, which improved the Department's ability to perform its mission. DHS—in particular the Office of Intelligence and Analysis—has developed a strong working relationship with the ODNI's Program Manager for the Information Sharing Environment through the Information Sharing Policy Coordination Committee and the Information Sharing Council. Many of our ongoing initiatives will contribute to our effective response to the Program Manager's action items. These relationships and initiatives will continue to grow as we move toward the implementation of the Information Sharing Environment.

The Implementation Plan for the Information Sharing Environment, which was approved and delivered to Congress in November 2006, contains 89 action items designed to drive its creation, implementation, and management. These items overlap

many performance measures for important activities such as Sensitive But Unclassified standardization, state and local fusion center coordination, and information sharing metrics. As the programmatic lead for DHS in reporting to the Program Manager, the Office of Intelligence and Analysis has taken several important steps to execute key items. For example, the Office of Intelligence and Analysis has identified Information Sharing Action Officers so that we can use our existing working groups, programs, and initiatives to more effectively respond to action items. We also established the DHS Information Sharing Coordinating Council, composed of the Information Sharing Action Officers, who will meet regularly to coordinate and execute actions related to the Information Sharing Environment.

The value of these activities comes from our coordinated approach to the Information Sharing Environment implementation plan: improved flow of internal information, reduced redundancy and overlapping activities, and improved collaboration with the members to ensure that the Information Sharing Environment supports DHS' missions and requirements. DHS took a leadership position in developing performance metrics to measure the effect of information sharing on its mission. DHS Program Evaluation and Analysis is incorporating these measures into the Future Year Homeland Security Plan and the Five Year Plan.

IV.Conclusion

A. Threat is Real

Throughout our discussion of intelligence reform, we cannot lose sight of the continuing transnational and domestic threats to our homeland. These threats are very real. They threaten to undermine the safety of our communities and challenge our values of liberty, equality, and rule of law.

B. Benefits of Reform

Reform cannot exist merely for reform's sake—it must be focused on improving our capability to secure the Homeland. It is in this light that I would like to conclude by discussing three final mission areas of progress resulting from the DHS response to intelligence reform—our State and Local Fusion Center Program, our Intelligence Campaign Plan for Border Security, and our participation in the development of a Homeland Weapons of Mass Destruction (WMD) Intelligence Strategy.

The first of these, the State and Local Fusion Center Program, is an outgrowth of the Homeland Security Act (HSA) of 2002 and the IRTPA. In both the HSA and the IRTPA, the responsibilities of the federal government were broadened to include a much more pronounced requirement to build a unified homeland security intelligence community composed of both federal and non-federal members. This was a true revolution of intelligence affairs. It brought into existence a new community of homeland security intelligence professionals who are experts in fusing law enforcement and first responder intelligence with foreign intelligence. The result is a new intelligence discipline and tradecraft that is giving us a new understanding of the threat. I view the Department as the nexus of this unified homeland security community.

With the support of both the DNI and the Department of Justice (DOJ), the Department has created the State and Local Fusion Center Program, which places DHS homeland security intelligence professionals in state and local fusion centers that are part of the National network of fusion centers. My Principal Deputy Assistant Secretary, Jack Tomarchio, has been superb in executing this program and in strengthening our support to our state, local, tribal, territorial, and private sector partners. To date, we have deployed 12 officers to 12 fusion centers around the country. We will continue our aggressive schedule to deploy up to 35 additional officers by the end of FY 2008, and are currently conducting assessments to determine which centers have the greatest need. Our officers in the fusion centers are working with their partner homeland security and law enforcement intelligence professionals to share information, to collaborate on analysis, and to identify information of intelligence value. The result will be better reporting of valuable information, both horizontally between fusion centers and vertically to the Intelligence Community. Similarly, our headquarters officers are working with their counterparts in DHS Intelligence and the Intelligence Community to identify intelligence that is of value to the state and local fusion centers and to ensure that it is shared with them daily.

Our efforts to build a unified homeland security intelligence community with our non-federal colleagues are positively aligned with the intent of intelligence reform. As I discussed earlier, we are working with the ODNI Information Sharing Program Manager and our DOJ counterparts to build a truly seamless partnership and information sharing environment. We already are seeing the effect this new broadened

homeland security intelligence community is having in the work on which DHS has collaborated with its non-federal partners in analyzing radicalization. We have also seen continuing improvements in the critical infrastructure intelligence produced by our Homeland Infrastructure Threat and Risk Analysis Center because of our partnership with the private sector. Similarly, we are working with our Intelligence Community partners, in promoting intelligence reform, to further collaboration and information sharing efforts. For example, DHS has representatives stationed at many federal intelligence centers and offices run by the Intelligence Community, including the National Counterterrorism Center, the Terrorist Screening Center, and the ODNI staff.

A second mission area I want to discuss is how intelligence reform is guiding our approach to border security intelligence and strengthening our ability to secure the border. This was not an area that was at the forefront of the thinking that underpinned the development of legislation on intelligence reform, but I think a short discussion of border security intelligence will show how prescient the work on intelligence reform has been, and why it is so important to continue to evaluate our progress and make intelligence reform a living process.

When I arrived last September, the Office of Intelligence and Analysis already was leading a working group on intelligence initiatives in support of the Secretary's Secure Border Initiative, or SBI. One of my first acts was to launch an Intelligence Campaign Plan for Border Security, or ICP, which Deputy Secretary Jackson introduced on September 27, 2005, to General Michael Hayden, then the Deputy Director for National Intelligence. From the very start of this activity, we relied on the new management structure of the ODNI to help us bring the full capabilities of the Intelligence Community to bear on this new area of emphasis.

We approached our intelligence campaign planning as both a DHS Intelligence activity and an Intelligence Community activity, working on the principle that a shared common vision for how to employ intelligence in support of border security would result in the strongest capability.

We have worked, and continue to work, with the key analytic and collection organizations to survey the landscape of capability and to identify where new emphasis and investment are required. We are working on the principle that reform must improve our core business areas of intelligence collection and analysis if it is going to have a substantive impact. We have received truly commendable support from our partners, such as the National Geospatial Intelligence Agency. New collection has been generated and shared with the policy and operational communities, thus resulting in better, more targeted enforcement and investigations. Every week we are sending newly collected intelligence down to our operational units on the Southwest border and sharing as much as we can with our state and local partners. In addition, I am building a strong border security strategic intelligence analysis capability in the Office of Intelligence and Analysis. This unit is working with all of its colleagues across the community to fuse intelligence information and produce the highest quality finished intelligence analysis. The resulting threat assessments and analysis have helped guide the activities of our Border Enforcement Security Task Forces and have informed departmental policy discussions.

In addressing the intelligence needs for border security, we have focused on both the immediate needs of our customers and on building a sustainable capability for the future. Our approach is based on the principles of sound management and accountability that underpin intelligence reform. We are working closely with the DNI and all of the intelligence components in DHS to target our investments in a rigorous and efficient manner. My Program Reviews and our partnership with the SBInet Program Office are helping to implement a sound intelligence investment strategy for border security intelligence.

Finally, we have created a collaborative approach that spans the Intelligence Community and the federal government, and that reaches into our non-federal homeland security intelligence partners as well. Our approach embraces the principle that the best understanding of the threat to our borders is going to result from fusing National, departmental, and non-federal information and intelligence. We are aggressively sharing our border intelligence products by using our state and local fusion center officers to reach out to fusion centers in border states. We have also deployed an advance team to evaluate how a DHS Homeland Security Intelligence Support Team, in a location such as El Paso, Texas, could create a hub for fusing intelligence across multiple communities and building a robust operational picture of the threat on the Southwest border.

Looking to the future, we will continue to assess our own success, and work with the DNI in evaluating the Intelligence Community's success in providing the intelligence our customers need to secure the border as a critical step in protecting the Homeland. We may want to explore extending management structures, such as the

DNI mission manager approach, to the topic of border security, or broadening the focus of the National Intelligence Officer for Transnational Threats to have, for example, a Deputy for Border Security or International Organized Crime. Lastly, we must continue to evaluate our tradecraft and our ability to collect and produce analysis for our border security partners at all levels.

I want to end my remarks by discussing a third mission area. Protecting the Homeland from attacks using WMD is a top priority of the Department, resulting in major efforts across the homeland security intelligence enterprise. We are leading an effort in the community to develop a Homeland WMD Intelligence Strategy that will outline the unique aspects of the WMD threat, along with the goals and actions needed for us to meet this challenge. A major emphasis of this strategy will be on collecting and analyzing non-traditional sources of information, along with traditional intelligence, to deduce indicators of the transfer of knowledge, expertise, and materials among individuals with WMD knowledge and experience, known terrorist organizations, and other criminal or extremists groups. Our mission is to provide homeland security operators and policy makers, the Intelligence Community, and our federal, state, local, tribal, and private sector partners with tailored, timely, and actionable intelligence to counter WMD threats.

We are developing our capabilities in WMD intelligence to meet five goals. Two goals are associated with preventing WMD attacks from a "borders out" and "borders in" perspective. Our "borders out" work focuses on developing the intelligence needed to prevent extremists with the knowledge, capability, and intent to conduct WMD attacks from entering the country, and assessing the ability of known terrorist groups to develop, acquire, and use WMD. Our "borders in" efforts focus on providing tailored intelligence products to homeland security operators in order to prevent the transport of WMD devices or materials into or within the United States; to avoid unauthorized access to weapons useable materials in the United States; and to deter domestic extremists from acquiring and using WMD. Our preparedness and response activities fulfill our responsibility to provide intelligence and advice to incident management planners and operators. We are also developing the capability to prevent technology surprise by providing homeland security policy makers, regulators, and our public and private sector partners with information on new and emerging threats. Finally, we are committed to developing the homeland intelligence tradecraft through the recruitment and training of a first-class WMD intelligence analytic cadre.

Continual evaluation represents an unwillingness to rest until the job is done—until the mission is accomplished. This restlessness in the pursuit of excellence, which is at the heart of any good reform movement, will continue to be my overriding guiding principle as long as the Nation is threatened. Your oversight of and advocacy for our community is a critical component of successful reform.

DHS Intelligence is a modestly-sized program, but we have begun delivering an enormous return on that investment. We will deliver even more in the future, but I will need your support in ensuring we have the resources commensurate with our mission and with our future potential. Our Nation, our communities, and our families deserve nothing less than our very best—and DHS Intelligenceis responding to that call.

Members of the Committee, this concludes my prepared remarks. I look forward to answering your questions.

Chairman ROCKEFELLER. Thank you very much, sir.

Mr. Pistole, I thank you for your testimony and, once again, for your service to our country. Still, as happy as I am to hear that the Bureau is in the process of making the necessary changes to meet today's threat environment, I am troubled that, more than five years after 9/11, the FBI appears to just be beginning to make some of those reforms. And you refute me if you don't think I'm correct about that.

The Automated FBI Intelligence Collection Management Project, you state, is still in progress. The field intelligence group for the standardized structure, clear roles and responsibilities, and access to a secure workplace and, therefore, the most sensitive intelligence, is still a work in progress.

Domain management and an overall strategy for FBI field offices to collect intelligence and identify future homeland threats are just

getting under way. Capacity to understand homeland threats in a strategic context by identifying and supporting a cadre of senior level analysts is also just beginning.

Mr. Pistole, if this were late 2002, I would feel much better about the Bureau's pace of change. And I may be wrong. That's why you're here.

In your testimony you stated that the FBI has more than 2,200 intelligence analysts who are "on board," and that you've hired 370 new intelligence analysts in 2006 alone. This would mean that nearly 20 percent of your analysts have less than a year of experience at the FBI.

Let me do one more. You have also spoken about the creation of an intelligence career service and FBI efforts to create a consistent and effective training program for both new and currently employed analysts. The ICS program is also, to my understanding, a work in progress. And yet, another new analyst training program, one of several attempts, is ready to be re-launched.

Is this and so many areas why it has taken the FBI so long to adapt to the new threat environment? Or do I overestimate?

Mr. PISTOLE. Mr. Chairman, let me respond to that from two perspectives—one, a traditional FBI, investigative if you'd like to call it intelligence cycle, and then what we're doing today. If you look at what the FBI was charged with, the responsibility prior to 9/11—and as a career FBI agent, I can speak to this from my two-plus decades of experience—we basically had two aspects of the intelligence cycle. If you look at the collection of information, if you want to call it intelligence, and then the acting upon that, whether that was an indictment or some type of criminal prosecution, I don't think many people would criticize us for being very good collectors of information and acting on that information.

What we realized, post-9/11, is that the two interim steps that we had not focused on—the analysis and the sharing of that information—were our weak points, and that is what we have focused on over the last five years. There have been a number of steps that we have taken, starting on the intelligence side, to make sure that intelligence was integrated throughout the FBI. And by that, for example, in all of our thousands of counterterrorism investigations that we have ongoing and have had since 9/11, each and every one of those investigations is first and foremost an intelligence investigation.

Only in the event that there is a collective decision made through our 101 joint terrorism task forces and our Counterterrorism Division at headquarters that it is in everybody's best interests to pursue criminal sanctions, whatever that may be, is there a move forward in that regard.

In other words, the criminal prosecution is put in the back seat, is held in abeyance until such time as the intelligence from all those investigations is fully exploited.

So what that may mean is that we work with our counterparts, for example, overseas and with the Agency, to say that this individual from this particular country would be better suited, in terms of deportation back to his host country, for example, as opposed to a criminal prosecution in the U.S.

So part of that cycle that we have looked at is focusing in on how do we analyze and share information.

And there's a lot of metrics, if you will, in terms of the training that we're doing for both analysts and agents. We've expanded the new agents' training from 18 to 21 weeks, specifically for national security matters, intelligence cycle issues. We have at least 10 training classes for analysts that we did not have on 9/11.

And so there's been a very intentional focus on how we can professionalize and make sure that we are full players in the intelligence community and the law enforcement community, to make sure that all the information that we're collecting is being shared on a timely basis, and basically under the rubric of share everything and then restrict what we must. So if there's restricted sharing from, you know, a foreign agency, then obviously there's a limitation with that.

But basically, we are trying to share everything and restrict only what has to be restricted. So there are a number of aspects to that, but hopefully that starts to address your question.

Chairman ROCKEFELLER. I thank you. And my time is up, and I call on Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

On Tuesday I referred to the fact that the information-sharing part of your job with local officials, I think, is still not very smooth.

Today I'd like to be explicit. I would like to say that I agree with pages six and seven of Mr. Spears' comments, written comments, about the sharing of intelligence.

With respect to California, we have four fusion centers. Los Angeles has a joint regional intelligence center, manned by the sheriff's department, police department, FBI and DHS. Sacramento has a fusion center with FBI. And the Bay Area and San Diego have fusion centers with local personnel from Homeland Security and law enforcement agencies.

My staff, my intelligence liaison, has called both Los Angeles and Sacramento. What he reports to me is that there is a problem in Sacramento, with the Governor's office, to be specific, and with DHS, to be even more specific. What they say is this. DHS has resisted allowing state and local officials to get top security clearances for what the state believes are territorial reasons.

Two, intelligence that the Director knows exists doesn't get sent to him. He's spent a good deal of time trying to get someone to pass him intel instead of having it pushed to him.

Three, DHS is generally overly protective and resistant to working cooperatively from what the Director believes is a fear of becoming irrelevant.

Four, the state has two secure video facilities, one in the Governor's office, one in the emergency operations center, but that's not enough to have video conferences with other state and federal players. The state would be happy to pay for more, but can't buy them without the approval of a federal sponsor. That's what we are told.

Mr. Allen, I'm going to ask you to respond to these.

And finally, DHS has shut down its Office for State and Local Assistance, and there is no good channel between the Secretary's

office and the Governor's office. There needs to also be better state and local representation at the National Counterterrorism Center.

The conversation with the Los Angeles JRIC was almost completely the opposite. The Los Angeles experience is positive, with good information-sharing between Los Angeles people, the FBI and DHS. Intelligence comes to the sheriff's department, the police department as soon as the FBI and DHS officials have it.

It seems to me, Mr. Allen, if you can have a good relationship in Los Angeles, it's important to also have that relationship with the state capital and the Governor's office.

I'd like your response.

Mr. ALLEN. Senator Feinstein, thank you for the question. It's a good question. I'm happy to respond.

Let me just speak specifically and then maybe more generically on what I do and my view of information sharing.

One, on top secret clearances, we certainly will sponsor top secret clearances for any senior official in Sacramento that needs it. Mr. Betenhausen has a top secret clearance.

Any information that goes beyond, in a compartmented area, we certainly will get that information sanitized and to them immediately if there's threat warning, threat assessment. We will clear people that Mr. Betenhausen, who is your homeland security adviser; Mr. Hipsley, his deputy.

We are embedding an officer in Sacramento. That officer arrived this month. That was one of my highest priorities.

We are not overprotective with sensitive information. We have the clear responsibility from the Director of National Intelligence, Mr. Negroponte, and certainly Mike McConnell when he is confirmed, to share information of a sensitive level immediately and securely with Sacramento. If additional secure video facilities require it, I will look into it and all that I have to have is where you need it, and we will certainly find the funds and put it in.

As far as having a state and local official, I think you're referring to that at one time, there was a state and local official in what is now the National Operations Center, which does not operate under my direction.

But I am certainly supporting the re-establishment of that. I'm sending a letter off to the Undersecretary, Roger Rufe, who is Vice Admiral, retired, U.S. Coast Guard, to do that.

As far as NCTC, we're standing up, as I described, the federal coordinating group. I went out and we looked at the facilities just a couple of hours ago with a senior FBI agent. That will stand up this week to do threat warning, threat assessment—and also Chief Lanier always calls this foundational documents about terrorists, techniques, tactics and procedures.

We're going to share a lot of information. The Los Angeles police department, with Chief Baca and Chief Bratton, we have a very good relationship. Both are coming in, I believe, to see the Secretary on the 30th, 31st. They're coming in with some additional proposals which I support and which I will advocate to the Secretary that he support.

So we have a very rich relationship with California, 32 million to 38 million people. And California's very much on my mind.

Senator FEINSTEIN. My time is up, but may I just say this. Thank you, and I trust that you will look into this situation in Sacramento and that it will be reconciled and remedied.

Mr. ALLEN. By having a new officer there, that will make a world of difference.

Senator FEINSTEIN. Thank you. Thank you very much.

Chairman ROCKEFELLER. Senator Mikulski?

Senator MIKULSKI. Well, Mr. Chairman, first of all, we want to welcome our witnesses, two outstanding and very seasoned and dedicated professionals who bring, probably, almost 70 years of experience in law enforcement and intel before us.

Mr. Chairman, I really want to thank you for holding this hearing on domestic intelligence. It is my very firm belief that this is an area that has been terribly neglected by this Committee. Often this Committee has been looking at foreign intelligence, which we absolutely need to do, but in the global war against terrorism, we need to look at domestic intelligence, and I don't believe we have.

More importantly, I also don't think that the Congress understands the role that the FBI is playing in this because of the way we've just treated them in the whole appropriations process.

Two years ago there was an article, "Remaking the FBI." Why is it so hard to get you men to think like spies? Mr. Pistole, I'll be asking you that question. But why is it so hard for Congress to think that the FBI is in the domestic intelligence business?

Why am I so agitated about this? Right now, this minute, I am fighting for the FBI's funding in a continuing resolution. That should not have to be done. When the Congress adjourned for the 109th Congress, everyone made sure that Defense passed—and it should. Everyone made sure that Homeland Security passed—and it should. But guess who was left out of the picture? The Commerce-Justice appropriations that has the FBI. And we had a good bipartisan bill, chaired by Senator Shelby, former member of this Committee. So we were on the side of the FBI having the right resources so we could do accountability and oversight.

Well, guess what? Right this minute, Shelby and Mikulski are negotiating with leadership at the highest level just so they come out even. I'm going to ask them where they would be if they're going to be funded at this level.

But what is the biggest travesty there is nobody thought to include the FBI to make sure they were in the global war against terrorism. That is our problem. That is not Director Mueller's problem. That is our cultural change. And I think it's time to change the culture of oversight in this Committee, and also the culture of understanding who is involved in the global war against terrorism.

Right now, when we look at this, you're going to find out that DHS was funded, CIA was funded, NGA was funded, et cetera, but not them. So I hope to be able to work to implement the 9/11 Commission report in terms of oversight. I'm the appropriator for the FBI.

I'm also a proud member of this Committee, and I know we're trying to look at should there be an intel separate appropriations committee. That will be decided by a higher power than me, but I intend to do that oversight. We're going to be pursuing this.

Mr. Chairman, please join with me in helping the Congress understand the role of the FBI. You've done a great step today, a fantastic step, in doing this. But I am telling you, the FBI cannot be left out of the picture. When the DNI does his appropriation, it can't be left out of the picture when the Congress does its appropriation and it can't be left out when we do oversight, and I feel very strongly about it.

Moving then to my question, Mr. Pistole, if the Congress funded you at the 2006 appropriations level, could you share with us the impact that it would have in the FBI, and to the extent that you can discuss in an open hearing, the impact it would have in your ability, the FBI's ability, to fight the global war against terrorism?

Mr. PISTOLE. Senator Mikulski, thank you very much for your support and for your observations. Let me briefly try to address that.

As you've correctly pointed out, we are the only agency within the intelligence community that is not funded for 2007, and, as a result of the continuing resolution, we have at least one and perhaps three critical areas at risk, one area, of course, being our information technology upgrade, known as SENTINEL, which we have funding that we have at risk both with the contractor and in terms of moving forward with phase one completion, which is due for April, and then moving into phase two, there was $157 million that was needed for FY 2007.

The second area is in the hiring of exactly the right people that we need for the continuing mission to address the homeland threat, the threat that's faced from the homegrown extremists and from those others.

And if we continue on the C.R., the continuing resolution, we will probably have a net loss of approximately 800 employees—that's 400 agents and 400 analysts—that we would not be able to replace through attrition. And so that's a very tangible bottom-line issue.

There are some other areas that I can go into in more detail in a classified setting that would be adversely affected. So thank you for that question.

Senator MIKULSKI. Thank you.

Mr. Chairman, my time's expired. But I think I've made my point. I really thank you.

Chairman ROCKEFELLER. You certainly have made your point, and you've made it eloquently. And thank heavens for it and for you.

Senator Whitehouse?

Senator WHITEHOUSE. Thank you, Mr. Chairman.

Mr. Pistole, could you tell me a little bit more about how domain management has developed in the last four or five years and to what extent data mining plays any role in it?

Mr. PISTOLE. Yes, Senator.

Domain management is basically the FBI's approach to asking questions of our 56 field offices that cover the country—and, of course, our Boston office, which covers Rhode Island. And I was privileged to serve in Boston, and had some dealings there in Rhode Island. Very good folks.

Senator WHITEHOUSE. "Crocodile Smile" ring any bells?

Mr. PISTOLE. Some good experiences there, Senator.

The domain management is having our Special Agent in Charge and our field intelligence group ask some very basic questions as to what do we know about what's in our territory—that field office's territory—and then what capabilities do we have to address the threats that are posed to that territory or emanating out of that area; and then what gaps do we have; what steps do we need to address to fill those gaps?

And that's all part of trying to collect against requirements, as established by the Office of the Director of National Intelligence and the broader intelligence community. So we really have a twofold purpose in trying to collect against those requirements and basically positioning ourselves in a proactive way that allows us to say—for example, if there's threat information that, let's say, a Pakistani male between 25 and 30 is coming into the country and may be coming into Rhode Island, let's say, well, it would be good for us to know ahead of time what the environment in Rhode Island is, to be dealing with the Rhode Island state police, dealing with the Providence police, to deal with those folks who know the situation on the ground, know where there may be some hawalas that are being used—money being sent to Pakistan.

That type of information goes into the domain management. And so, again, it's basically knowing the territory, knowing who the constituents are and where the possible threats may be. And that goes across the board.

In terms of data-mining, we obviously rely on a lot of information such as the I-94 information for folks coming into the country. Where do they put down—what address—where are they going? Is there a high number of people going to the same address? Is that suspicious? What type of information do we have about, for example, are there any false visa applications that have been identified? Are there people who are wanted for some crimes that, perhaps, would not come up?

There's lots and lots of data. We have what's known as an investigative data warehouse, which actually is able to query, do a federated query, across 53 different databases. And I would offer a demonstration to all the Senators, the entire committee. If you have not had a demonstration of IDW—investigative data warehouse—I think you would be very pleased with what we are doing in terms of both taking a lot of information, while protecting the civil rights and civil liberties of U.S. persons.

But we look at those databases as a way of knowing our domain and ensuring that we are doing everything proactively to address the potential threats in that area.

So that's a brief overview, and there's more information if you'd like.

Senator WHITEHOUSE. Okay. And I take you up on your offer to see the warehouse. We can talk after the hearing about scheduling that.

Mr. PISTOLE. Absolutely.

Senator WHITEHOUSE. In terms of the boundaries between an external investigation that brings information into the United States, and now an internal investigation, a domestic investigation begins and domestic surveillance begins, how clearly can you explain to us the boundaries and the handoff methodologies for taking the mat-

ter from the control of, say, the CIA, or some other foreign-targeted agency, to yours?

Mr. PISTOLE. Yes, Senator.

Basically we divide things into two areas—investigations that have some type of foreign power nexus, that there's some connection. We work collaboratively with the agency and other agencies to establish is there a foreign nexus, a foreign power nexus, including within the FISA definition which would be—the Foreign Intelligence Surveillance Act—is there a nexus to a terrorist organization? So that's one of the defining areas.

If it does not have that nexus, then it may be a situation such as we had Torrance, California, a year-and-a-half ago with a group that called itself basically al-Qa'ida in America. It's a prison-based group that was out robbing convenience stores to fund potential acts against some Jewish targets and also the Army National Guard and some other targets.

So even though they may have been inspired by al-Qa'ida, they had absolutely no foreign ties, and so it was a question—so that's one way of distinguishing. And then the purely domestic groups, the Animal Liberation Front, the Earth Liberation Front, some of those groups, the white supremacists groups, things like that would be considered domestic groups.

So we believe, through our integration at the National Counterterrorism Center and our location of our Counterterrorism Division at Liberty Crossing, where a good portion of the agency's counterterrorist center is located, that we have that integration and the smooth hand-off of information coming from foreign services, as people may enter the U.S., where then we have the responsibility for conducting an investigation.

Senator WHITEHOUSE. I appreciate it.

Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Whitehouse.

Senator Burr, it's your turn. And I just want to make clear that our rule here always is people are recognized in terms of their order of appearance. And so there was, sort of, this slew of Democrats that were asking questions, and I didn't want you to get nervous about that.

Senator BURR. I feel particularly honored to be able to hear the passionate plea of my colleagues over there.

Thank you, Mr. Chairman. And, more importantly, Mr. Pistole and Mr. Allen, thank you. And it's great to have somebody from North Carolina, Charlie, that's here.

I'm going to tackle JTTFs and fusion centers, but I'm going to save that for last if I can.

Mr. Allen, in 2005, Secretary Chertoff made some significant changes to the role of intelligence within the Department of Homeland Security. You, as the chief intelligence officer, report directly to the Secretary and coordinate, really, all of DHS's intelligence activities. But some question, and I leave it open to you, whether you have the sufficient authority that you need.

Should you have the programmatic funding and personnel decisionmaking authority for all intelligence activities at DHS?

Mr. ALLEN. Senator Burr, it's a very good question. I have a mission directive signed out by the Secretary on the sixth of, I guess,

January 2006, which gives me authority to oversee and give guidance and direction and evaluate all of the intelligence arms of the operating components, as well as conduct and drive analysis of my own direct office.

I believe I have significant authority under that mission directive. The Secretary wants me to look further at how he can strengthen my intelligence oversight responsibilities. We're in the process of doing that, and probably have a new derivative of our mission directive which will further give us more direct oversight over, certainly, the programmatic planning.

I don't know that I require things like direct budget authority, but I do believe that we have to synchronize our overall intelligence within the department, and I think we're well on our way to doing that.

I run the Homeland Security Intelligence Council which is composed of the heads of the intelligence arms and their operating components. We meet every other week. It's a decisionmaking body. We're setting up some common standards for training, recruiting, retaining our officers that need particularly that intelligence training.

We're in process. The second year, it is clear from the directions of the Secretary and from the former DNI, Negroponte, that they want me to further integrate intelligence and strengthen it and ensure that we harvest the intelligence collected particularly by the operating components of DHS. And I'm in the process of doing that, Senator.

Senator BURR. And as you know, Mr. Allen, the 9/11 Commission made some very specific recommendations. H.R. 1 in the House, I think, addresses one of those in the fact that it proposes to elevate your position at DHS from Assistant Secretary for Intelligence and Analysis to an undersecretary within DHS.

Does the title "undersecretary" allow you to do the intelligence activities within DHS better? Or does it enhance or hurt your relationship with others in the intel community at all?

Mr. ALLEN. Senator, that's an interesting question. I don't think it would hurt my relationships with any of my colleagues in the intelligence community because all the national intelligence community leaders at the senior level, I know them, and we work on a very—I know them and we work with deep respect with each other against common threats.

I believe, in my role as chief intelligence officer, the need to have that strong oversight and guidance, and the ability to evaluate not only my own office, but that of all of the intelligence activities of that department, I think that's very vital.

Senator BURR. Mr. Pistole, it's awfully good to see you again. And let me ask you specifically on special agents in charge.

They've taken some hits in the past, some criticism, especially as we try to integrate with the locals. What instructions, what training do we do that's unique to SACs today to try to eliminate some of that controversy that we've seen as we've tried to integrate into a more local- and state-friendly operation?

Mr. PISTOLE. Thank you, Senator, and it's good to see you.

We have done several things in terms of ensuring that each of our SACs—and we have a number of new ones, obviously, across

the country, in the last two years. In fact, there's only one SAC who was an SAC prior to 9/11 who is still in place, so we have a complete turnover in that regard.

Each one of those we met with several months ago. And I, as their rating official—I oversee their activities—met with them and talked about the importance of focusing on their field intelligence groups and to share by rule, withhold by exception—that general concept, that I mentioned earlier, that we share information by rule, withhold it by exception, whether it is in counterterrorism information or in traditional criminal investigative areas.

So each of those SACs have that instruction. I'm starting, next week, a series of secure video teleconferences with the regions of the country, four SACs at a time, to go over what they're doing in their field intelligence groups to ensure that they are following through on the directions and the guidance.

And those 65 or so people, because we have multiple ones in our largest offices, New York, Washington and Los Angeles, all are part of a group of over 13,000 FBI employees who've taken four mandatory class courses, online courses, in terms of Directorate of Intelligence, counterterrorism, counterintelligence, and information sharing in general.

So we're trying to make sure we're doing everything that is consistent with the information sharing environment that has been constructed and sharing that, again, on as timely and relevant a basis as we can.

Senator BURR. I certainly thank you for that.

Mr. Chairman, I realize my time has run out and I won't have an opportunity to get into the fusion center and JTTFs. But let me ask you, if you could, to submit for the record your assessment of JTTFs and fusion centers.

And if I could ask both of you to do it, because, Mr. Chairman, I think it's important. JTTFs emerged prior to the creation of DHS.

Mr. PISTOLE. The first JTTF was in 1983 in New York, so yes, it's been around.

Senator BURR. And certainly post-9/11 I think there were some new visions that were executed at JTTFs. If, in fact, that's a one-way street, which is what many think, that the Bureau is only there to receive information versus to share it, I would urge the Bureau to rethink it.

If, in fact, both serve an important function, then I think it's crucial that we keep them. I think it's important for members of this Committee, and those people at state and local levels to understand if they're two entities, what is the difference between them and what is the role for each and how does both help to disseminate the information that's appropriate and needed at a state and local level. I thank both of you.

Mr. ALLEN. Senator, I'll be able to answer along with Mr. Pistole in that response to that question. That's a very good question and we have, I think, some good responses that will help you.

Mr. PISTOLE. I agree. Mr. Chairman, with your permission, I would provide a brief response to that?

Chairman ROCKEFELLER. Please.

Mr. PISTOLE. Thank you, Mr. Chairman. Didn't mean to put you on the spot like that, sir.

Clearly the JTTFs, the 101 joint terrorism task forces that we have around the country are seen as the operational arm of the U.S. government for counterterrorism information. And, for example, there's a national JTTF with 40 agencies that participate in that.

The fusion centers, on the other hand, the state and local creations in large part, we have over 150 FBI employees that are participating in those, much newer over just the last several years. But it's something that we see as an additional link-up with state and locals in addition to the JTTFs.

So we'll provide a much more extensive response in the written statement, but thank you for that question.

Senator BURR. Mr. Chairman, thank you.

Chairman ROCKEFELLER. Thank you, Senator Burr. And thank you for your patience.

Senator Feingold?

Senator FEINGOLD. Thank you, Mr. Chairman.

I'm going to follow up on Senator Whitehouse's question, and I want to thank him for raising these issues about domain management. Mr. Pistole, could what you call strategic domain knowledge include social networks or membership in religious and other private groups?

Mr. PISTOLE. No, Senator. It would involve, for example, information, as I've shared with Senator Whitehouse, in terms of trying to understand who is in a community.

For example, if you're the head of the FBI office in Detroit, you should know something about the constituency of Dearborn, Michigan. If you don't, then shame on you for not being aware of who's in your area. So it's that focus. The Dearborn Police, for example, have a much better sense of what goes on on the street than the FBI would, and so we rely on our state and local partners to provide part of that information. We rely on a lot of available public information in terms of that.

So in terms of association with a particular group, absolutely not.

Senator FEINGOLD. As part of the domain management Initiative, how is information on Americans who are not linked to specific threats or investigations stored and disseminated within the FBI and to other elements of the intelligence community? Is this information part of the information sharing environment?

Mr. PISTOLE. Well, Senator, of course we would not be collecting any information in the first place unless there was some predication for doing that. We're very sensitive to the issues of collection. There has to be some type of predication.

What we have tried to do is look beyond what the FBI is known for and have an excellence in specific case investigations, that we have a particular investigation on a certain person, or, for example, in the case of organized crime, maybe a group under the RICO statute, an enterprise, a group of individuals associated in fact.

We've tried to look beyond that to say is there other information out there that we should be aware of that may not be case-predicated. And that's where we get into looking at, for example, I-94.

We've had several examples of where there's a particular address used in an apartment building for dozens—if not, perhaps, a hundred—individuals who are entering the country. That should raise

some type of question if there is threat information that says that individuals from that country may be coming to the U.S. to, perhaps, be fundraisers, be facilitators, perhaps even operators, in terms of material support or actually conspiracy to commit a terrorist attack.

Senator FEINGOLD. So this does go to other parts of the FBI and the intelligence community in those instances that you just described?

Mr. PISTOLE. Yes, if there's predication to collect that information, then we try to share those as broadly as we can.

Senator FEINGOLD. How do the ODNI's privacy guidelines apply to the sharing of this information?

Mr. PISTOLE. Well, the Attorney General guidelines actually work consistently with the ODNI guidelines in terms of making sure that we're protecting U.S. person information, that anything collected is done under the authority of the Attorney General guidelines, either for general criminal crimes, the national security guidelines—so the DNI's guidelines do not implicate in a negative way, if I could say it that way, the authority that we would collect under.

Senator FEINGOLD. Thank you.

Mr. Allen, the ODNI recently issued privacy guidelines requiring government agencies to identify their data holdings that contained protected U.S. person information and establish mechanisms for the protection of privacy.

How important is it that this process move forward in a timely manner so that there are clear rules governing the integration of information and dissemination of intelligence?

Mr. ALLEN. Did you address that to me, sir?

Senator FEINGOLD. Yes.

Mr. ALLEN. On U.S. person data, obviously, we have the right to receive data on U.S. persons. My immediate office does not collect intelligence, as you know. We analyze data that comes in from intelligence and law enforcement agencies. Our operating components, obviously, have the right to collect information as they work, particularly to secure land, air and sea borders.

The information that we have—we only keep information on U.S. persons in accordance with guidelines and with the law. There has to be reasonable cause to retain and analyze data on U.S. persons. Non-relevant data is certainly purged in accordance with all those guidelines.

All my officers have to take mandatory training on how to handle and manage U.S. persons data, including myself, and we do it on a yearly basis. So it's a very rigorous process. And we do respect the privacy and the civil liberties of Americans.

Senator FEINGOLD. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Feingold.

I should warn our audience and panelists and Committee that there are two votes expected around 3:45. That could not be more awkward, but then, again, we're the Senate.

What I suggest we do is proceed to ask all of our questions—each of us ask all of our questions. That will give you a chance to hear them, think about them, and then respond to them when we come

back. My understanding is there will be two votes. And I'm sorry about that.

Mr. Pistole, the FBI has encountered numerous problems in its attempt to modernize its computer and information-sharing system. And I'm sure you're thrilled to hear about that. [Laughter.]

Chairman ROCKEFELLER. The virtual case file system, abandoned in early 2005 at the cost of $100 million, was supposed to enhance information-sharing and make the FBI a paperless organization.

The latest case management system, SENTINEL, is now under development. Issues surrounding the FBI's infrastructure have been a longstanding concern of this Committee, which you know. This includes not only the backbone information technology of the Bureau but also the number and size of the SCIFs—that is, sensitive compartmented facilities—in FBI field offices so that intelligence personnel can have access to information at the top-secret/SCI level.

Number one, what is the current status of the SENTINEL program to modernize the case management system of the Bureau, and how will the SENTINEL system differ from the current automated case management system, ACS?

Question number two, how will SENTINEL connect agents and analysts across this country, help increase the investigative synergies that are particularly necessary to uncover networks that can span beyond a particular FBI field office, region or country? At what point do you believe the FBI will be able to say it has information technology up to the 21st century standards? That last one was not kind, but I'm interested.

Mr. Allen, my question for you would be, what is the responsibility of the Department of Homeland Security in providing federal direction and training for state fusion centers, and should it be expanded?

Mr. Pistole, one more for you. The West Virginia homeland security adviser has been advised by the new special agent in charge for West Virginia that the FBI is undergoing a reorganizing plan and is dismantling the JTTF in West Virginia, reassigning the agents to their home squad agencies.

Is this accurate? Will there no longer be a JTTF in West Virginia? Can a special agent in charge reorganize or dismantle a JTTF without the approval of headquarters? And the follow-up, does the extent of local control over JTTFs interfere with the FBI running a truly national counterterrorism program.

Senator Mikulski, do you have questions to ask?

Senator MIKULSKI. Mr. Chairman, just a few.

Recognizing that at the FBI we've set up an agency within an agency, and after 9/11 did not go to the route of an MI-5, my question to the FBI, because they were a law enforcement, go after the criminals, how have they changed the culture of the FBI and how do they measure that cultural change?

Then, the other, for both Homeland Security and the FBI, I think there still is confusion about the various roles played by the intel community on American soil. And I would like to know, are there bright lines for the various roles played by FBI, Homeland Security, and the Department of Defense, because I hear they had gone into this?

Then, the other is, who has the primary responsibility for notifying state and local law enforcement entities of threat information and following up on that, because there does seem to be confusion. And is it the FBI, Homeland Security, and so on?

So it's more kind of what's the job and therefore what do we need to do to help clarify law or other things.

Thank you.

Chairman ROCKEFELLER. Thank you, Senator.

Senator Whitehouse?

These are questions to be answered as soon as we return. We will return and then we'll go after the answers, unless people want another round, to the second panel, which is equally important.

Senator WHITEHOUSE. Mr. Allen, in your recent answer to Senator Feingold, you indicated there had to be reasonable cause to retain data. That's a phrase that sounds to a lawyer an awful lot like "probable cause." And I don't know if that was just a word that you happened to use or if that's a magic word, if that's jargon—if it has statutory rulemaking significance. And if you could explain that to me when we get back.

Mr. ALLEN. Sure.

Senator WHITEHOUSE. Thanks.

Chairman ROCKEFELLER. That being the case and there are no other Senators, we stand in recess until we can make two significant votes.

[Whereupon, from 3:51 p.m. until 4:30 p.m., the Committee recessed.]

Chairman ROCKEFELLER. Gentlemen and, ladies, we'll return to our hearing, and I apologize for that interruption.

Mr. Pistole, I asked you four questions. How about that?

Mr. PISTOLE. Yes, Mr. Chairman. Your first question dealt with SENTINEL, our major IT project.

Right now, there's four parts to SENTINEL. We are near the conclusion of the first portion of the four parts. Right now, it is on track, on budget. And we have every expectation, through weekly meetings that either I chair—sometimes the Director, sometimes our Associate Deputy Director chairs with the program management team—which we did not have in place for our prior iteration of virtual case file—that we believe it to be deliverable on time and on budget.

That's our current expectation and current belief. The difference you asked about from our current system—

Chairman ROCKEFELLER. Can I just ask one thing?

Mr. PISTOLE. Yes.

Chairman ROCKEFELLER. When we say it came in at $100 million over, whatever, there's going to be a reason for that. It may be a bad reason, but there's always a reason.

Can you, sort of, give a little perspective on that?

Mr. PISTOLE. Yes, Mr. Chairman. The former iteration, virtual case file, was largely based on non-COTS products, commercial off-the-shelf products.

There was original code being written for every aspect of it. It started prior to 9/11. Obviously, after the events of 9/11, the requirements that we saw as needing a truly first-class information

technology system changed dramatically to confront the changes that we were dealing with.

And so we changed the requirements considerably for what was delivered, which obviously pushed back both the delivery time and the cost. And so a combination of, frankly, poor program management within the FBI, some issues with the contractors—

Chairman ROCKEFELLER. But there's a difference between poor and having the art form changed.

Mr. PISTOLE. Yes.

Chairman ROCKEFELLER. The art form changed is not necessarily poor management that you didn't expect.

Mr. PISTOLE. That's what I'm saying. It's a combination, I believe. It was largely driven by the requirements changes that we imposed on the contractor.

There's been some discussion of some litigation about that, so I won't go into much more detail, other than to say that there were things that we could have done better. We believe there's things the contractor could have done better, all issues that we have addressed in the handling of SENTINEL.

So we have every expectation to believe that because the contractor is using primarily COTS products and simple modifications to those—our automated case system is an electronic case system we've had since 1995. What SENTINEL will really do, in a nutshell, is make it much more user-friendly.

It's based on a Windows-type approach, as opposed to our current system, which is not user-friendly—a lot of screens, not a Windows approach. This will make it much more user-friendly. It will allow our agents, our analysts, our clerks who have to actually enter some data, to do that with electronic approvals, for example, instead of printing out a hard copy and taking it into your supervisor. You simply prepare the document, you send it electronically to the supervisor, who approves it. It electronically goes into a file. It's available for everybody who has access to our system to see.

So that will be one of the benefits. But it's a tremendous improvement over where we are right now in terms of accessibility and getting to that key issue of how we share information, that allows us to share information within the FBI in a much more pronounced way which enables us to share outside the FBI.

So I'll try to be brief on these other aspects of the question if you'd like.

Chairman ROCKEFELLER. I think it was one Charlie Allen who, in another iteration, said that to share information is a false term, that if you share information, that means that you own it.

Did you ever say that?

Mr. ALLEN. If you share information, you own it? I may have said that in the past, and that's correct. And I think that's—

Chairman ROCKEFELLER. And that's a problem.

Mr. ALLEN. No. I think that's an opportunity now and in the future. I think in the Cold War, we did not share information; we worked against a known enemy around the world, the Soviet Union.

Today, our imperative, and that of the Department, is to share information down to the first responder. And we can get that information in a sanitized way if there's threat warning, threat assess-

ment. And we can also do what Chief Lanier said—terrorism and tactics, techniques and procedures.

So we're in a different era. We're in a different threat—a threat without borders, a threat without a fixed enemy. So we have to work very differently today, Mr. Chairman.

Chairman ROCKEFELLER. Thank you. The second question had to do with connecting agents and analysts.

Mr. PISTOLE. Okay. In that regard, what we have now, in terms of counterterrorism is, in addition to our automated cases, ACS, investigative data warehouse, which I mentioned earlier, is one of the key aspects of that connectivity which allows an agent or an analyst to, again, do a federated query across 53 different data sets and allows, just recently, for the type of push system that most agencies have in the intelligence community. So if you are an analyst and have interest in a particular person, any new information that's inputted into the system is then pushed to you, up to X number of interests that you may have.

So we are making good progress there. That has not expanded across all of our traditional criminal areas yet, but eventually it will be.

You also had a question about our sensitive compartmented—

Chairman ROCKEFELLER. It will expand way out beyond regions and countries and the rest of it?

Mr. PISTOLE. Oh, absolutely. If it's anything in our data sets, sure.

Chairman ROCKEFELLER. Okay, and then 21st century?

Mr. PISTOLE. Twenty-first century. We are moving, in that regard, through several areas. One is the build out of the sensitive compartmented information facilities, the SCIFs that you also asked about. All of our 56 offices, save New Orleans because of Katrina, have SCIFs based on the number of our resident agencies. We have 396 resident agencies around the country. A number of those larger ones have secure space.

And I was at our Austin, Texas resident agency yesterday. We have 100 people with the JTTF there. It has separate SCIF space for other folks to come in, too, and for us to work in a secure environment. So that's one aspect.

In terms of updating to the 21st century, I believe SENTINEL will go a long way in delivering that. But that's one of a number of things.

Between the investigative data warehouse, between what we do with the Foreign Terrorist Tracking Task Force and any number of other aspects of what the FBI either has responsibility for or participation in—you know, all the people we have at the National counterterrorism center—the connectivity there is substantial and meaningful in terms of, if you're a person who has a need to know information about a particular group or individual, you have access to that information.

And then you had a question about the West Virginia JTTF.

Chairman ROCKEFELLER. I did.

Mr. PISTOLE. Yes. It has not been dismantled. It has been reorganized, and I say that—

Chairman ROCKEFELLER. In Pittsburgh?

Mr. PISTOLE. I'm sorry?

Chairman ROCKEFELLER. In Pittsburgh? [Laughter.]

Mr. PISTOLE. No, no.

Chairman ROCKEFELLER. Okay.

Mr. PISTOLE. No, the information that I have here is that some of the task force officers from the local police agencies were actually driving up to 140 miles to get to Fairmont.

And because of the concerns over the viability of doing that, the decision was addressed with the West Virginia State Police, Charles Town Police, the Fairmont, Wheeling and one other department, I believe, to see whether it would make sense to have those officers, instead of being co-located in a single location, to work closer to their departments, still with the FBI. And so it's a diffused joint terrorism task force, which we have in a number of offices.

Chairman ROCKEFELLER. I understand. And the Secretary will comment on that, I'm sure.

Mr. Allen, the responsibility of the department in providing federal direction and training for state fusion centers?

Mr. ALLEN. Yes, sir, Mr. Chairman. That's something that we're working with the state fusion centers at this time.

One of our responsibilities, of course, is working with the Department of Justice. The Department of Justice and the Department of Homeland Security put out federal guidelines for state and local fusion centers back in 2005, which we think offers suggestions to states and local governments. They can form the fusion centers the way they want to, but we think we have good ideas.

Now, as far as training, we're already beginning to train people from state fusion centers because they need analytic training. They need to learn the tradecraft of intelligence analysis. I'm doing this under a training program that I've established over the last year.

When I arrived, DHS did not have a organized training intelligence program. We now have that.

The Federal Law Enforcement Training Center also is looking at ways to establish more courses that talk about intelligence and terrorism so that law enforcement officers that work within the department can get a better understanding of intelligence tradecraft.

But I have officers now from New Jersey, New York, other states, coming and receiving intelligence training, along with my own officers and those of the operating components. We've got a long way to go, and we're very immature, but we're going to greatly accelerate that over the next year.

Chairman ROCKEFELLER. Will there come a time, do you suppose, that that training will be done together with others at places where it's more traditionally done?

Mr. ALLEN. I think that probably will occur. I believe that state and local governments can take advantage of the intelligence community's intelligence courses run by CIA, NSA, perhaps other agencies, certainly DIA, the National Military Joint Intelligence College.

We have, in DHS—I arranged with Dennis Cliff to have 17 officers go for intelligence training over at the National Joint Military Intelligence College.

Chairman ROCKEFELLER. Great. I thank you, sir.

Senator Mikulski?

Senator MIKULSKI. Thank you very much.

You recall when I left was the question about how has the culture changed and how do you measure it as we look to creating an agency within an agency or the National Security Bureau?

Mr. PISTOLE. Yes, thank you, Senator.

I think it comes down to the importance that the Director places upon the proactive, intelligence-driven, threat-based approach to all of our investigations, and we do that through several means. One is the metrics we use to evaluate all of our senior executives, including our Special Agents in Charge, our SACs.

We include metrics in there which get away from the old numbers game of how many indictments, how many convictions, how many arrests, things like that. If it is considered, it is only a very small portion of how do we assess these senior executives in terms of their performance.

And part of it is some of the new metrics that I mentioned earlier in terms of knowing their domain. Their community outreach, for example, with the Arab-American, the Muslim-American community, what are they doing in terms of knowing the people in their community?

There are other ways. In terms of promotions, we've tried to be very intentional about identifying the best and the brightest across the FBI and promoting them into positions of responsibility within the National security branch to say that even if you have a traditional counterintelligence background, for example, working espionage and foreign counterintelligence and foreign intelligence your whole career, we are putting those people in positions of responsibility over whole field offices.

For example, the Director just selected six individuals to go to what we call National Executive Institute, which is a prestigious school that we host at the FBI Academy with state and local chiefs, sheriffs. And one of the six people that we selected has almost exclusively a counterintelligence background. Now, in years past, that was unheard of because that just wasn't a natural asset, but the idea is to have that person with the counterintelligence experience share that experience with those who are attending this class.

So there's any number of ways that we've tried to do that and be would glad to provide more in a written response if that would be beneficial.

Senator MIKULSKI. Well, I appreciate that answer. It will be for my own subcommittee on Appropriations—Commerce, Justice, Science. I'm going to be organizing a tutorial with Director Mueller for my subcommittee and I'm going to invite Appropriations so they understand what I said earlier about, "Hello, let's include the FBI." But I also would invite our colleagues here.

I went out to the National Counterterrorism Center, as you know. I would really think that's an excellent visit, Mr. Chairman, because you really do see how they work and their famous 8-1-3—you know, your time when you come together—and we asked about fusions and domains and all that.

But after that, I also then went through a pretty intense description of where does the FBI fit in. What I want my colleagues to hear is what I heard so that we all really understand what your job is, how you want to do your job, how we should provide ac-

countability, oversight and guidance. But, at the same time, I'm not so sure we understand this.

And this is not the environment to go into it in detail. And for me, I don't know about my colleagues, but I love case examples to see how it really works. And of course it doesn't lend itself in this environment. But I believe you are making change. I think you are trying. I think it's not only about the budget and appropriations.

And also, I do think, though, I am interested in the lines of authority.

But, anyway, I'm going to be putting that together, and I'll discuss it with you, too, Mr. Chairman, because I think it'd be just a good way for us to get a knowledge of it.

But my question goes to the primary responsibilities, if I could—and this will be my last question.

With you two—I mean, when I say Homeland and FBI—you are the primary domestic intel. Which agency in the federal government has the primary responsibility for notifying state and local law enforcement about urgent threat information? And then how is that followed through, because of the need to know, the need to share, and all of that.

And who has that primary responsibility? We sometimes hear all kinds of things—that people are taking video shots off the Chesapeake Bay Bridge, and that became a Homeland Security thing. Other things, the FBI are in. And it's not about Maryland, but it's about the country.

Could you tell me which agency has the primary responsibility for notification, but then how you see yourselves coordinating, both for urgent and non-urgent?

Mr. PISTOLE. If I may start, Senator, I think there's two aspects to this. And one is the actionable intelligence that is derived from whatever source. If there's actionable intelligence, then the FBI, through the joint terrorism task forces, has the responsibility to get that to the right people. And that would be the JTTF, depending on if there is one in that area, to the state and local police.

Department of Homeland Security has responsibility with the homeland security coordinators, whether it's the mayors, the Governors, whoever that may be, to provide that. If there's private sector individuals involved, there is that responsibility also. There is sometimes a sharing between the JTTF, depending on what that actionable intel is.

But the FBI has that primary responsibility for the action part of it.

Mr. ALLEN. Senator, I agree with Mr. Pistole completely.

We obviously look like we have primacy in sharing with your with your homeland security adviser, Mr. Schrader, in the case of Maryland.

We also work very closely in sharing information with the fusion centers. Mayors, I get on the phone, or state police, local police chiefs. But if it's actionable, immediate threat, we obviously look to the FBI to take the point.

But information sharing is something that we do jointly in many cases if there's threat warning, threat assessment. We work collaboratively together between the analytic efforts of the FBI and

my own office. And we put out joint assessments and we can do it in a matter of minutes or a matter of hours if required.

We get the information out in an actionable way and we're doing it better every day. And we can only do this in close collaboration, ensuring we don't have bumps in the road with the Bureau.

That's my goal. When I first walked in, one of the first things I said when I assembled all my officers, "We don't have any quarrel with the FBI. We're here to collaborate with the FBI."

Senator MIKULSKI. Chairman, I think that wraps it up for me for today.

Chairman ROCKEFELLER. Thank you, Senator, very much.

Senator Whitehouse?

Senator WHITEHOUSE. With respect, Mr. Chairman, I have to leave in about one second to go preside, so I'll yield back my time.

Mr. ALLEN. Senator, could I just talk about reasonable cause? What I meant to say was reasonable belief—that's under Executive Order 12333. That's the policy under which we have the authority to retain information on U.S. persons or foreign nationals—reasonable belief.

Senator WHITEHOUSE. As I head out the door, let me ask you both a quick yes or no question. Are you both comfortable that your agencies have clear enough guidelines from Congress as to where the privacy lines are so that you can operate in a way that you're comfortable and not cause a public backfire?

Mr. PISTOLE. Absolutely.

Senator WHITEHOUSE. You're comfortable with the guidelines?

Mr. ALLEN. Yes, sir. Believe me, that's a subject we discuss very frequently at Homeland Security.

Senator WHITEHOUSE. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Whitehouse.

Gentlemen, thank you very, very much. I apologize for the flow of time, but I can't handle that one. And I thank you for your time. I thank you for your service.

Barbara Mikulski always makes an exceptional effort to say that in closed hearings, as well as open hearings, and she really means it, and so do we all. But sometimes we sort of forget to say it enough.

Senator MIKULSKI. And worldwide.

Chairman ROCKEFELLER. And worldwide.

Mr. PISTOLE. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you.

Now we go to the very important panel two.

I hope your morale is still high. Coke is available—I mean, Coca-Cola is available. [Laughter.]

Chief LANIER. Thank you. Thank you for that clarification.

Chairman ROCKEFELLER. And that would be James W. Spears, the West Virginia Homeland Security Adviser and Cabinet Secretary of the West Virginia Department of Military Affairs and Public Safety; Cathy Lanier, who's well known to all of us, Acting Chief of Police, Metropolitan Police Department, District of Columbia.

Acting?

Chief LANIER. Until confirmed, sir.

Chairman ROCKEFELLER. When's that going to happen?

Chief LANIER. It looks like March.

Chairman ROCKEFELLER. Well, hang in there.

And John Gannon, who is the former staff director of the House Homeland Security Committee and former Chairman of the National Intelligence Council.

And I would like, if it's all right with you, Cathy Lanier, to ask the chief of police to start off.

Chief LANIER. Thank you.

Mr. Chairman, members of the Committee, staff and guests, thank you for the opportunity to present this statement concerning homeland security and information sharing in the national capital region.

Since 9/11, people often refer to local law enforcement officers as first responders, and appropriately so. As demonstrated so vividly and heroically by the brave men and women who responded to the World Trade Center and the Pentagon on that fateful day, our police officers, along with our firefighters and emergency medical services personnel, are the very first to rush towards danger, even as others are fleeing.

Local law enforcement is very good at responding to danger. That is what we train for, that is what we are equipped to do, and that is what our professional mission demands of us.

But I would argue that our mission demands that local police be more than just first responders to incidents that have already occurred, whether those incidents involve street crime or terrorism.

In the post-9/11 world in particular, our local police must be viewed as first preventers, as well as professionals who have the knowledge, skills and abilities to support the global war on terrorism and who are uniquely positioned to detect and prevent terrorist incidents right here in our local communities.

After all, it is the men and women of local law enforcement who know best their neighborhoods they patrol and, most importantly, who are in the best position to detect and investigate criminal activity that may be connected to terrorism. A local money laundering scheme, identity theft case, burglary, or even a suspicious request to one of our local businesses, if discovered early and matched with the right intelligence, can help detect, disrupt and prevent a terrorist plot.

For local law enforcement to perform this role of first preventers, and to perform it effectively, our police officers must be equipped with the right intelligence at the right time. And in order for local law enforcement to be equipped with the right intelligence, there needs to be an organized, effective and trusting flow of information between our federal partners and local police.

You will notice that I qualified our need for intelligence by referring to the right intelligence. By "the right intelligence," I'm referring to intelligence that is relevant to the local jurisdictions, is timely and actionable by police.

Local law enforcement is not seeking access to every piece of intelligence generated nationally or internationally by the intelligence community. But when there is intelligence that is detailed and specific and when intelligence has potential public safety implications for our communities, then I believe the intelligence commu-

nity has an obligation to share that information, in a timely fashion, with local law enforcement.

If we learn about a threat only when it becomes imminent, it's too late. Just like our federal partners, local law enforcement needs time for training, equipment acquisition, and the development of a response, mitigation, and most importantly, a prevention strategy. Trying to do all these things under the pressure of an imminent threat is impossible and certainly not an efficient strategy.

Mr. Chairman, in your letter of invitation to me you asked me about the impact that the joint terrorism task force and the fusion centers have had on anti-terrorism efforts. I must say that here in the national capital region, the flow of information among federal, state and local partners through our JTTF has been, and continues to be, quite good.

Part of the reason for this is that our agencies have worked together for years predating the 9/11 attacks on sharing information and coordinating responses to a variety of situations. The fact that we had a preestablished relationship and a track record of trust made the transition into the post-9/11 environment much smoother than it might have otherwise been.

Another important factor is that the JTTFs understand what local law enforcement does, and they appreciate what we can do when given access to the right information at the right time. I believe that other parts of the federal homeland security community could learn from the experiences of the JTTFs, and could apply some of the same principles in its relationships and interactions with local law enforcement.

Has information sharing among federal, state and local entities improved in recent years? Absolutely it has. But are we where we need to be in terms of sharing information that can improve the way we coordinate and maximize all of our resources in the fight against terrorism? I'm afraid we haven't yet.

Part of the problem, I believe, lies in the historical and cultural differences between the intelligence community and law enforcement. For decades, our government erected a wall, a very solid wall, between these two functions, and it's difficult to change that dynamic overnight.

Part of the problem also lies in a difference of perspective. For the most part, the Department of Homeland Security has adopted an all hazards focus, which encompasses not only—

Chairman ROCKEFELLER. A what?

Chief LANIER. All hazards. Information that is shared from the Department of Homeland Security with local law enforcement tends to encompass not only criminal activity, but natural disasters and other noncriminal events.

While local law enforcement certainly has a role to play in responding to natural disasters, our homeland security focus must be much more narrow, and include an all-crimes perspective.

We are most concerned with criminal activity that may be related to terrorism, because intervening in that activity and preventing crime are what we do best.

When looking at the whole issue of information sharing, I believe our federal partners need to keep this distinction in mind. Information about weather patterns and similar topics may be interesting,

and sometimes useful, to local law enforcement, but our information needs are much more specific, more detailed and more focused on criminal activity and the potential motives, methods and tactics of known and suspected terrorists. This type of all-crimes approach is what local police need in order to do our part in responding to—and, most importantly, preventing—crime, including the crime of terrorism.

Often times, we talk about federal, state and local information-sharing as a one-way street, with information flowing from the federal government to state and local agencies. I personally don't view the situation that way, and I don't think my fellow police chiefs and sheriffs do, either. We recognize that, in addition to needing timely intelligence from federal agencies, we must also be willing and able to share timely and useful information that we have gathered at the local level with our federal partners.

In the minds of most local law enforcement executives, this is what the whole fusion center concept is about.

Chairman ROCKEFELLER. Can I interrupt?

Chief LANIER. Sure.

Chairman ROCKEFELLER. You earlier said that there was a—you had an adjective and I forgot what it was—but it was a very massive wall that prevented information from going here to there, there to here. Now you've just said something quite different.

Chief LANIER. Well, no—what I'm trying to clarify is that the goal of the fusion center is to bring that wall down.

Chairman ROCKEFELLER. Oh, so that's the goal?

Chief LANIER. And fusion centers are developing. But we are not there. That wall is still something we have to overcome. And a lot of that is cultural.

Chairman ROCKEFELLER. In that I'm the only person here, can I press you on that?

Chief LANIER. You know, I'd rather not read this.

Chairman ROCKEFELLER. I know—we're just...

Chief LANIER. I'd rather you just asked me.

Chairman ROCKEFELLER. We're trying to make our country better. No, no. You finish what you were going to say, but talk to me about how you see that wall? Here you are in the middle of everything. Common sense says that this is the number one target, and you've got a wall.

Now, why does that wall start? Granted, we had to pass the PATRIOT Act, for heaven sakes, to allow the FBI and the CIA to talk to each other. But this sounds like a different kind of a wall. This sounds like a wall of disdain, a wall of we're big and you're little or whatever. What kind of a wall was it? How did it hurt you? Give me an example.

Chief LANIER. Let me go back to two comments that were made, one by the Department of Homeland Security, Mr. Allen, and one from Mr. Pistole from the FBI. The two things that came up is the need to know. This is where the wall begins.

The Department of Homeland Security is not a law enforcement agency like the FBI is a law enforcement agency and has typically worked with local law enforcement. So it's very difficult for them to understand what my need to know is if they don't know what it is that I do.

If they're not familiar with what I do on a daily basis, what resources I have and how I can reduce vulnerabilities, the daily activities of more than 4,500 employees here in Washington D.C. in the police department, it's very difficult for them to see my need to know.

So a lot of information doesn't get to me because they don't believe I have a need to know.

Chairman ROCKEFELLER. And why wouldn't they? I mean, I don't know where New York City and Washington—how they fit, but you are the target. You're responsible for—

Chief LANIER. I think it's just a lack of understanding, and this is not all DHS's fault. Local law enforcement is just as much at fault. The Department of Homeland Security is not completely aware of what our operational capabilities are and how the information, if passed on to us, could be used to reduce the vulnerability.

We have a lot of operation capabilities they're unaware of. So information that may be shared with us is not shared with us because they don't think it's something that we can do anything with or that we can use to help reduce that vulnerability.

Chairman ROCKEFELLER. Well, if they're not aware of it, does that mean that they've declined to meet with you, to hear about it?

Chief LANIER. We have met several times. I have met with Mr. Allen several times and have been a very vocal local representative with the National Operations Center, where Mr. Allen has his operations. And we are working toward that. But it's a difficult move. There's a lot of cultural differences.

So, somebody mentioned a case study, a case example. Let me give you an example that might make this a little more clear.

The intelligence community may have information about a potential plot that's developed somewhere else outside of the United States. They're very concerned about it. It's specific, maybe, to Washington, D.C. They have details on what this plot, how it may be carried out, and possibly even targets within Washington, D.C. But they haven't verified the credibility. And it doesn't appear to be imminent. So, as they work to verify credibility and determine how far off this plot may be, the information is kept.

For me, with 3,800 sworn members in the Metropolitan Police Department, if I had just the basic information of what type of plot, what type of resources, and just some other tactics that I may need to be aware of, it doesn't matter to me where the information came from. It doesn't matter to me what country it comes from. I don't need names.

But I need to understand what types of potential threats I may face, because to turn the capabilities of a 3,800-man police department once the threat becomes imminent is too late.

So the discussions have been, when there have been cases that were specific—and I found out about those threat streams through another avenue—when I would ask, "Why didn't you think that was important to share that with me," the answer from the Department of Homeland Security typically is, "That threat was not imminent. And when it became imminent, we would let you know."

Imminent is too late for me.

Chairman ROCKEFELLER. I would think so.

Chief LANIER. Again, I don't need details. I don't need 100 percent verified intelligence. But I need to know what the potential realities are so I can work on those up front.

Chairman ROCKEFELLER. What would it take for them to inform you, as you should be informed? What would they have to do?

Chief LANIER. I think there needs to be a better understanding of what we do. The reason that the FBI and the JTTFs are a little bit more effective is because it's a longstanding conduit for information sharing. We have a long relationship that is operational in the field so that the FBI knows what law enforcement capabilities are.

The Department of Homeland Security does not know that. So it's an education process. It's a learning process. The best way to do that is to be a little bit more active about interacting with each other and partnering with each other on the operational side of what we do so that they understand what it is that we need.

Chairman ROCKEFELLER. Let me ask you a silly question. You want to be more aggressive about it, and you care about knowing whether it's imminent—you just care about having the relationship. You want them to know what you have at your call. But that's not the situation now?

Chief LANIER. That's correct.

Chairman ROCKEFELLER. You march into somebody's office and you say, I'm going to take 20 minutes of your time. You ask for 20 minutes of their time and you don't get it. But what's the deal? Why can't they understand that? What do you have to do, and what happens when you try to do it?

Chief LANIER. Actually, you may be familiar with both myself and former Chief Ramsey—have been very vocal about it. And, in fact, we've had several meetings not only with Charlie Allen and several other members of the Department of Homeland Security, and they are committed to trying to move this forward.

But it's not moving forward fast enough. I think that this is too important, this is too large a gap for it to exist as long as it has, so I think it needs to move forward faster than it is.

We have a person in my department. I have a person who is dedicated full-time, and works out of the National Operations Center. There is intelligence in that center that is passed along to the federal intelligence community on a daily basis, and there are local representatives in that center that do not get the same information, even when it is specific.

So there has been a lot of discussion, but not a lot of progress.

Chairman ROCKEFELLER. I can't push that one farther. I mean, I can, but you may have other things you want to say to me.

Chief LANIER. The last thing that I want to kind of touch on before I turn this over for any additional questions and for my colleagues to also have a chance to speak, I think there's another gap that we really need to be concerned about, and particularly in the National Capital Region, but across the United States.

There are existing conduits, in most major cities, in most large local law enforcement agencies—and that is the JTTF. We have a very good working relationship, and that JTTF is a conduit to get critical information and to have a place to give critical information that needs to get to the FBI.

The problem is there are several small jurisdictions, small police departments in the surrounding jurisdictions around Washington, D.C., that don't have the resources to plug in personnel to the national JTTF or the joint terrorism task forces, the local terrorism task forces.

So they are completely in the dark. They not only do not get information. They don't get the understanding of the motives, methods and tactics that are being used by terrorists around the world.

So they are left in the dark and they are probably the ones that are most likely to observe or to intervene in a plan or a plot that is underway to carry out an attack in Washington, D.C.

So without having some way of plugging them in so that they understand what it is to look for and who to call when they get that information, when they have small bits and pieces of information that need to get to the right person for further investigations, we have a huge gap. And I think that gap is existing around large urban areas all over the country.

So we have to do a better job of making sure that all of the 800,000 local law enforcement agencies in this country have some way to plug in to that intelligence. And there's just no existing way to do that right now.

Chairman ROCKEFELLER. Is that a matter of equipment? Is that a matter of maybe you have the equipment but you don't have, necessarily, the training to know what questions to ask or how to interpret what's coming over the line at you?

Chief LANIER. Part of it is education. And education always comes back to resourcing.

It's not so much equipment. It is having the personnel and the time and the finance to actually educate officers on those things that they need to know—what to recognize, activities, just in their daily routine activities, what should they be looking for and how to recognize certain things. And, then, how do they get that information to the right person in a timely way?

But the other part of it is a lack of coordination. And I think that some of the larger departments, like the Metropolitan Police Department, we bear some of that responsibility. It's my job to make sure that I reach out to the other small departments in the National Capital Region and make sure I share information with them.

But I can't get them clearances. I can't get them a lot of the other resources that they need. And then how do we find a way to plug all of those smaller jurisdictions into this?

And I think the fusion centers are a good start, because with the fusion center projects, we can reach out through liaison officers. So, if you have a 10-man police department in Prince George's county, in a municipal area of Prince George's County, they can assign one person as a liaison officer.

We can share our resources in the urban area to train that officer who can then take that information back to his department and plug in with the Metropolitan Police Department to the JTTFs without having to assign personnel, because they just don't have the resources.

But there is a real coordination problem, and that always comes back to resources and funding.

Chairman ROCKEFELLER. But the clearance problem, if you have the other two and you don't have the clearance, it still doesn't work. Is the clearance based upon the other two? If you have the other two and you have the information and you can operate in that environment, you have the clearance or is that a special type of problem?

Chief LANIER. I have a clearance. I actually have a Top Secret/SCI through the FBI, and the FBI has been good about getting clearances for those that were most appropriate in my agency. Prior to taking over as the Chief, I was Commander of the Special Operations Division in Homeland Security.

So I had the clearance for the reasons that I needed the clearance. I don't necessarily think that lack of clearances should stop the process from moving forward. We don't have to share information that is specific enough for it to remain classified.

If I get information now at the top of my organization about a very specific threat, a potential tactic that's going to be used in a particular area of the District of Columbia, and I have to communicate with my bomb squads or my SWAT teams that this is a potential reality that we may face, I do that through exercises.

I don't have to go and report to everybody in my agency: This is what I've learned and this is the source of that information. What I do is I create exercises and training so that they can train on new and, you know, potential threats.

Prior to 9/11, we weren't training for airplanes to run into buildings.

So if there is a threat that's out there, that's important. And, to take that one step further, we also now share with our fire department. Again, they are left out of this because they are not perceived as having a need to know.

Well, just a few months ago, with the airliner threat, if there's a person in the fire department that has the ability to either staff the foam truck or not staff the foam truck, it's kind of important that he's let in on a threat that may involve airliners.

So there is a real need to know. But without understanding the daily operations of our agencies, that need to know is lost.

Chairman ROCKEFELLER. Well, that certainly makes a lot of sense. It's sort of like everything in the city of Washington, which has national responsibilities, is so large and so overweening in their standards that clearing or not clearing a local fire department person or a jurisdictional fire department person when that person can do something and is not a risk to the Nation.

Chief LANIER. No.

Chairman ROCKEFELLER. It's stupid. Is that right?

Chief LANIER. I agree.

I will say we were able to get our fire chief, special operations chief in the D.C. Fire Department, a secret clearance. And we have, for several months, included him in our weekly briefings. So he does sit in on secret-level briefings. And, certainly, whenever I get information, if I get information from the FBI that I think he has a need to know, I certainly make sure he gets that information.

[The prepared statement of Chief Lanier follows:]

PREPARED STATEMENT OF CATHY LANIER, ACTING CHIEF, METROPOLITAN POLICE DEPARTMENT, DISTRICT OF COLUMBIA

Mr. Chairman, members of the Committee, staff and guests—thank you for the opportunity to present this statement concerning homeland security and information sharing in the national capital region.

Since "Nine-Eleven," people often refer to local law enforcement officers as "first responders"—and appropriately so. As demonstrated so vividly and heroically by the brave men and women who responded to the World Trade Center and the Pentagon on that fateful day, our police officers—along with firefighters and emergency medical services personnel—are the very first to rush toward danger, even as others are fleeing. Local law enforcement is very good at responding to danger: that is what we train for; that is what we are equipped to do; and that is what our professional mission demands of us.

But I would argue that our mission demands that local police be more than just first responders to incidents that have already happened, whether those incidents involve street crime or terrorism. In the post-9/11 world in particular, our local police must be viewed "first preventers" as well—as professionals who have the knowledge, skills and abilities to support the global war on terrorism, and who are uniquely positioned to detect and prevent terrorist incidents right here in our communities. After all, it is the women and men of local law enforcement who know best the neighborhoods they patrol and, most importantly, who are in the best position to detect and investigate criminal activity that might be connected to terrorism. A local money-laundering scheme, identity-theft case, burglary or even a suspicious request to a local business—if discovered early and matched with the right intelligence, could help detect, disrupt and prevent a terrorist plot.

For local law enforcement to perform this role of "first preventers"—and to perform it effectively—our police officers must be equipped with the right intelligence, at the right time. And in order for local law enforcement to be equipped with the right intelligence, there needs to be an organized, effective and trusting flow of information between our federal partners and local police.

You will notice that I qualified our need for intelligence by referring to the "right" intelligence. By the "right" intelligence, I am referring to intelligence that is relevant to the local jurisdiction, that is timely, and that is actionable by the police. Local law enforcement is not seeking access to every piece of intelligence generated nationally or internationally by the intelligence community. But when there is intelligence that is detailed and specific—and when the intelligence has potential public safety implications for our communities—then I believe the intelligence community has an obligation to share that information in a timely fashion with local law enforcement. If we learn about a threat only when it becomes imminent, then it is too late. Just like our federal partners, local law enforcement needs time for training, equipment acquisition and the development of response, mitigation and prevention strategies. Trying to do all these under the pressure of an imminent threat is nearly impossible and certainly inefficient.

Mr. Chairman, in your letter of invitation to me, you asked about the impact that the Joint Terrorism Task Forces and fusion centers have had on anti-terrorism efforts. I must say that here in the national capital region, the flow of information among federal, state and local partners through our JTTF has been, and continues to be, quite good. Part of the reason for this is that our agencies have worked together for years—predating the 9/11 attacks—on sharing information and coordinating responses to a variety of situations. The fact that we had pre-established relationships and a track record of trust made the transition into the post-9/11 environment much smoother than it might otherwise have been. Another important factor is that the JTTFs understand what local law enforcement does, and they appreciate what we can do, when given access to the right information at the right time.

I believe that other parts of the federal homeland security community could learn from the experiences of the JTTFs and could apply some of the same principles in its relationships and interactions with local law enforcement. Has information sharing among federal, state and local entities improved in recent years? Absolutely. But are we where we need to be in terms of information sharing—so that we can coordinate and maximize all of our resources in the fight against terrorism? Not yet, I am afraid.

Part of the problem, I believe, lies in historical cultural differences between the intelligence community and law enforcement. For decades, our government erected a wall—a very solid wall—between these two functions, and it is difficult to change that dynamic overnight. Part of the problem also lies in a difference of perspective. For the most part, the Department of Homeland Security has adopted an "all hazards" focus, which encompasses not only criminal activity but also natural disasters

and other non-criminal events. While local law enforcement certainly has a role to play in responding to natural disasters, our homeland security focus must be a narrower, "all crimes" perspective. We are most concerned with criminal activity that may be related to terrorism, because intervening in that activity and preventing crime are what we do best.

When looking at the whole issue of information sharing, I believe our federal partners need to keep this distinction in mind. Information about weather patterns and similar topics may be interesting and sometimes useful to local law enforcement. But our information needs are more specific, more detailed and more focused on criminal activity and the public safety implications for our communities. This type of "all crimes" approach is what local police need in order to do our part in responding to and, yes, preventing crime—including the crime of terrorism.

As I am sure the Committee is aware, Representative Thompson of Mississippi, the new chairman of the House Committee on Homeland Security, recently released a report titled "LEAP: A Law Enforcement Assistance and Partnership Strategy." This report contains seven proposals to improve information sharing between the federal government and state, local and tribal law enforcement agencies. I think these seven, common-sense proposals provide an excellent framework for future discussions about information sharing—discussions that, I hope, will lead to a common, nationwide approach to this issue.

The LEAP report also touches upon an issue that is critical to the success of our homeland security efforts. Often times, we talk about federal-state-local information sharing as strictly a one-way street, with information flowing from the federal government to state and local agencies. I, personally, don't view the situation that way, and I don't think my fellow police chiefs and sheriffs do either. We recognize that in addition to needing timely intelligence from federal agencies, we also must be willing and able to share timely and useful information gathered at the local level with our federal partners. In the minds of most local law enforcement executives, this is what the whole fusion center concept is all about. And we stand ready and determined to do our part in contributing to—and receiving and acting upon—the information that we hope will be shared more extensively in the future.

I would like to close with one final observation. Even as we are working to enhance intelligence-sharing with law enforcement, it is essential that we look ahead to the next steps. I recommend that we start planning now for an even broader "two-way street." From firefighters and paramedics, to health workers and tax auditors, local governments are filled with professionals well positioned to contribute valuable information to help protect our communities and the country. Here in the District of Columbia, Mayor Adrian Fenty has committed to enhancing homeland security training throughout the government. The police department can help train other agencies to identify and share critical intelligence—but that will only create a one-way street. In order to harness this resource, intelligence-sharing networks must be more inclusive of other government resources. The intelligence community will still need to work on developing and sharing intelligence that is actionable for other professions. I hope that we can begin planning for this new front now.

As I wrote in a recent column in the Washington Post, "for too long, the participation of local law enforcement in terrorism-prevention efforts has been an afterthought. I am heartened that we finally have Congress's attention"—including the focus of this important Committee. I look forward to working with this Committee and others in developing and implementing a national information-sharing strategy that makes sense and that helps to make our communities safer and more secure. Thank you again for the opportunity to appear before you today.

Chairman ROCKEFELLER. Okay. Well, let me go on for a second. Thank you very much, Chief.

Mr. Spears?

Mr. SPEARS. Yes, sir. Good afternoon, Mr. Chairman. I appear before you today wearing many hats.

Chairman ROCKEFELLER. You sure do. It took about five minutes just to read your title. [Laughter.]

Mr. SPEARS. Well, thank you. Sometimes I have that trouble myself.

But the first is that of Cabinet Secretary where, as Cabinet Secretary for the Department of Military Affairs and Public Safety, I have responsibility for 12 divisions in the state of West Virginia. Those divisions include the National Guard, the State Police, all of

our prisons, our jails, emergency management system as well as homeland security.

It's in that last role that I also have been designated as the state's homeland security adviser. In these two roles, I have overall responsibility for the security concerns of all the citizens of West Virginia.

I am also wearing the hat as Chairman of the Catastrophic Planning Committee for the Homeland Security Advisers Council of the National Governors Association; plus, I'm a member of the executive board of the All Hazards Consortium.

I was asked how we have enhanced West Virginia's security posture in the last two years.

Chairman ROCKEFELLER. Surely you weren't asked how much you've enhanced. You were asked how you had improved.

Mr. SPEARS. Yes, sir; it's a quirk how we've improved. And I will admit to you that when I was appointed as homeland security adviser, our homeland security program was in great disarray.

As such, I completely overhauled our program significantly. I put all of the oversight and management capacities of that program in my office so that I have daily, direct oversight of our homeland security program.

The result is that now West Virginia's homeland security methodologies and grant monitoring processes are being cited by the National Criminal Justice Association as a promising practice, and our methodologies and processes are now being practiced in workshops and preached in workshops all across the Nation.

The other thing that I would try to mention to you is West Virginia's greatest security concern. That greatest security concern is one of being a secondary victim. What I mean by that is, West Virginia realizes that we are not high on an international terrorist target list, but we also realize that our Nation's capital is.

As a matter of fact, as we look at the more spectacular ways that terrorists look to strike blows at our Nation, we must keep in mind that it's not without reason to be prepared for a chemical, biological, nuclear, or radiological attack on our Nation's capital.

When I say a secondary victim, I see D.C. and its residents as being the primary victim. But, should such an attack occur—

Chairman ROCKEFELLER. Guess who's responsible for evacuating them.

Chief LANIER. He's in good hands.

Mr. SPEARS. Should such an attack occur, Mr. Chairman, we believe, and a recent West Virginia University survey supports, that potentially millions of the residents, hundreds of thousands of residents in the greater Baltimore-Washington area would self-evacuate.

Should they do so, this would create the potential for possibly hundreds of thousands, if not millions, moving across the states of Pennsylvania, West Virginia, Virginia, and North Carolina. And, simply put, West Virginia's infrastructure cannot handle such a massive evacuation.

Chairman ROCKEFELLER. But isn't the starting point here that our Guard is responsible for the Washington capital area; in such a situation, it bears responsibility for the evacuation?

Mr. SPEARS. Yes, Mr. Chairman. There is a certain role that the West Virginia National Guard has in supporting the activities in an evacuation of Washington, D.C. It is considered one of their primary responsibilities, should they be federalized.

As such, that would make it very difficult for us to rely on our own National Guard to support us and the state in support of our evacuation needs, in support of the citizens that would be evacuating into our state and through our state. It would create a very difficult burden on our state resources.

I was also asked to address our relationship with the FBI and Department of Homeland Security. In the last six years, we have had 11 major disasters in the state of West Virginia, most of which have been natural disasters. And we have worked very closely and effectively with FEMA.

In terms of incidents of significance—such as significant bomb threats or the uncovering of a bomb laboratory—we have also worked very closely with the Department of Justice agencies, the FBI, the DHS agencies, ATF, et cetera.

Just as I was sitting here, earlier today I received an e-mail of a suspicious incident around our state capitol. I was glad to see that proper procedure was followed, that we shared that information immediately with the FBI and the Department of Homeland Security.

In terms of the JTTF, as you mentioned, we have been advised of ongoing changes that are taking place with the JTTF. Whether or not this is going to be a wise move or not, it's still too early to tell, since it is just being implemented.

Looking at fusion centers, when we look at a fusion center in West Virginia, it will require the active and full participation of all the partners, to include those at the federal level, the state level, the local level, as well as private and public sectors. It will also require a number of skilled analysts.

Now, that might not seem like a big problem to many people. However, for a rural state such as West Virginia, we do not have a vast number of skilled intelligence analysts at our ready disposal. And we would look to the federal government to assist us in this.

In looking at our state's interaction with federal agencies—

Chairman ROCKEFELLER. What would they need to do? And to whom would they need to make that available?

Mr. SPEARS. The fusion center is a concept where I see it as a key in how we move forward. One of the areas that, I think, has evolved over time is the fact that there have been many well-placed programs, councils, committees, agencies put in place, all with their own way of passing information and synthesizing that information.

The fusion center needs to be the focal point of all of those committees, councils, task forces, et cetera. And in doing so, if that becomes the single portal in and out of the state, then I think we can have true synthesis of information at a local level where it can become actionable not only locally, but then also actionable at a federal level.

We need federal support to provide us the resources in terms of analysts, in terms of setting up the infrastructure, in terms of set-

ting up the computer and the information flow that needs to go in and out of a fusion center.

Chairman ROCKEFELLER. It wasn't that long ago—and I'm sure I'm wrong when I say this, but it wasn't that long ago that—I'd say three years ago—that I used to say that of the 67 West Virginia State Police—65—that fewer than 10 had Internet capacity.

Mr. SPEARS. The lack of widespread Internet is a big problem with us in the state. We have a problem in getting Internet capability throughout the state. We are trying to address that in many ways. One of the ways that the state's Internet capability could be greatly enhanced would be from the SAFECOM initiative for the 700 megahertz overlay into the state's interoperable communications capability.

We need that information and data overlay so that we can provide such an Internet capability across the state. We're in the process of trying to provide that Internet capability on a statewide basis through an interoperable radio backbone.

Chairman ROCKEFELLER. Now are you saying that, when the fusion center, which makes a lot of sense because it becomes the recipient from all over the country or all over the area, however it is set up, for information which otherwise people don't know how to share, how does that information come to them?

I mean, what is the mechanism? Is it text messaging? Is it Internet? Is it phone calls? Is it people riding on horses as fast as they can? I mean, I'm serious. I mean, how do they get this information, and then how do they collate it so it makes sense?

Mr. SPEARS. I would just say, E, all of the above. The sources of getting the information should be derived through the local entities as they go through their law enforcement day-to-day activities, as well as the information that is telephoned in to them as well as the day to day contact with the federal level. We need that interconnectivity on a timely basis through the Internet.

Chairman ROCKEFELLER. What is that interconnectivity?

Mr. SPEARS. Through Internet, through phone calls, through secure video teleconferencing, the electronic means, but most importantly, we need to have had that face-to-face contact with our DHS counterparts.

Chairman ROCKEFELLER. Does that mean that—and I apologize to the two of you that aren't from West Virginia—does that mean that if somebody in Braxton County can send information to you and you can send it on to the fusion center, but the people in Webster County, because they don't have Internet service or whatever, that they don't have a way of contacting you so that they're just left out in the cold? Is that what the situation is?

Mr. SPEARS. That is a partial description of the situation, Mr. Chairman.

Internet capability is huge in terms of passing our information. Up till now, in those areas that don't have that capability, we're having to rely on telephone and other traditional means of communication. In order to make that information exchange timely, we do need Internet capability, broadband capability—yes, Mr. Chairman.

Some of the problems that we face in that regard are also the limited number of frequencies and the quiet zone restrictions, as you are well aware of, that are placed on our state. These restric-

tions are very restrictive in terms of us having quick and ready access in an interoperable communications fashion.

I would also like to make a couple of comments. Chief Lanier raised the issue of the need to know. I would say that our interaction with the federal agencies is one of mutual trust that is evolving over time. What we must overcome is that need-to-know excuse barrier that is sometimes put up that prevents the timely flow and exchange of information.

We must have a standard security clearance process among the federal agencies. But, most importantly, states need to be treated as equal partners.

That concludes my statement.

[The prepared statement of Mr. Spears follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES W. SPEARS, WEST VIRGINIA HOMELAND SECURITY ADVISER AND CABINET SECRETARY OF THE WEST VIRGINIA DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY

Introduction

Good afternoon Chairman Rockefeller, Vice-Chairman Bond, and members of the committee. My name is Jim Spears and I sit before you wearing many hats. The first is that of Cabinet Secretary of the West Virginia Department of Military Affairs and Public Safety. As Cabinet Secretary I coordinate and have direct oversight over a dozen divisions, including: the West Virginia State Police, the state's National Guard, the Fire Marshal's Office, West Virginia's Capitol Police, Corrections, our state's Regional Jail Authority and West Virginia's emergency management agency. These are all agencies that generate and/or protect information impacting Homeland Security and emergency response.

My second hat is that as West Virginia's Homeland Security Advisor, a role to which the Governor appointed me immediately after my appointment as Cabinet Secretary. In these two roles I am responsible for the state's homeland security posture and have coordinating responsibility with state government leaders from Agriculture, Emergency Medical Services, the Health Department, Natural Resources, Environmental Protection and Transportation. In short, through my designation as Homeland Security Advisor to the Governor, and as Cabinet Secretary, it is my responsibility and my duty to coordinate the entire range of government services for the public safety and the protection of and response to disasters of all types for the citizens of West Virginia.

In June of last year the National Governors Association (NGA) Center for Best Practices formed the Governors Homeland Security Advisors Council to provide a structure in which the homeland security directors from each state and territory can discuss homeland security issues, share information and expertise, and keep governors informed of the issues affecting implementation of homeland security policies in the states. Hence, my third hat. Upon formation of this body and until last Friday, I served as Vice-Chair of the Standing Committee on Catastrophic Planning. As of last week I was named Acting Chair of this Committee. Two of the four priorities set by the Council directly interface with the subject matter of this hearing: 1) Improving interstate and regional communication and 2) Facilitating communication between state and federal agencies.

Another of my hats relates to my membership on the Board of Directors of the All Hazards Consortium (AHC). The AHC was formed with stakeholders from government, industry, education and non-profit organizations in North Carolina, Virginia, West Virginia, District of Columbia, Maryland, Delaware, Pennsylvania, and New Jersey. It is a grassroots effort to enhance regional collaboration in homeland security by facilitating discussion of regional issues and sharing best practices, ideas, and strategies in a forum that includes academia, government, and private industry.

Finally, under my hats, I was a professional intelligence officer as a collector, analyst and consumer while serving in the U. S. Army for over 20 years.

I've been invited here today to provide my views on intelligence sharing and counterterrorism coordination among the FBI, the Department of Homeland Security, and state and local officials over the last two years and discuss the following:

1. The actions I have taken as the state Homeland Security Advisor and Secretary of the Department of Military Affairs and Public Safety to enhance security in West Virginia.

2. Are the roles and missions of the FBI and the DHS in the homeland security arena clear and well understood by state and local officials?

3. Has the creation of new Joint Terrorism Task Forces and new state and local fusion centers enhanced the effort against terrorism and other threats?

4. Is information sharing improving between federal and state and local entities?

5. What additional steps should the Executive Branch and the Congress take to improve the information sharing and counterrorism performance of the U.S. intelligence community as it relates to state and local governments?

Security In West Virginia

It has been difficult and complicated to bring about security enhancements in the last two years but I believe West Virginia has a very positive story to tell. Shortly after assuming my current position, I discovered certain irregularities in the state's administration of homeland security grant funding. At the U.S. Department of Homeland Security's inception, West Virginia, as with most states, received an infusion of funding to obligate within an extremely short time frame, with little guidance and no long-term sustainment plan. In sum, states were asked to formulate security needs and spend money towards those requirements in a relatively short time span while simultaneously having to create the proper administration and oversight of the nascent program. As one can imagine, in many cases, this led to improper spending and lax oversight.

In West Virginia, after my dual appointments as Cabinet Secretary and Homeland Security Advisor, it became apparent that our state's program was lacking in focus, sound management, and direction. After an investigation and analysis of the program's policies and procedures, I saw it necessary to transfer the state's Homeland Security State Administrative Agency (SAA). to my office, the Office of the Cabinet Secretary, and completely overhaul the state's homeland security grants process.

Two major problems were uncovered. The first was the state's spending of homeland security grant funds on unallowable expenses during the FFY 2003 and 2004 funding cycles. After uncovering these unallowable expenditures, my staff and I held numerous discussions with our federal homeland security partners. As a result, West Virginia was asked to repay this debt to the federal government; a requirement to which the state readily complied.

The second significant discovery was that the previous grant managers had overobligated homeland security funds for local projects by several million dollars. Desiring to honor the promises made to local entities, the State searched for funding from within and made good on these obligations.

After reviewing the above problems and analyzing the state's homeland security oversight requirements, we implemented a system that not only has our Homeland Security house in order, but is so effective that the National Criminal Justice Association (NCJA) recently named West Virginia's Homeland Security Grant Monitoring a "Promising Practice" and is now using our monitoring policies and procedures when conducting grants management workshops across the country. Also, the NCJA is reviewing our Homeland Security Grant Administration Manual and this, too, may also be labeled as a "Promising Practice." We are even fielding calls from other states who want to discuss our grants management policies and procedures and request copies of our documents to perhaps help them in improving their processes.

As I said, enhancing West Virginia's security posture during the last two years has been challenging. Prior to my tenure the state's homeland security emphasis had been on enhancing first response capability to Weapons of Mass Destruction (WMD); a major challenge given West Virginia's mountainous geography. This was accomplished by dividing the state into hazardous material/ WMD response team regions in which each region was given large amounts of specialized equipment and response training. Although the grant had not been administered properly, the state's WMD/HAZMAT response capability was greatly improved.

Our State is home to over one hundred chemical plants, multiple coal-fired power plants, hundreds of miles of natural gas transmission lines, a port that is the 6th busiest in America in terms of tonnage, miles of coal mines, and a burgeoning coal bed methane gas industry and robust locks and dams systems. West Virginia occupies a critical place in the Nation's electrical grid. There is a multitude of public and private critical infrastructure in this state that interfaces with the economy, communications, energy and other integral resources that are critical to the continuity of life in the eastern portion of the United States.

Since my arrival, we've taken a hard look at these areas of greatest security concern in our state. However, the greatest concern, as we determined and as you will hear in this testimony, has an impact that reaches far beyond our state's borders and has the potential to affect millions of Americans. It is no secret that Washington D.C. and New York City are at the top of the international terrorist hit list and that today's terrorists are looking at how to inflict the most catastrophic of blows on our Nation. Therefore, it is not unreasonable, nor should we overlook the potential of a terrorist chemical, nuclear, biological or radiological attack on our Nation's capital. Should this occur, it is of great concern to West Virginia, that vast numbers of Americans will evacuate the Baltimore-Washington area in a chaotic uncontrolled exodus.

A person can't help but note that even one of Hollywood's most popular television series is currently using a terrorist "dirty bomb" attack as its main story line. Correctly, the program's producers recognized and infused the resulting mass exodus of citizens who would seek to escape the radioactive cloud. Unfortunately, our concern is very real and is not one of Hollywood. We believe, and a recent West Virginia University survey supports, that a large number of people would self-evacuate in such a scenario. When this happens West Virginia's largely rural infrastructure will be quickly overwhelmed and potentially many lives could be lost if we are unprepared to handle such an evacuation. Given the rugged terrain, the preservation and protection of potentially impacted critical infrastructure is also of concern for the continuity of government plans and continuity of operations plans of federal agencies which may be planning to move to West Virginia or Pennsylvania. Unfortunately, the Department of Homeland Security officials responsible for such planning remain unconvinced that such a scenario could occur and have failed to apply the necessary resources for planning and preparing for this.

Instead of recognizing this glaring issue of national significance, the Department of Homeland Security's most recent grant guidance, continues to use its threat and risk methodology that considers urban risk the highest factor without consideration of the widespread impact to rural areas. We in West Virginia agree that Washington D.C. is a likely terrorist target. However, that risk underscores to us that we are likely to be secondary victims. There is no indication that the federal government recognizes that another direct attack on Washington, D.C. will have a regional impact, and that a coordinated regional response radiating out to the states of Maryland, Virginia, Pennsylvania and West Virginia will be required for the safety of all this region's citizens.

If the HSGP Risk Methodology is perpetuated, the secondary victimization will continue. It embraces the notion that when looking at an area of the country, there is a greater ability to measure consequence than vulnerability. In fact, in this regard, this is not occurring. It cannot occur with this methodology because the area of vision is limited to the directly impacted area and not the surrounding areas that will be indirectly impacted or directly impacted by the aftermath. DHS is not giving consideration to the high likelihood of self-evacuation despite studies that have so confirmed. Accordingly the threat to West Virginia is enormous.

West Virginia's attempts over the last two years to obtain direction from FEMA, DHS and even surrounding states on how best to implement a coordinated multistate mass evacuation planning strategy were met with little interest at best and with outright derision at worst. That is, of course, until Hurricane Katrina made landfall. The fact that our calls to action were prophetic is not gratifying. Our State's experience hosting hundreds of Katrina victims ultimately provided the impetus to West Virginia to organize and host the August 2006 groundbreaking multistate "West Virginia Urban-Rural Evacuation Conference" in Canaan Valley, West Virginia. Invitees included the Homeland Security Advisor, Homeland Security State Administrative Agency Points of Contact, Emergency Manager, Emergency Management Planner, Homeland Security Planner, Adjutant General, Chief Law Enforcement Officer, Emergency Medical Services/Threat Preparedness Officer, Transportation Director, Volunteer Agency/Citizen Corps Director from Delaware, Kentucky, Maryland, Ohio, Pennsylvania, Virginia, West Virginia, and the District of Columbia. Subsequent regional meetings were held around our state to facilitate local regional planning integral to readying the local community for a population surge. At the October 2006 All Hazards Forum in Baltimore, West Virginia was presented with the 2006 Mid-Atlantic Regional Recovery Award for our vision and leadership in this area. We, nor our neighboring states, are ready to handle such a large number of evacuees, but West Virginia is continuing to plan and prepare as best it can given its limited resources.

Roles and Mission of FBI and DHS

West Virginia has a great deal of experience with emergency response to natural disasters. Since 2000, the President has declared and we have responded to eleven Major Disaster Declarations, an Emergency Declaration and two Fire Management Declarations. Through and with these emergencies we have developed and maintained strong relationships with our federal partners—FEMA, the Army Corps of Engineers, the National Guard, the Small Business Administration, etc., all of whom have a seat in our state Emergency Operations Center. Our responses in each disaster were enhanced by knowledge gained from each previous experience and built on the previous foundation of relationships, enabling quick and efficient responses in each event. In talking with our state agency partners, there is some confusion of the role and mission of DHS. These same agencies, however, see the FBI as the principal federal law enforcement agency.

JTTF and Fusion Centers

We queried Virginia, Pennsylvania, Maryland and the District of Columbia along with West Virginia state agencies and have found a sometimes improving relationship with their federal partners. Within West Virginia, there appears to be a general consensus that the federal partners of the Joint Terrorism Task Force are not as forthcoming with information as they are at absorbing information provided by local and state agencies. Collaborative information exchange seems to be most effective when state agency representatives are co-located with the JTTF. Although co-location is the most effective method for information exchange, another method is through the internet. For West Virginia, however, many of our rural areas still only have access to dial-up internet connection. It is also impractical to physically bring together far-flung local law enforcement entities for information-sharing events. It is even more important to note that we have recently been advised that the FBI is undergoing reorganization and is dismantling the JTTF in West Virginia, reassigning the agents to their home squads/agencies.

Fusion centers are another matter. Though there is no formula for a standard one, many information gathering centers have been established across our country, often top-heavy with law enforcement personnel. A fusion center needs to go beyond the traditional law enforcement community for its sources of information. At the state level, we obviously need the participation of federal agencies willing to share information and intelligence. We also know that we can include valuable sources of information collected from within jails and prisons. We are also aware that the security operations of various private sector businesses can contribute valuable information on threats and risks that we might not otherwise be aware. For example suspicious behaviors toward banks, railroads, chemical plants and utility plants may all be identified by their respective security forces long before the public sector is aware. By bringing information routinely from these sources into a fusion center, analysts may determine a pattern of activity needed to thwart criminal or terrorist activity.

We have varying capabilities in our region. West Virginia and Pennsylvania currently operate law enforcement intelligence exchanges while our sister states of Virginia and Maryland operate robust fusion centers. The District of Columbia is just establishing its fusion center. We, too, are in the beginning stages of establishing a true fusion center, but it has been difficult. There is little federal direction and training. Each of our neighbors indicates an increasing need for additional skilled analysts. Fortunately, the All Hazards Consortium has launched a dialogue to facilitate fusion center development across our region. It is clearly still too early to tell whether these fusion centers will have an impact on terrorism.

Information Sharing

The world that changed on September 11, 2001 brought a new awareness to many of us at the state and local level—specifically that we must be prepared to respond to risks and threats of intentional man-made disasters. As a Nation we learned that information was available, but that "dots weren't connected" in ways that could prevent tragedy. But at the state level we found we hadn't necessarily identified the "dots" correctly. There are mountains of information to be gleaned from a plethora of sources both in government and the private sector, but there is no standard system in place to synthesize that information into intelligence. Our informal survey of our sister states and intrastate partners make it apparent that even today, there is trouble distinguishing information and intelligence. Unfortunately, at the state level, sometimes information and intelligence have the same effect. Because we are often called upon to respond quickly, we don't always have time to analyze the information into intelligence.

The history of our interaction with federal intelligence information sharing is one of slow evolution and building of trust. Our initial experience has been that federal agencies were eager to acquire what information and intelligence we had to offer, but were slow to pass information along to the general state and local levels. Conservative judgments by federal agencies of which agencies or organizations had a "need to know" left many at the state and local level with the feeling of being used as a pawn, not an equal partner. More recent efforts by Homeland Security and the Federal Bureau of Investigation have begun to break down this attitude. Joint FBI and Homeland Security Alerts are useful and relevant because they are more timely than quarterly briefings, and often sent within days of an event or suspicious activity. But our analysts still wonder if we at the state level are receiving perceived threats and alerts as soon as possible.

As a Homeland Security Advisor, I have a need for strategic intelligence—that is, information that has been analyzed and made relevant to help me identify threats that may imperil my state. That means I must have access to information that affects my state. I have to understand the vulnerabilities of the industries in my state such as chemicals and rail transportation, and realize the impact that targeted destruction of those facilities could bring about. Most important, I need to know the federal agencies that are located in or that plan to move to West Virginia in times of disaster. Unfortunately, obtaining such a comprehensive list has been problematic.

Ironically, the need to bring together multiple sources of information into an intelligence system transcends law enforcement and the public sector and reaches into information owned by the private sector. Our efforts to prevent or mitigate acts of terror require that we work confidentially across public and private barriers to gather information.

The Intelligence Reform and Terrorism Prevention Act was intended to improve information sharing. The focus was to establish an Information Sharing Environment among federal, state, local, private and international components, not build out a system. It has been recommended that to create a federal voice, state and local advocates be located in the National Counterterrorism Center and that the coordination group be comprised of federal, state and local members and that a senior DHS employee provide oversight/coordination between DHS and DOJ. We concur.

It is important to note the communication disconnect between the states and DHS. Historically, there has been a shortage of meaningful consultation with states. The DHS relationship with states is often one-sided, with requests for representation often being ad hoc. There has been poor outreach to states and locals on how to better serve their needs and how DHS could better support the leading roles states and locals play in all-hazard events. Remember, all disasters are "local." There have also been occasions when DHS has communicated directly with locals, governors, chiefs of staff, without notifying the Homeland Security Advisor. This leads to a disconnect on multiple levels.

Recommendations

As any prudent manager must do, we in the Homeland Security arena juggle many responsibilities and wear many hats, including the preparation and response to events over which we have no control. We must also do all we can to mitigate or prevent harmful incidents over which we may exert some influence. For each of these situations, accurate and current information is critical in making correct choices.

State partners can make strong partners in the national security efforts, particularly as related to terrorism. An integral component of our Nation's homeland security effort is the information sharing between federal and state entities. To facilitate this we would recommend timely distribution of significant terrorist intelligence and information to those who direct the first responses to these threats. Critical information must be shared in a timely manner with Governors, Homeland Security Advisors and other selected state officials. Information passed should be actionable and consistent with the current threat level. The security clearance process should be standardized across agencies and states so that information exchange is truly reciprocal between the FBI, DOD, DHS and other agencies and all levels of government.

As our country leans forward to develop and implement emergency preparedness plans at the federal, state and local levels, it is imperative that we coordinate and collaborate our efforts. With 85% of our Nation's critical infrastructure privately owned, we recognize that private sector partners play a key role in maintaining our country's security. They also have information to share. We must keep in mind the business community's role and continue to coordinate with our private sector partners. Our preparedness and recovery efforts must ensure that the limited federal resources are effectively allocated across all geographic areas, not just urban areas.

To reiterate, a vulnerability of our state is that of secondary victimization. We have a small population base spread over a largely rural environment and we are not immune to the consequences of a direct attack upon a major population center. As I mentioned earlier, a foreseeable consequence of a "dirty bomb attack" upon Washington, DC would be the likely evacuation of the Washington metropolitan area. With limited evacuation routes, West Virginia could very well be overwhelmed in our ability to manage evacuees streaming through our state toward safe harbors. The surge in demand for food, fuel, health care, and housing could well cripple the state in short order without proper planning and oversight to manage such an event. This level of strategic planning can only be accomplished with critical analyzed thought applied to the mass of information that makes up the picture of our state. It also implies that we need to look not just in the borders of our state, but also in a regional view with jurisdictions surrounding our state.

Accordingly, it is imperative that the risk methodology employed by DHS be amended to reflect recognition that an attack on an urban area will have an impact on the surrounding regional area, and that a coordinated regional response will be required for the safety of all citizens.

DHS is perfectly positioned to provide us with a road map on how to plan and prepare for regional disasters. We would recommend the formation of a "Greater Washington Mass Evacuation Planning Group" (GWMEPG) with a full-time coordinator located in DHS's Office of National Capital Region Coordination. The planning group would consist of one representative each from West Virginia, Pennsylvania, Delaware and North Carolina. The coordinator's responsibility would include acting as the liaison between the GWMEPG and the National Capital Region Planning Group and DHS to integrate plans and secure the resources that such a large preparedness effort would require. The GWMEPG would develop the subcommittees necessary to conduct a thorough review and build a comprehensive regionwide evacuation plan beyond the Washington Beltway.

We look forward to working with our federal partners for the mutual benefit that collaborative information exchange and cooperation can each achieve.

Thank you for allowing me the opportunity to address the committee.

Chairman ROCKEFELLER. The federal government's not very good at that, is it?

Mr. SPEARS. Pardon, sir?

Chairman ROCKEFELLER. The federal government's not very good at that, is it?

Mr. SPEARS. At times it can be, but at times there is the idea that they know a little bit more than you do and that, when you say, "Do I have all of the information," you get the impression that if we had a need to know, it would be shared with us.

The federal government is—

Chairman ROCKEFELLER. Just like the chief—take me through an example of that. Take me through an example of that.

Mr. SPEARS. As we are uncovering a bomb lab in Morgantown, West Virginia, we alert the federal officials to that bomb lab. As we tell them and provide for them all of the information that they request, as we uncover the information, as we bring them into the investigation of it, we provide the information to them. But what information do we get back?

When you ask for the results, they don't explicitly say, "Well, you don't have a need to know," but you do not necessarily or explicitly get back the results.

If you look at the intelligence cycle, as was mentioned earlier—collection, analysis, dissemination, evaluation, feedback and action—we're very good at both the local level and federal level at collection. In the next step of analysis, the federal level is very good. We at the state level have difficulty in having trained, skilled intelligence analysts.

At the dissemination level, the federal government is not necessarily that good. They have the analysts, but they decide what's

going to be disseminated and to whom—even, as the chief said, when it could be of direct consequence in their particular area of concern.

So, as we go to—

Chairman ROCKEFELLER. Mr. Gannon, how do we get away from that? How do we solve that?

Mr. GANNON. I think you have to have a much more interactive relationship.

Chief LANIER. Possibly a local presence in the NCTC might be a good start.

Mr. GANNON. Yes. I think it isn't just about passing information in building a constructive intelligence relationship. It is about interaction. You've got to have much more of a dialogue back and forth where you can actually work together—the local folks bringing what intelligence they have and what problems and requirements they have, and the federal side being much more interactive and responsive than has been the case thus far.

Chairman ROCKEFELLER. Well, lots of people have said that, even some today. The question I ask is, how do you do that? Who do you have to inspire?

Mr. GANNON. Well, I would say that what we need to do is build a model of that interactive relationship that is, frankly, something on a scale less than 50 states.

I think, in the case of Charlie Allen in the Department of Homeland Security, what we're doing is essentially setting a great man up for failure, because what we heard today, I think, are some of the complaints to Charlie from one state. As this process continues, that cackle is going to become a cacophony of complaints. He doesn't have the resources, he doesn't have the authorities to address the legitimate requirements of our first responders on the state, local and tribal levels. That is my judgment.

Chairman ROCKEFELLER. So you're saying that Charlie Allen doesn't have the resources to do that?

Mr. GANNON. I'm saying Charlie Allen has the will and the capability. He does not have the resources or the authorities to do the job that is being legitimately demanded by the state and local first responders.

Chairman ROCKEFELLER. Now, we do have a budget problem in this country, and I won't get into my usual diatribe on that, but Homeland Security is sort of the first responsibility of government, it strikes me. I won't get into wars anywhere, but I think that's the job of government, is to secure, under the Constitution, to make sure your people are safe and secure.

So it just is very startling for me to hear that anybody by any name who has the position to make things happen doesn't have the resources with which to expedite what he needs. That's what you're saying.

Mr. GANNON. I am saying that, but I—

Chairman ROCKEFELLER. But he didn't say that. Was that because his testimony is—

Mr. GANNON. Sir, when I was staff director for the Select Committee, which became the Homeland Security Committee, in the House, we held 66 hearings and we pointed out any number of times—or Members pointed out any number of times—that their

judgment was that various programs lacked resources. Not a single time did I hear the department say it needed more resources.

Chairman ROCKEFELLER. Okay. Now that brings me to my usual point, where all the other members of the Committee leave in frustration.

When you speak, when the chief speaks—when you speak, you're free to say whatever's on your mind. When he speaks, when Charlie speaks, when John speaks, their testimony has to be reviewed and vetted by the Office of Management and Budget, does it not?

Mr. GANNON. This is true. I don't know if it goes that far; it certainly would have to be reviewed by their own seniors.

Chairman ROCKEFELLER. No, I think it's by the Office of Management and Budget.

And that, in fact, is any witness that we have—this is one of the absolute frustrations of sitting here—that no one can really tell us what they need, particularly in the way of money, because they are not allowed to unless it comports with the budget that the Administration either has printed or is about to print and distribute and pass out in February, so that they can't say that.

They're not allowed to say that. They can feel it with every cell on their body, but they cannot say it.

Mr. GANNON. Sir, for 24 years, when I was in the intelligence community, that was correct with regard to myself. But it didn't have to go as far as OMB. You had to be cleared in what you were going to say to a congressional committee. And you could not go beyond the guidance you had on resources; that's true.

Chairman ROCKEFELLER. See the frustration of that? Whether it's veterans, whether it's Leave No Child Behind, whether it's environmental this or education that, you can say no more than OMB says that you can say so that this hearing process is, in fact, sort of a kabuki dance.

And if we go behind closed doors, which we usually are—we're not behind closed doors because I'm trying to say that we make ourselves available to the public. My colleagues are obviously enthusiastic about that.

But, nevertheless, they can't say what they think.

Now, it is the United States of America, and I understand discipline. I understand following orders. But if you hire a Secretary of the Treasury, you hire a V.A. director, you hire assistant or an assistant to an assistant of the V.A. director and the V.A. director cannot say what he needs or she needs, that's kind of a kabuki dance, isn't it? We don't have that in West Virginia, do we?

Mr. SPEARS. No, sir.

Chairman ROCKEFELLER. Anybody can argue for whatever they want. We have the same requirements, much more stringent requirements for a balanced budget, but that does not muzzle people from saying what they need. We're muzzled here. We're not. They are. It's frustrating.

Do you have other things that you want to say, John?

Mr. GANNON. It was one of the great periods of my career when I got to work with first responders in the Homeland Security Committee and prior to that in the White House Transition Planning Team when we stood up the Department of Homeland Security.

Most of my career, of course, was at the national intelligence level, where I managed analytic programs, and it is from that perspective that I'm speaking today.

I have seven basic points to make to you, and these are recommendations that flow from the experience I had as an intelligence officer and through the period of the Homeland Security Act of 2002 and then being around on the Hill when we drafted the Intelligence Reform and Terrorism Prevention Act of 2004.

First, I would hope that Congress would not introduce new intelligence legislation now as new leadership is coming into the major agencies. We need leadership, not legislation. I have had experience with Bob Gates, who is now the Secretary of Defense and Jim Clapper, who is proposed as USD/I, Mike McConnell, who is proposed at DNI, and Mike Hayden, who is the CIA Director. I think this is as close as I have ever seen the intelligence community come, in leadership terms, to a dream team.

And we'll probably never get the opportunity we have now to have these leaders fill in some of the gaps in the legislation and to fix some of the problems that I, very quickly, want to talk about.

Further on leadership, in my experience in the community we worked to establish technical systems and info-sharing protocols. That's not enough. We had technical capability and protocols, MOAs. They were honored in the breach. You absolutely have to have leadership that monitors and wants particular kinds of information shared and particular kinds of needs met.

Leadership is critical. I think there is a historic opportunity now to fix some of the problems. I would urge all the members of this Committee and this Congress as a whole to pull back on legislation and to hold the new set of very talented and capable leaders accountable.

Secondly, I would also urge a halt to structural buildup in the intelligence community. I think from the period of 2001 until today we, in establishing new structures like the NCTC and a lot of other units, have stretched resources absolutely to a breaking point.

I recall in my dialogue with this Committee and with the HPSCI that we determined that it takes the better part of ten years to develop a fully capable intelligence analyst. Yet we have introduced so much demand for new resources that we've actually stretched the resources, dispersed expertise and divided accountability, which I saw as I, as a committee staff director, asked for briefings. And I think we have also robbed a new generation of analysts of a capable corps of branch chiefs to train and mentor them.

And I would emphasize that training and analysis doesn't occur by sending people off to two- or three-week courses. It happens in the workplace, as you deal with issues and you are taught by people who know the system, know the community, and know the intelligence business.

Thirdly, we absolutely need to deal—and I think this is a leadership issue—we have to deal with the confusion of roles and responsibilities across government agencies. I observed it as I was leaving the Hill. I still see evidence of it today.

I think there has been a counterproductive tension between the USD/I and the DNI. It absolutely needs to be resolved. I have great faith that, with Bob Gates—and if Jim Clapper is confirmed—that

issue will be resolved rather quickly. I don't think this is an issue for legislation.

But also issues with regard to DOD, the Northern Command, intersecting with DHS, DHS and its responsibilities for state and local, FBI, and DHS, in my observation, there was constant tension there and confusion. That can be resolved, but I think leaders have to really get on top of it.

Fourth, with regard to DHS, I am absolutely convinced that 10, 15, 20 years from now, with all the problems that the Department of Homeland Security has had, we are still going to say that we need and we will continue to need an agency that can create national systems, national systems that integrate federal, state and local governments to confront national security threats.

We could not have a more dynamic, harder-working, more capable man than Charlie Allen to lead the DHS intelligence effort. He doesn't have the resources to do this difficult job. He doesn't have the authority he needs in Washington. As I sit and listen to Charlie and consider where he is operating from on Nebraska Avenue, I don't believe he has the resources or authorities to manage the federal relationship with the fusion centers of the fifty states.

I think we've got to reduce to a smaller scale and build up a really capable federal, state and local intelligence operation before we spread ourselves so thin that we, again, set ourselves up for failure.

Fifth, on FBI, I testified before on this, as an intelligence officer who developed analytic programs. I think the FBI is doing a commendable job on improving tactical intelligence capability to support its criminal investigation mission, and it needs to do that. It's doing very well. I commend it. But it is not developing a national analytic and collection capability, and that means for the domestic intelligence mission there's a huge gap there that the FBI is not addressing.

Chairman ROCKEFELLER. That gets back to the point that I think I raised earlier when they say they have intelligence and they have people who do intelligence and surveillance, and they have people who arrest and carry yellow pads. But, on the computer, it refers to agents of a traditional model and then everything else is—

Mr. GANNON. Right. There may be 2,000—I think that's the latest figure—2,000 analysts at FBI. But those analysts are being given minimal training and deployed into organizations that are managed by agents.

If you go to the Defense Intelligence Agency or CIA, you have analytic structures where any analyst who is working in those organizations can look right up the chain of command to the Director, and it is all analytic managers who are reviewing the process and applying rigor to what is done. Ultimately, that analytic system can challenge the agent culture. It can challenge policymakers. I don't think that can ever happen in the FBI system as it is.

But again I commend FBI for what it has done on the tactical level. The strategic or the national level is what's mission, and I think it is a serious gap.

The sixth and final point is on technology. I shared with you a document from the Directorate of Intelligence Strategic Plan of 1996, ten years ago. And if you look at the summary page you

would be impressed about what the analytic community and the intelligence community knew about what was coming with regard to technology, geopolitical change, and even to some degree the homeland security revolution that we are now facing.

But the fact is, West Virginia is not the only place that has problems with the Internet. If you go to various agencies of the intelligence community at the national level, they may cause you to think they are much better. The fact is, you will find analysts who have minimal or no access to the Internet, even though they depend on open-source information to do their work. They lack the technology and the training to exploit open source, to use search engines effectively.

And if you go back over ten years, with all that we've done with all the money that we've spent, we should be much further along. This is an issue I think the new leadership has to get on top of very quickly. I think this ultimately will have a long-term impact on the willingness of young, smart people to stay in this community and certainly on the quality of the analysis that they produce.

Thanks. That's it.

Chairman ROCKEFELLER. You know what? I think I pretty much deprived all three of you your professional life today and your personal life today, and even hearings have to come to an end at some point.

There are a lot of questions I'd like to ask, but sometimes just meeting people who are frustrated, who've seen various scenarios as the years have gone by, who are on the job and totally responsible, and who work with states, and just listening to them, understanding that there's so much work to be done, does that propel us in the right direction?

There is no guarantee, but maybe it will. Maybe we'll get better at it. And in that I am one who believes that America is not going to be left alone; maybe the need for that will come sooner than we expect.

In any event, I totally respect all three of you. I totally apologize for the various interruptions, for the length of time. But in this business, one has to take time. And you've helped, and I thank you.

[The prepared statement of Mr. Gannon follows:]

Statement
of
John C. Gannon
before the
United States Senate Select Committee on Intelligence
Hearing on "IC Progress Since 2004"
25 January 2007
Washington, D.C. 20510

Good afternoon, Mr. Chairman, and members of the Committee. Thank you for the opportunity to participate in this important hearing on issues pertaining to the Office of the Director of National Intelligence (ODNI).

This written statement to the Committee draws heavily on my professional career at CIA, on my brief stint as the team leader for intelligence in the Transition Planning Office for the Department of Homeland Security (2002-2003), and on my two-year tour as the first Staff Director of the House Homeland Security Committee (2003 to 2005).

The views expressed are my own. They are influenced by my long experience building and managing analytic programs in the Intelligence Community, where I served as CIA's Deputy Director for Intelligence, as Chairman of the National Intelligence Council, and as Assistant Director for Analysis and Production. I should point out that I have been working in the private sector for nearly two years and have not had the close contact with the Intelligence Community that I previously enjoyed. I concede that my perspective, therefore, is not as fresh on every point as I would like.

In this statement, I will:

- Answer the questions I can from those the Committee provided in its letter to me of 18 January 2007.
- List my own top priorities for IC reform under the DNI.
- Provide five strategic questions for IC leadership.

Committee Questions:

1. ***What steps has the ODNI taken to ensure effective coordination and appropriate unity of effort among the nation's intelligence agencies?***

I believe significant efforts have been made to improve coordination of IC analysis and collection, though I am not in a position to comment in detail.

2. ***Should any additional steps be taken to clarify or strengthen the responsibilities and authorities of the DNI with respect to the major intelligence agencies?***

I strongly believe that, at this time, we need stronger IC leadership, not more legislation, to accelerate intelligence reform. We now have that leadership at DoD and will soon have it in the ODNI.

3. ***How well are the ODNI and the major departments, such as the Department of Defense, coordinating their activities on issues of common concern?***

I believe that there has been a counterproductive tension between the ODNI and the USDI that new leadership can fix. Similarly, confusion about roles and responsibilities for homeland security and defense has complicated relations among DHS, Northern Command, and the FBI. Again, I am confident that the new leadership at DoD and the ODNI will address this problem.

The Congress in the late 1990s created the positions of Deputy Director of Central Intelligence for Community Managements (DDCI-CM), and assistant directors of collection and analysis and production, all of which were resisted by CIA and inexplicably underutilized by the DCI to run an increasingly complex Intelligence Community. By sharp contrast, the Secretary of Defense successfully lobbied, against surprisingly little IC resistance, for the creation of an Undersecretary of Defense for Intelligence position, which was approved in 2002, adding more heft to what already was the IC's thousand pound gorilla. Significantly, the defense community got out ahead of the national community in calling for – and developing – both centralized and decentralized networks that would bring analysis and collection capabilities closer to military personnel on the front lines. It was inevitable, in my view, that in a post-9/11 period of bureaucratic turmoil, DoD would emerge stronger than ever.

4. ***Are the National Counterterrorism Center, the National Counterproliferation Center, and the other DNI mission managers realizing the vision behind their creation?***

I am not qualified to comment.

5. ***Is access to intelligence information improving for those with a need for the information? Is the intelligence community striking a better balance between sharing information and protecting sources?***

While some progress has been made, much more needs to be done in information sharing. A marked increase in production from new analytic units has increased the volume of what can be shared. It is open to question, however, whether what is being shared is the "right stuff" to enhance IC collaboration on critical issues.

Implementation of an effective Homeland Security Information Network and the embedding of experienced intelligence and operational personnel in the state fusion

centers would facilitate the flow of timely, actionable, "all-hazard" information between and among state and local governments and the national intelligence and law enforcement communities.

6. ***What has the ODNI done to improve human intelligence collection and what future plans are in place?***

I am not qualified to comment.

7. ***What programs and policies are being put in place to improve the quality of intelligence analysis and to ensure it is objective and independent?***

The ODNI, the DDNI for Analysis in particular, has done a good job of base lining IC analytic resources, elevating tradecraft standards, improving training, and protecting analytic objectivity. Still, more needs to be done, as the DNI knows.

8. ***Has the right balance of centralization and decentralization been achieved within the intelligence community?***

Both pressures are – and will continue to be – there. In my first-hand experience as an IC leader, the preponderant pressures within the IC increasingly were toward **decentralization**, not the centralized, "one-stop-shopping" models – including some ambitious interpretations of the National Counterintelligence Center (NCTC) – generally favored by Washington.

The information revolution has given us the unprecedented capability to meet decentralized demands, to provide close-in collection and analytic support to diplomats abroad and to war fighters on the battlefield. In the 1990s, the demand grew among diplomats and "war fighters" for a distributed model of collection management and analysis, because they were dealing increasingly with diverse transnational threats close to their locations. And they were aware that technology existed to reduce dramatically the "distance" between the producers and users of intelligence.

Combatant commanders, often playing the diplomat's role, demanded real-time intelligence support and insisted that they have their own analysts in place. The evolution continues today for a distributed model of intelligence analysis and collection.

9. ***What has the ODNI done to ensure compliance with the Constitution and laws of the United States both in the CIA and in all other intelligence community elements?***

I am not qualified to comment.

10. ***What additional steps should the Executive Branch and the Congress take to improve the performance of the intelligence community?***

I would recommend that the Executive Branch direct that the new SECDEF, DNI, Secretary of Homeland Security and the Attorney General constitute a task force under DNI chairmanship to develop within six months a common list of strategic priorities for intelligence reform that respond to the Intelligence Reform and Terrorism Prevention Act of 2004, and to provide a concrete plan to address them. There should be no new legislation until the new IC leadership is given a chance to take stock, to identify problems, and to recommend solutions – which may or many not include proposals for new legislation.

Proposed Priorities:

The Intelligence Reform and Terrorism Prevention Act of 2004 created opportunities but no guarantees for enhancing our national security, and it left a lot of holes that only smart leaders can fill. In moving forward, the Executive Branch, in close collaboration with Congressional Committees of jurisdiction, needs to develop a strategic reform agenda with clear reform goals and metrics.

Recommendation 1— ***Back the New DNI, but Hold Him Accountable:*** The DNI's agenda should include priorities of common concern to DoD, DHS, and the Attorney General: improving HUMINT capabilities to steal secrets (with less public exposure), enhancing technical collection, and open-source capabilities; significantly accelerating electronic connectivity and access to collaborative technologies in the analytic community; establishing a cross-agency program evaluation capability; developing interagency professional and technical training programs in a real, professionally staffed and amply resourced National Intelligence University; building a user-friendly collection management system capable of responding to real-time requirements in the field as well as in Washington; and forging enduring relationships with outside experts, especially with the global scientific community. The high expectations on the DNI, of course, will only be realized if he has the backing of the White House.

Recommendation 2 – ***Trust New Leadership over New Legislation:*** The new SECDEF and the impending leadership changes at the ODNI and USDI offer the prospect of the strongest, most experienced and most collaborative leadership team in decades. Make this talented team accountable for advancing IC reform, for making sense of what legislation we have. Give leadership a chance. Defer legislation.

Recommendation 3—***Resist Further Structural Buildup:*** Restrain the longstanding Congressional tendency to adopt structural solutions to functional problems. It is politically more difficult to make leadership accountable for fixing existing organizations, including streamlining them, but it is ultimately less costly and more effective in implementing real reform. In any restructuring, we need to balance better

than we have the competing needs for centralized and decentralized models for analysis and collection. The hasty establishment of the TTIC and NCTC taught us that the resistance encountered to these centralized models was in part the result of legitimate leadership concern about degrading critical capabilities needed in an increasingly decentralized Intelligence Community. Structure, by itself, is no panacea.

Recommendation 4—*Strengthen DHS and Give it an Overarching Domestic Intelligence Role:* DHS was designed in statute to be an independent agency to nurture new capabilities to protect America against information-age threats. The Executive Branch and the Congress should publicly make clear their support for a strong DHS—with the capabilities the Homeland Security Act intended—to coordinate the programs and prioritize the activities of federal, state, and local governments to prevent man-made (e.g., terrorism) and natural disasters, to protect our people and critical infrastructure, and to respond effectively if such disasters should occur.

Recommendation 5—*Clarify FBI's Particular Role in Domestic Intelligence*: The FBI, its 56 field stations, and its growing network of over 100 Joint Terrorism Task Forces (JTTFs) have a part to play in the development of a national intelligence capability but it should be a collaborative, not a leading, role. We should lower expectations of a dominant role for the Bureau in domestic intelligence. The FBI, unless the White House and Congress are prepared to push a fundamental FBI restructuring in favor of intelligence, should not be expected to produce either the authoritative analysis of the terrorist threat to the homeland or a national collection requirements system.

Recommendation 6—*Clarify Departmental Roles and Responsibilities:* The new IC leadership should work urgently to clarify roles and responsibilities of key agencies with responsibilities for intelligence and homeland security missions. The NCTC, DHS, DoD (especially the Northern Command), CIA, and FBI, while understandably enlarging their missions, are bumping into each other in the integration of foreign and domestic intelligence, and colliding in establishing working relationships with state and local governments. This is a manageable problem if caught early, a serious issue with implications for preparedness, response, and civil liberties if ignored. Recent press reports of military involvement in domestic intelligence collection may or may not turn out to be serious concerns for the protection of civil liberties. They are, however, clear indications of the need to clarify roles and responsibilities in a new threat environment.

Recommendation 7—*Clarify CIA's Role Under the DNI:* The advent of the DNI has ruptured CIA's 57-year special relationship with the President. CIA analysts and HUMINT officers were directly responsible through their Director to the President as IC coordinators rather than to a cabinet-level policymaker. The recent placement in CIA of the new National HUMINT Service, with IC-wide coordinating responsibilities, is a good step. The Agency's unique analytic capabilities need to be recognized and fostered in a similar fashion. They are an invaluable asset to the DNI and the President that should not be underestimated.

Recommendation 8—*Push Congressional Reform:* The Executive Branch should continue to press for the reform of Congressional jurisdiction. The 9/11 Commission rendered a serious and damning critique of Congressional oversight. Both the House and Senate have commendably created committees to consolidate some of the far-flung jurisdiction on homeland security, though jurisdiction still is scattered over multiple committees and subcommittees. None of this, moreover, has changed the inadequate oversight of the intelligence agencies or otherwise gone far enough to align, in any lasting way, Executive and Legislative branch priorities for IC reform. Reform of Congressional oversight will be a continuous work in progress for the indefinite future. Improving our intelligence capabilities is today an imperative, not an option, if we are to confront the complicated, globally distributed, and increasingly lethal national-security threats of the 21st century.

Questions for IC Leadership:

In formal talks and personal conversation with former colleagues, I pose five "strategic questions" that I would also offer to our new IC leaders. I describe them as questions that "haunt" a proud CIA veteran, not discourage him. Leadership can make the critical difference on how history will say these questions were answered over time. These notional questions go beyond the explicit issues raised in reform legislation and address broader and deeper questions about the mission of US intelligence today and tomorrow. I believe these are questions for IC leadership first and lawmakers second.

First, why would an analyst want to work in the US Intelligence Community today when a decade-long pressure to provide the IC analytic community with electronic connectivity (including messaging capability), with state-of-the-art collaborative technologies, and with ready access to outside experts has not been fulfilled? (See, for comparative reference, the attached section of the CIA DI Strategic Plan of 1996.)

Second, why would any citizen of a foreign country be willing to work clandestinely with US intelligence when the risk of leaks in Washington is so high and when sensitive intelligence issues are increasingly regarded as appropriate for public discussion?

Third, why should we expect the IC to adapt to a dramatically changed world when traditional security and counterintelligence policies make this so hard to do? We need to work toward a shared governance of security and counterintelligence policies that would include analytic and collection managers in decisions related to hiring, retention, and outside professional contacts. The threats to sources and methods are greater today than ever. But the costs of lost collaboration are equally damaging to the quality of national and global security analysis.

Fourth, why would talented young Americans want to work for the IC when the global post-Cold-War mission for the Intelligence Community is less clear today than yesterday to those taking risks and living under hardship conditions overseas? The Global

War on Terrorism, in my view, is not enough to mobilize and motivate a younger generation for a full career in intelligence.

Fifth, why, in today's information environment, would any policymaker see the IC as the center of gravity on expertise regarding the diverse and complicated threats we face? On what sources will the next generation of policymakers rely to inform and educate itself?

Directorate of Intelligence Strategic Plan, August 1996
(Unclassified for Public Release)

For the Directorate of Intelligence (DI), change is an imperative, not an option. In the past decade we have witnessed a historic reordering of international relationships and an explosion of new technologies that are having a major impact on our information-based business. Change in the next decade likely will be even more dramatic. The only question is whether we will drive it smartly or be driven by it chaotically. The answer – drive smart – is what this strategic plan is all about.

Wide-Ranging, Complicated Issues. Ten years ago, our primary analytic effort was against the Soviet Union – its strategic forces, its politics and economy, and its activities around the world – subjects on which CIA was widely acknowledged to have special expertise. In the next 10 years, the DI will be expected to provide faster, focused, and sophisticated analysis on a much broader range of global, regional, and transnational issues – discrete collection-and-analysis programs, all of high priority to the President and other key intelligence consumers. On many of these issues, CIA will no longer be seen to have a unique comparative advantage over other government agencies and the private sector. We will need to concentrate our resources on what intelligence does best, collaborate more aggressively with outside experts, and invest early in the skills we will need to meet these priorities.

More Demanding Customers. As the issues increase in number and complexity, so do the consumers. In 1986 most DI customers were served from Langley with written analysis in standardized formats delivered by courier. Intelligence producers and collectors consulted with consumers but largely set priorities themselves. In 2006, all our key customers will expect customized service – real-time analytic support geared to their program agendas – and will be served in person and electronically by a host of tailored formats. The DI work force will be increasingly deployed to Intelligence Community (IC) centers of excellence or with consumers to meet their specific needs. More than ever, the intelligence customer will be king! And the DI officer will be a "marketeer" as well as a substantive expert or specialist.

More Focused Collection. A decade ago, the DI's communication with collectors was, on balance, constructive but passive – we took and evaluated what came along, without pushing "consumer demand," and we had only a marginal role in evaluating clandestine collection. A decade from now, the DI, as a primary all-source nexus in the IC, will actively drive collection – articulating requirements, assiduously identifying gaps, and rigorously evaluating raw reports – for all the intelligence disciplines. Through partnerships we will help collectors identify the most productive targets. Analysis will significantly increase its role and responsibilities in the overall intelligence process.

Information Revolution. In the mid-1980s, the DI analyst communicated within CIA by pneumatic tube; thousands of separate, unrelated files were maintained at

Headquarters; the mainframe and "dumb" terminals were the "latest" in DI technology; a megabyte (1,000,000 bytes) was a lot of information; and most analysts saw computer expertise as a specialty in others' hands. In 2006 every DI analyst will be adept in the use of his/her own interactive terminal combining telephone, computer and television; worldnet will provide instant communications throughout the IC and consumer world and across the globe; encryption will be unbreakable and fast; all information – for management as well as analysis – will be digitized or digitizable; and a terabyte (1,000,000,000,000 bytes) will be the norm for storage and retrieval of information. All this in a single generation! The DI must work closely with the Directorate of Science and Technology to ensure that it has the most advanced information systems and state-of-the-art analytic tools.

More Flexible, Better Trained Work Force. Ten years ago, the DI officer expected to spend most of his/her career based at Headquarters – whether or not he/she switched jobs or areas of expertise – tied to the career service of a regional, functional, or support office or staff. Interdirectorate and cross-IC contacts existed, but stovepipes were the order of the day. In the future, DI managers will emphasize skill and expertise development – including through a skills-oriented Performance Appraisal Report system – that can be nurtured and rewarded wherever the employee serves within the DI, CIA, the IC, or the policy community at home or abroad. Continuing education – investment in our workforce – will be a top priority. And the Directorate will have both the "bench strength" and the training resources to make this happen. A vigorous IC interaction will be enhanced by full electronic connectivity and a management stress on team building.

Greater Outreach. In 1986 the interaction of DI analysts with academic and business experts was largely confined to the few who attended our seminars or provided contractual services. Our analysts often encountered suspicion or hostility among the broader communities. In 2006, the outside appearance of a DI expert will draw no more public attention than the presence of an officer from any other government agency, and analytic exchanges with outside academics and business experts across the Internet will be common. The expertise we need is out there. We need to be out there to get it!

Central Intelligence Agency, Analysis: Directorate of Intelligence In the 21st Century, August 1996,pp. 1-2.

[Whereupon, at 5:44 p.m., the hearing adjourned.]

Supplemental Material

Subject: Final and cleared QFRs - ready for hearing record inclusion

Attachments: Dove, Stephen.vcf; landA QFRs (17) - final.DOC

The attached QFRs are final and cleared, ready for hearing record inclusion. Associated hearing details below:

Authorizing Questions For the Record (QFR) Summary

Senate Select Committee on Intelligence

Hearing Date: January 25th, 2007

Hearing Title: "Intelligence Reform"

DHS Witnesses: Chief Intelligence Officer Allen

Total QFRs Received: 17

Date Received: 4/18/2007

IQ/ECT Workflow: 662941

QFR Breakdown by Sen./Rep.: 17 questions from Sen. Rockefeller (D-WV)

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6/7/2007

Question#:	1
Topic:	roles and missions
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: The reforms of the last five years have not eliminated the confusion about which agencies have responsibilities for intelligence activities on U.S. soil.

How do each of you explain the authorities and responsibilities of your organizations for intelligence activities within the United States?

Answer: DHS' Office of Intelligence and Analysis produces all-source finished intelligence analysis on security threats to the homeland. As a member of the intelligence community, it produces this intelligence in response to the Secretary's and DHS leadership priorities and in accordance with the Director of National Intelligence's national intelligence priorities. In this context, the Office is responsible for sharing intelligence threats and assessments with state and local governments as well as with the private sector. The Office analyzes intelligence within the United States after it receives information collected by DHS operating Components in the performance of their law enforcement functions, such as ICE and CBP.

Question#:	2
Topic:	Missions
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: What are the missions of the DHS and the FBI for intelligence analysis?

Answer: During my 18 months as DHS Chief Intelligence Officer, we have defined our intelligence missions and realigned my office to address it. The intelligence mission at DHS is threat to the Homeland—identifying and assessing the threats and producing actionable intelligence to support our Department, our State, local, and private sector partners, and the Intelligence community (IC). The most critical and overarching threat to the Homeland remains terrorism—transnational and domestic. Much of the IC's analytic resources are devoted to terrorism, but we believe our mission adds a unique perspective by looking at terrorism through the prism of threats to the Homeland.

We are building five analytic elements to address threats to the Homeland.

- Threats to borders. We look at all borders – air, land, and sea – these include the southwest, northern, and maritime borders. Border threats include narcotics, alien smuggling, organized crime, and money laundering—all of which are interwoven and provide opportunities for terrorists to enter the Homeland illegally. Our initial focus has been the southwest border, given DHS' priorities.

- Chemical, Biological, Radiological, Nuclear (CBRN) threats. In addition to a focus on improvised nuclear devices (INDs) and radiological dispersal devices (RDDs or "dirty bombs"), we are developing a major effort on bioterrorism threats analysis to support the Department's role to deter bioterrorism in the Homeland. To CBRN, we add a focus on the explosives threat and infectious disease threat—the latter to support the Department's role in pandemic preparedness. In addition to avian flu, we are developing expertise in animal infectious diseases.

- Threats to critical infrastructure. We are enhancing existing efforts in partnership with the Office of Infrastructure Protection in a center—the Homeland Infrastructure Threat and Risk Assessment Center (HITRAC)—to assess terrorist threats to and vulnerabilities of the 17 critical infrastructure sectors. In addition, we are giving threats to infrastructure a more focused approach with geographic and regional assessments. We collaborate closely to support our private sector partners on infrastructure threats.

Question#:	2
Topic:	Missions
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

- Extremism-radicalization threats. As part of a new analytic effort using non-traditional intelligence to focus on threats from groups, we have established an element to focus on radical extremism inside the Homeland. We clearly are looking at Islamic (Sunni and Shia) groups, but we also analyze domestic radical groups (white supremacists, black separatists, radical environmentalists). We are not monitoring known extremists and their activities; rather, we are interested in the radicalization process—the how and the why. We want to understand why and how people attracted to radical beliefs cross the line into extremism and violence. Our approach is to work closely with our State and local partners to leverage their insight and expertise on radicalization in their localities: what they perceive as signatures or indictors and how they understand the process. We still are in the early stages of developing a baseline across the Homeland. From the baseline, we will develop a framework for tracking radicalization, with the intent of assisting the Department's mission to deter and prevent radicalization.

- Demographic threats. In a complementary effort to threats inside the Homeland, we are collaborating with our DHS Operating Components to focus on potential threats from particular groups entering the Homeland: groups that could be used by terrorists or other "bad people" to enter the Homeland legally or to bring in CBRN or other harmful materials. These groups include foreign students and refugees. We also focus on travel-related issues of interest to the Department such as visa categories and the Visa Waiver Program. Our key intelligence sources are the data that our components gather in their daily operations. DHS intelligence has never before pursued such an effort, one that is important to support the Department as well as our State and local partners and the Intelligence community.

Question#:	3
Topic:	Roles
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: Do your roles complement or compete with each other?

Answer: Our Homeland Security intelligence mission is unique to the Department and its partners but it also clearly complements the FBI's mission, especially as we have begun to provide leads to the Bureau from our analysis of DHS data. We perceive areas where our missions overlap—radicalization and CBRN in particular—and we are taking steps to ensure close analytic collaboration with the FBI in those areas. We regularly exchange our production plans with each other; we coordinate our analytic products with the Bureau; and we look for opportunities to produce joint assessments. Importantly, on a regular basis, we and the FBI disseminate joint advisories to state, local and tribal customers on events, developments, and issues that merit their attention. To encourage collaboration among DHS and FBI analysts, we host quarterly working-level exchanges, with each organization alternating hosting the exchange and setting the agenda.

At the state level, we also are working closely with the Bureau's Joint Terrorist Task Forces (JTTFs). DHS representatives at the State and Local Fusion Centers are responsible for developing collaborative relationships with their JTTF interlocutors. We also ensure that our analysts traveling to Fusion Centers interact with JTTF personnel in an attempt to have transparency in our analytic efforts.

Question#:	4
Topic:	NCCT
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: Do they complement or compete with the role of the National Counterterrorism Center?

Answer: As with the FBI, our unique Homeland Security intelligence mission complements NCTC's mission. Most importantly, last year we collaborated with NCTC to begin co-authoring assessments for the President and other senior policymakers. This effort has gained momentum in recent months. Specifically, we are adding our DHS expertise on Homeland-related issues to NCTC analysis, including Homeland Security intelligence issues such as vulnerabilities that can abet terrorist travel into the Homeland. We also are enhancing analytical products for senior policymakers with information on DHS initiatives underway to address terrorist-related capabilities. In addition, NCTC has approved full membership to DHS to an IC task force on terrorism, chaired by NCTC that focuses on sensitive terrorist threats.

To support NCTC's mission, we have deployed DHS analysts to NCTC—not as liaison but as full-time NCTC officers.

Question#:	5
Topic:	Primary responsibility
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: Which agency has primary responsibility for notifying state and local authorities of threat information? Do other agencies have secondary roles?

Answer: The Secretary of Homeland Security has a responsibility for providing terrorism threat information and assessments to state and local government officials as well as to the private sector. These information sharing efforts are complementary to the intelligence information and analysis shared by the FBI, primarily through their Joint Terrorism Task Forces Field Intelligence Groups, and Law Enforcement Online. DHS and the FBI frequently collaborate on joint threat advisories to ensure that homeland security advisors and law enforcement officers receive coordinated and timely threat warnings and assessments.

Question#:	6
Topic:	State and local fusion centers
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: Please provide the following information with respect to the personnel detailed or assigned to State and local fusion centers.

How many personnel from your agencies are currently deployed at these centers?

Answer: We have 12 personnel deployed to the following locations:

- Phoenix, AZ, Arizona Counter Terrorism Information Center
- Dallas, TX, North Central Texas Operations, Fusion and Communications Center
- Albany, NY, Upstate New York Regional Intelligence Center
- Richmond, VA, Virginia Fusion Center
- Springfield, IL, Statewide Terrorism Intelligence Center
- Tallahassee, FL, Florida Fusion Center
- Los Angeles, CA, Joint Regional Intelligence Center
- Sacramento, CA, Sacramento Regional Terrorism Threat Analysis Center
- Baton Rouge, LA, Louisiana State Analytic and Fusion Exchange
- Baltimore, MD, Maryland Coordination and Analysis Center
- Atlanta, GA, Georgia Information Sharing and Analysis Center
- New York City, NYPD

Within several weeks, we will staff fusion centers in the following locations:

- New Haven, CT, Connecticut Intelligence Center
- Maynard, MA, Commonwealth Fusion Center
- Columbus, Ohio, Strategic Analysis and Information Center
- Seattle, WA, Washington Joint Analytical Center
- Trenton, NJ, Regional Operations & Intelligence Center

Question#:	7
Topic:	State and local fusion centers
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: What are the criteria used for choosing which centers will receive personnel and/or funding?

Answer: Fusion centers were created by the States to meet their individual needs. In order to ensure the fullest possible sharing of federal threat information DHS' Office of Intelligence and Analysis is leveraging the creation of these centers by embedding officers and information handling systems to improve information flow between the fusion centers, DHS, and the National Intelligence Community.

Our methodology for embedding officers in these fusion centers is primarily based on threat, as well as population, population density, border risk, critical infrastructure, terror risk, port risk, immigration risk, economic risk, iconic value, hazardous materials risk, 2005 UASI grant funding, and 2005 State Grant Distribution.

This process begins with an in-depth assessment of the SLFC by a team of staff officers. As a general rule, the team spends a day at each center in order to understand the mission, the information sources and flows, the analytic capacity, the information technology infrastructure, the security environment, and the existing partnerships and relationships with State, local and other Federal agencies. When applicable, the team also meets with local FBI managers to discuss issues of common concern and ensure transparency on DHS' relationship with the fusion center. The result of the assessment is a set of recommendations on staffing and services that will deliver value to both DHS and the fusion center.

Question#:	8
Topic:	State and local fusion centers
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: What are the criteria used for choosing which personnel to send?

Answer: Personnel are chosen based on the specific needs of the centers identified during the assessment process. Generally, we look first for DHS officers with experience in the national intelligence community, as well as highly qualified officers from law enforcement. In December of 2006 we advertised the vacancies for Connecticut, Ohio, Massachusetts, New Jersey, and Washington. We reviewed over 400 resumes to select the officers deploying to these fusion centers.

Question#:	9
Topic:	State and local fusion centers
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: What functions do FBI and DHS individuals perform at the fusion centers and how do these functions differ from the functions performed at the Joint Terrorism Task Forces or the FBI's Field Intelligence Groups?

Answer: The primary function of DHS officers, as well as other Federal officials, deployed to State and Local Fusion Centers (SLFCs) is to ensure the flow of national level reporting to State, Local and Tribal entities, and the Private Sector. Thus providing, to the greatest extent possible, the information the SLFCs need, in a timely manner, and in a form that they can use. Additionally, these officers are responsible for: ensuring consistency of warning information provided to the State and Local governments by Federal agencies; reviewing SLFC information holdings for dissemination to the Intelligence community; assisting in identifying specific local information needs and translating those needs into requests for intelligence support; and identifying SLFC personnel training needs and facilitating necessary training.

These officers also provide analytic value through substantive and collaborative intelligence work with State and local analytic personnel. This intelligence work transcends any particular intelligence topic of interest. While terrorism investigations are the primary focus of the JTTF, Intelligence officers at Fusion centers concentrate on supporting State and local agencies across a much broader spectrum of potential threats. For example, Florida would likely be affected by events in Cuba, such as President Castro's death. DHS Intelligence is responsible for providing States, including the State of Florida in the example above, with relevant national intelligence information on this topic.

Question#:	10
Topic:	Personnel training
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: How are your personnel trained with respect to their responsibilities and authorities while serving in a State or local fusion center?

Answer: The SLFC program has been very successful in attracting talented, highly qualified personnel. The last five openings resulted in our receiving the resumes of over 400 qualified applicants. Having this large a talent pool to draw from has allowed us to be very selective in choosing highly skilled and motivated professionals to fill these positions.

Once deploying personnel have been selected and have accepted the positions, the DHS SLFC program office staff develops an individually tailored orientation program based on the specific skills of the individual and the particular needs of the destination center.

The training program is built around a core orientation to DHS components and the national intelligence community, as well as the administrative requirements incident to the PCS move to the destination center. A critical segment of this program for all deploying officers is to have them undergo DHS Reports Officer training and to receive comprehensive instruction on protecting Civil Rights and Civil Liberties, including a briefing on Intelligence Oversight responsibilities, in the course of performing their activities on behalf of the Department. Beyond these particular requirements we also arrange for individual training and / or orientations with other elements of the intelligence community and components of DHS, as appropriate, to strengthen particular skills.

Question#:	11
Topic:	Fusion center FTEs
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: How many of your personnel are employees and how many are contractors of your organization?

Answer: All intelligence officers deployed to fusion centers are government employees. The SLFC Program Management Office is augmented with contract support.

Question#:	12
Topic:	Integration
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: The DHS Homeland Security Advisory Council (twenty-one former government officials, industry officials, and subject experts) early this year recommended to Secretary Chertoff that DHS intelligence needs to push for greater integration in the intelligence community. What are some of the challenges your office has experienced in attempting to become a full partner in the Intelligence community?

Answer:
DHS intelligence has made great strides in integration into the Intelligence Community (IC). I have made establishing DHS I&A as a full partner within the IC one of my top priorities. I&A is now represented in all major Intelligence Community forums. The previous Director of National Intelligence (DNI) made my Office a member of the Program Managers group (the so-called "inner seven") for the past year, and the new DNI has made my Office a member of his new Executive Committee (EXCOM), which is a body of select senior representatives from across the government and the IC that advise the DNI on high-level issues and decisions. Moreover, I&A has been invited into the select inner circle of the DNI's Intelligence Collection Architecture (ICA) effort to represent Homeland Security equities. This forum will underpin all acquisition decisions on new collection capabilities. I&A is also an active member of the Intelligence Community Leadership Development Executive Council (LDEC), which develops the Human Capital and training standards across the IC, to include the establishment of the IC's "Joint Duty Program." DHS intelligence is actively engaged across the breadth of IC initiatives, activities, production and collection.

On the analytical side, DHS intelligence products are important in the Intelligence Community's understanding of the threat to the homeland. I&A products have been presented to the President and his National Security Council. DHS' reporting is sharing unique information never before available for the Intelligence Community's analysis. DHS has also begun to establish itself as a leader and innovator within the Intelligence Community through its leadership of activities such as the Intelligence Campaign Plan for Border Security, in which DHS has worked across the Intelligence Community and with the DHI to bring the full capabilities of the Intelligence Community to bear on this challenging national security issue.

With all these accomplishments and progress, several key challenges remain for the Office of Intelligence and Analysis (I&A) as we become a full partner in the Intelligence Community. Since I&A's inception in October 2005, we have faced challenges such as developing a professional workforce, establishing policies and procedures for our unique

Question#:	12
Topic:	Integration
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

approach to intelligence, and understanding our diverse customer requirements. While our FY2008 budget request goes a long way to overcoming these challenges, I foresee two principal, short-term challenges to meeting our goals: human capital and facilities.

Recruiting and retaining a world-class intelligence professional workforce is a central goal of I&A and is critical to becoming a full partner in the Intelligence Community. Our progress has been slow, however, and we are having difficulty competing with the rest of the Intelligence Community and the private sector in filling vacancies and retaining current staff. We have taken numerous steps to overcome these challenges, such as implementing a robust recruiting strategy and leveraging available hiring flexibilities, but we have to ensure that I&A has the proper authorities, such as eligibility for excepted service, to hire and sustain a more integrated and mobile intelligence workforce. We also achieved real improvements over the past year in improving our facilities. Our facilities, however, are still not comparable to those of other Intelligence Community agencies, and this has limited our analytical and integrative capabilities, as well as our ability to recruit and retain a world-class intelligence workforce. The physical work environments offered by other members of the Intelligence Community to prospective employees puts I&A at a disadvantage among the limited pool of applicants who are eligible for sensitive intelligence positions.

Question#:	13
Topic:	Internal collaboration
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: One of the primary functions of the Chief Intelligence Officer is to integrate the intelligence collected within the Department of Homeland Security. Can all of the intelligence offices of DHS currently internally collaborate on a classified and unclassified basis.

Answer: Yes, the intelligence offices within DHS can collaborate on both a classified and unclassified basis. These offices, which collectively comprise the DHS Intelligence Enterprise (IE), currently utilize a collection of local and wide area networks (LANs and WANs) to enable classified and unclassified collaboration. The DHS IE has access to unclassified, secret / collateral, and TS/SCI LANs. Each LAN contains applications and various operational databases that the IE can access. In order to enhance collaboration and communication across the IE, we continue to improve the connectivity of our systems. The LANs are being migrated to larger, more robust, more standardized WANs and new collaboration tools are being evaluated for the IE.

Question#:	14
Topic:	Information management
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: What information management systems are currently in place that allow such internal integration? If such a system does not currently exist what progress is being made to design and implement a system that allows the DHS Chief Intelligence Officer to have the sum total of DHS collected intelligence at his/her fingertips?

Answer: There is today no one information management systems which integrates all information collected within the Department. DHS analysts, however, through the infrastructures described previously, have access to all relevant DHS databases and reporting. Analytic processes within the intelligence enterprise bring the most time-sensitive and important information immediately to the Chief Intelligence Officer's attention. We have, over the last year, implemented an enhanced program to "harvest" intelligence from the information collected by the various components of the DHS Intelligence Enterprise. Our enhanced reports officer program is assisting the Department in production of Homeland Security Intelligence Reports (HIRs), which move relevant information into the Intelligence community (IC). This makes the information readily available to all members of the IC, including the DHS Chief Intelligence Officer. We are also currently developing and implementing a variety of technologies, as described in our recent architecture studies, to enhance the collection, processing, and analysis of intelligence collected from within and external to the department.

Question#:	15
Topic:	Systems
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: What systems does DHS use to collaborate with other agencies in the Intelligence community? Do all of your intelligence officers have access to these systems? If not, what percentage do not?

Answer:

DHS uses the infrastructures previously described, as well as applications on those systems, to collaborate with other agencies in the Intelligence community. All officers within the Office of Intelligence and Analysis have access to systems at all classification levels. We are currently working to ensure that appropriate access is provided across the Intelligence Enterprise (IE). To date, although all offices in the IE have access to the systems and networks to collaborate with the IC, resource constraints due to competing priorities have not allowed us to extend the use of classified systems to every individual. Specific percentages do not currently exist. We continue to upgrade facilities and expand classified connectivity as rapidly as we are able.

Question#:	16
Topic:	Workspace
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: The Committee has been concerned that the Office of Intelligence and Analysis does not have suitable facilities for its personnel. What is the status of the effort to provide your personnel with the workspace and technological tools they need to do their jobs?

Answer:
The Office of Intelligence and Analysis primarily is housed in one building on the former Navy installation known as the Nebraska Avenue Complex. The Office Building, 19, which has been under renovation for more than four years, can house all of its personnel—once this renovation is completed. I&A seated the majority of its analysts, leadership, and support on the third and fourth floors during this prolonged renovation. The first stage was renovated and completed in April 2006 and accommodated a small number of seats. As of today, the building is in the final stages of completion of the renovation of Phase 2, the first and second floors. With the completion of the IT installation for the eight conference rooms, both first and second floors will be complete. Personnel have already migrated from the third and fourth floors to fill out the additional seating. Construction on Phase 3, which involves renovations to the basement, will begin construction pending the contractual process this spring; it is scheduled for completion in early 2008. Finally, Phase 4 (upgrade to floors three and four) will begin concurrently with Phase 3, pending completion of the Heating, Ventilation and Air Conditioning system and building. While our offices are not Class A, conditions have improved significantly in the last year.

Question#:	17
Topic:	Performance metrics
Hearing:	Intelligence Reform: FBI and DHS
Primary:	The Honorable John D. Rockefeller IV
Committee:	INTELLIGENCE (SENATE)

Question: In your testimony you stated that "DHS took a leadership role in developing performance metrics to measure the effect of information sharing on its mission." Please describe the performance metrics you used and what they have shown about the effects of information sharing on DHS's mission.

Answer: We have focused our initial metrics efforts on gaining a better understanding of the internal DHS process for information sharing. We are in the initial stages of such an effort. These metrics will be baselined in FY 2007 and reported on in FY 2008. As such, results about the effects of information sharing on DHS's mission are not yet available.

We have conducted a small-scale pilot study to understand the extent of knowledge of employees regarding information access across DHS. The results of this pilot study indicate that DHS employees had limited knowledge of the total set of information available throughout the Department.

Based on these pilot results, we set in motion two initiatives. First, we established a performance metrics effort to determine the percent of information sources accessible to DHS internal components. We will measure the number of information sharing and access agreements (ISAA) in place relative to the number of critical information sharing partners of each DHS component. Second, we established the Data Catalog initiative to map and catalogue the DHS Enterprise Architecture of all of the information systems and the information collected within each system which could be made available to internal DHS users. Together these two efforts should help DHS users identify what is available to them, and gain access to that information via information sharing agreements.

It is important that DHS components share information with one another, especially with their critical information sharing stakeholders. This metric does not assume that DHS Components must have access to all DHS information; rather that they must have access to their critical information-sharing partners.