AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

HOMELAND SECURITY INTELLIGENCE AT A CROSSROADS: THE OFFICE OF INTELLIGENCE AND ANALYSIS' VISION FOR 2008

HEARING

BEFORE THE

SUBCOMMITTEE ON INTELLIGENCE, INFORMATION SHARING, AND TERRORISM RISK ASSESSMENT

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

FEBRUARY 26, 2008

Serial No. 110–96

Printed for the use of the Committee on Homeland Security

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html

U.S. GOVERNMENT PRINTING OFFICE

44–394 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON HOMELAND SECURITY

BENNIE G. THOMPSON, Mississippi, *Chairman*

LORETTA SANCHEZ, California
EDWARD J. MARKEY, Massachusetts
NORMAN D. DICKS, Washington
JANE HARMAN, California
PETER A. DEFAZIO, Oregon
NITA M. LOWEY, New York
ELEANOR HOLMES NORTON, District of Columbia
ZOE LOFGREN, California
SHEILA JACKSON LEE, Texas
DONNA M. CHRISTENSEN, U.S. Virgin Islands
BOB ETHERIDGE, North Carolina
JAMES R. LANGEVIN, Rhode Island
HENRY CUELLAR, Texas
CHRISTOPHER P. CARNEY, Pennsylvania
YVETTE D. CLARKE, New York
AL GREEN, Texas
ED PERLMUTTER, Colorado
BILL PASCRELL, JR., New Jersey

PETER T. KING, New York
LAMAR SMITH, Texas
CHRISTOPHER SHAYS, Connecticut
MARK E. SOUDER, Indiana
TOM DAVIS, Virginia
DANIEL E. LUNGREN, California
MIKE ROGERS, Alabama
DAVID G. REICHERT, Washington
MICHAEL T. MCCAUL, Texas
CHARLES W. DENT, Pennsylvania
GINNY BROWN-WAITE, Florida
GUS M. BILIRAKIS, Florida
DAVID DAVIS, Tennessee
PAUL C. BROUN, Georgia

JESSICA HERRERA-FLANIGAN, *Staff Director & General Counsel*
TODD GEE, *Chief Counsel*
MICHAEL TWINCHEK, *Chief Clerk*
ROBERT O'CONNOR, *Minority Staff Director*

SUBCOMMITTEE ON INTELLIGENCE, INFORMATION SHARING, AND TERRORISM RISK ASSESSMENT

JANE HARMAN, California, *Chair*

NORMAN D. DICKS, Washington
JAMES R. LANGEVIN, Rhode Island
CHRISTOPHER P. CARNEY, Pennsylvania
ED PERLMUTTER, Colorado
BENNIE G. THOMPSON, Mississippi *(Ex Officio)*

DAVID G. REICHERT, Washington
CHRISTOPHER SHAYS, Connecticut
CHARLES W. DENT, Pennsylvania
PETER T. KING, New York *(Ex Officio)*

THOMAS M. FINAN, *Director and Counsel*
BRANDON DECLET, *Counsel*
NATALIE NIXON, *Deputy Chief Clerk*
DERON MCELROY, *Minority Senior Professional Staff Member*

CONTENTS

Page

STATEMENTS

The Honorable Jane Harman, a Representative in Congress From the State of California, and Chair, Subcommittee on Intelligence, Information Sharing, and Terrorism Risk Assessment 1
The Honorable David G. Reichert, a Representative in Congress From the State of Washington, and Ranking Member, Subcommittee on Intelligence, Information Sharing, and Terrorism Risk Assessment 2

WITNESSES

Mr. Charles E. Allen, Under Secretary for Intelligence and Analysis, Department of Homeland Security:
Oral Statement 4
Prepared Statement 6

HOMELAND SECURITY INTELLIGENCE AT A CROSSROADS: THE OFFICE OF INTELLIGENCE AND ANALYSIS' VISION FOR 2008

Tuesday, February 26, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON INTELLIGENCE, INFORMATION SHARING,
AND TERRORISM RISK ASSESSMENT,
Washington, DC.

The subcommittee met, pursuant to call, at 4:20 p.m., in Room 311, Cannon House Office Building, Hon. Jane Harman [Chair of the subcommittee] presiding.

Present: Representatives Harman, Carney, Perlmutter, and Reichert.

Ms. HARMAN. The committee will come to order. We are meeting today to receive testimony on "Homeland Security Intelligence at a Crossroads: The Office of Intelligence and Analysis' Vision For 2008".

Let me apologize to our audience and our witness for having to reschedule this hearing and having to delay the classified briefing which preceded this hearing. All of that was required because of the House schedule. None of us on this subcommittee sets the House schedule; and our apologies.

Our witness today is Under Secretary Charles Allen.

Charlie, we are here to discuss your priorities in the wake of the President's budget request. But as you have been warned, I want to discuss one of my priorities first in introducing the hearing; and I believe it is a priority not just for me, but for every Member of this subcommittee and, so far as I can tell, for a huge number of the first responders that we talk to around the country.

I&A is not a vacuum. Of all the agencies across the Federal Government, DHS was the one Congress expected would make breaking down stovepipes its No. 1 priority. As the National Counterterrorism Center, the FBI and others have adjusted their missions to do this, it still seems that your office in DHS is too much of a stovepipe.

I&A's mandate in the Homeland Security Act of 2002 was straightforward: Find out the needs of State and locals and then build an organization to meet them. Instead, as the CENTRA report discussed in today's Wall Street Journal makes clear, I&A is still struggling with this mission 2 years after you came on board, Charlie. Some of your struggle, we believe, is in the wrong direction. I have a major issue with I&A's endless refusal, or let's call

it "delay," to build a robust ITACG that includes a robust State, local and tribal presence that all of us believe would help make the NCTC our national Fusion Center a better processor of intelligence information.

Although you promised last year that your staff would make a full effort to ensure the ITACG's success, and although you told us you were proud to be leading the effort, you did not have it going in a few weeks as you promised you would. When little happened, Congress spelled out what the ITACG needed to do in the legislation we recently passed, H.R. 1, the 9/11 Act and in the joint explanatory statement that accompanied it. It has been almost 7 months since the President signed the 9/11 Act into law, and we have seen since that there are continuing obstacles in the ITACG's path.

Last summer at the tail end of the 9/11 bill negotiations, you and former Deputy Secretary Michael Jackson came to my office to make the case for why the ITACG should not be included in our bill. You both explained that DHS had done so much for State and locals, it wasn't necessary. We, to the contrary, believed that you had not done enough and that it was necessary. So we included it in our bill.

On the eve of Mr. Jackson's retirement, he promised that he would sign the memorandum of agreement that had to do with agency cooperation with the ITACG. At the last minute, the last evening he was at work at DHS, he inserted, or you inserted, some addenda to the agreement which the other agencies signed on to which did two things.

First, it made clear that DHS could control the information it disseminates. No one has ever argued with that, but that had to be added. But second, it just complicated, so I understand, the process of getting people full-time into the ITACG.

The ITACG is not going to go away; and I want to say, in friendship and partnership, that this committee will continue to insist that we build a robust presence of State and locals and tribals as part of our national fusion effort. It is valuable because they bring value. It is also valuable because they can learn from the reading of the intelligence information that the NCTC has, that way, we will have fewer false alarms at the local level and that way we will have better products at the local level.

So as we discuss your mission, which I am eager to do, and as we have been briefed on some additional budget requirements you have—budget numbers are classified, so we won't discuss them—I just want to be clear that my priority is learning how you are going to be a better partner with the other Federal agencies in this effort to fully share information with our local communities, so that they know what to look for and what to do, and they are capable of preventing the next attack, which is, after all, a goal we all share.

I now yield for an opening statement to the Ranking Member.

Mr. REICHERT. Thank you, Madam Chair. Welcome, Mr. Allen, once again. Thank you for coming before us this week.

Some of my comments will also touch on some of the things that the Chair has already touched on. We are here to hear a little bit about your plan for different dollar figures and your outlook for the

year. But I, as you know, in my previous life as a local law enforcement officer and sheriff in the Seattle area, am really interested in how these plans and programs come together and translate into results for, you know, the cops on the street and the front lines, who are on the front lines in our community.

For example, State and localities around the Nation have formed fusion centers, which we all agree are great things; and they are growing and improving, and their job is to bring together information on crimes and terrorism so that they might be better able to prevent a terrorist attack.

These fusion centers also help analysts recognize patterns in crime that may indicate precursors of terrorist activity, as we saw in the case that we examined in Torrance. I understand that the Department of Homeland Security has plans to send additional analysts—in Seattle we do have one, and we appreciate his support—out to other States and local fusion centers; and we would like to hear how your budget would accomplish this.

I think we have talked about this topic before in some of our other hearings. That is one important point I hope you address in your opening comments.

Additionally, this morning there was a story in The Wall Street Journal about an internal report on fusion centers and information sharing at the Department; and I hope that you will address that issue in your opening comments. You have very strong support for your Fusion Center initiative from this subcommittee, and we would like to help you and our State and local fusion centers accomplish the goal of protecting this Nation from harm.

You also have responsibility to provide intelligence support to a wide range of communities, including the border, port, transportation and private sectors. We would like to hear how in this budget this will allow you to accomplish that wide-ranging mission.

Recently, I asked Secretary Chertoff, when he appeared before the full committee, about what is being done to help secure the northern borders. So we are interested in that, of course, from Washington State's perspective. I believe it is essential that our port and border officials, transportation authorities and others receive robust intelligence support from the Department.

Finally, I hope that you touch upon some of your expanded work in the area of open source intelligence, which creates products that can be easily shared and at an unclassified level. As you know, we are very interested in the issue of overclassification; and it seems to me that a big piece of combating overclassification is to consciously create as many unclassified intel products as possible, and open source is a big part of that fact.

Mr. Allen, we once again welcome you and your testimony on how the Office of Intelligence and Analysis is working to strengthen our Nation's intelligence community and secure our homeland.

I yield back, Madam Chair. Thank you.

Ms. HARMAN. I thank the Ranking Member.

Other Members of the subcommittee are reminded that under committee rules, opening statements may be submitted for the record.

Our first and only witness, Under Secretary Charles Allen, is the Department's chief intelligence officer.

By the way, Charlie, congratulations on your promotion to under secretary. We all supported that idea, and we think it is a great credit to you.

Under your lead, the Department's intelligence work through the Office of Intelligence and Analysis—and you focused on improving the analysis and sharing of terrorist threat information. You are responsible for ensuring that information is gathered from the Department component intelligence units as well as Federal, State, local, tribal and private sector partners, and it is your job to ensure that this information is fused with intelligence from other parts of the intelligence community to produce analytic products and services for the Department's customers.

Without objection, Under Secretary Allen's full statement will be inserted in the record. I now ask you to summarize your statement in 5 minutes, and then we will ask you questions.

STATEMENT OF CHARLES E. ALLEN, UNDER SECRETARY FOR INTELLIGENCE AND ANALYSIS, DEPARTMENT OF HOMELAND SECURITY

Mr. ALLEN. Thank you, Chair Harman and Ranking Member Reichert and other Members of the committee.

I really would like to talk about the progress we have made in building a strong and unified DHS Intelligence enterprise and the challenges that we face in the days ahead. I hope in the question-and-answer period to answer fully all your questions and all your observations.

The DHS community of intelligence professionals, which I described to you last year, continues to develop and expand. Over the last 12 months, we have further increased our productive and collaborative relationship with traditional intelligence community professionals as well as those at the State, local and tribal areas—as well, operational and law enforcement individuals.

All members of this community, as you pointed out in your comments, Chair Harman, are essential to the success of DHS intelligence, given the very decentralized and complex threat that we face today. You are right, with the passage of the 9/11 Act, I do have the responsibility now to integrate and synchronize the activities of the intelligence offices of the operating components, as well as my own office.

I do appreciate the elevation of this position to under secretary, something which I think will be vital to my successor. The President's fiscal year 2009 budget request provides funding that will allow my office to bolster and to sustain its core missions and further the overall integration.

Let me just talk briefly on why your support is so essential. DHS Intelligence requirements, collection, dissemination capabilities grew significantly over the last year. For example, we increased the production of homeland intelligence reports from 2,000 to nearly 3,100 reports. These unevaluated reports provide intelligence and homeland security communities with a trove of information that, in the previous year, went unharvested.

The fiscal year 2009 budget will allow me to hire additional personnel to support the acquisition report and reporting of unevaluated DHS component information of intelligence value to

not only Federal, but State, local, tribal as well as the private sector.

To accomplish your mandate to integrate intelligence, I am planning to create a Homeland Security Intelligence Program. This will be a DHS program similar in structure to the Director of National Intelligence's National Intelligence Program, or NIP. It will encompass the resource planning and budgeting activities of all members of DHS Intelligence.

I have already established a Homeland Security Intelligence Council, providing a venue for all DHS Intelligence leaders to discuss issues and to make collective decisions consequent for DHS Intelligence. An integrated enterprise, both within DHS and including our external partners, can only be built upon a robust common training program which we now have under way. However, we will require additional funding in order to sustain this program in the coming year.

In getting to your comments in particular, my office leads information-sharing efforts across DHS. In addition to our departmental responsibilities to implement the information-sharing environment, we are leading the Interagency Threat Assessment Coordination Group, the ITAC–G, at the National Counterterrorism Center to ensure that non-Federal stakeholders are provided tailored and federally coordinated perspectives on time-sensitive threats that would have a potential impact upon the safety of the homeland. The ITAC–G has achieved operating capability, and I will be pleased in the question-and-answer period to respond fully to your questions and to your comments.

In the past year, my office has, in fact, made significant progress at enhancing our support to State and local. The internal DHS report cited an article in The Wall Street Journal today that is something that I really want to comment on in more specific ways. This study, which is internal, which I just received last week, is good government; and I would like to correct the record. The internal report was simply a study that reflects the progress we have made.

Here is the story of reality: I commissioned this report about 6 months ago precisely to get at the unvarnished, unfettered truth from the State and locals as to what was working and what was not working. The pilot program was designed to determine exactly what information and intelligence State and locals needed from DHS and the intelligence community. Finally, the pilot was designed to determine how DHS could assist State and locals with the vital process of exploiting open source information in support of their unique missions.

But the process did not stop there. I instructed my office to put in place immediately measures to address shortcomings as they were uncovered. For example, we have improved the quality and timeliness of our responsiveness to the pilot Fusion Center request for information from weeks to days.

Today, more than 85 percent of these were returned to State and local with answers within the deadline that they had set at the State level. Information needs at the pilot sites have been determined, and Fusion Center leaderships tell us that the information provided against these needs will significantly enhance their individual missions. These needs will now form the basis for informa-

tion and intelligence analysis provided to these locations in the year ahead. The open source needs that Congressman Reichert spoke about of the pilot States have been determined and training has been provided to three of the States.

The leadership of these fusion centers has described our assistance in this area as a grand slam home run. We will provide the same training and assistance in open source to the remaining fusion centers Nation-wide.

In summary, our Fusion Center partners have repeatedly told us of improvements that they have found in our support and their confidence that we, together, are on the right track. The success of our endeavors I think is summed up in an excerpt from a 28 January 2008 letter sent to Secretary Chertoff by Los Angeles Chief of Police William Bratton following the production of a DHS-FBI joint regional bulletin addressing both the concerns over an upcoming anti-Islam Dutch film. In that letter, Chief Bratton wrote, "I would like to personally thank DHS and, specifically, the Office of Intelligence and Analysis for taking our partnership to the next level, and look forward to reading future joint intelligence products that highlight our shared interests as we work to protect and secure America."

The President's fiscal year 2009 budget provides us the additional funds to handle a whole range of initiatives that have been given to us by the Secretary and by the DNI.

I want to convey to you my sense of commitment and mission to ensure that we have in DHS the capability to address all threats to the homeland. This budget request will continue the process of integrating DHS Intelligence, as you mandate it, and will enhance our departmental capabilities to address the threats outlined in the President's National Strategy for Homeland Security. Our success depends on our ability to work together at all levels of government while not losing sight of the public's privacy and civil liberties that we must protect.

The threats to our homeland from extremism and other threats are very serious. I need your strong support for the initiatives I have set forth. I look forward to your questions.

[The statement of Mr. Allen follows:]

PREPARED STATEMENT OF CHARLES E. ALLEN

FEBRUARY 14, 2008

INTRODUCTION

Chair Harman, Ranking Member Reichert, and Members of the subcommittee: Thank you for the opportunity to appear before you today to discuss the President's fiscal year 2009 budget for the DHS Office of Intelligence and Analysis.

I testify before you today to speak to the progress that we have made in building a strong DHS Intelligence Enterprise as well as the challenges we face in the days ahead. As you know, the intelligence mission of my office flows directly from the mission of the Department itself. The mission of my office is clear—it is to identify and assess transnational and domestic threats to homeland security. We provide anticipatory, proactive, and actionable intelligence to support the Department; State, local, tribal, and private sector customers; and the intelligence community. The most critical and overarching threat to the homeland remains terrorism—transnational and domestic—and much of the IC's resources are devoted to this issue. I believe, however, that my office adds unique value by viewing terrorism through the prism of threats to the homeland. This holistic perspective allows us to make connections—if and where they exist—between terrorism and other illicit transnational

criminal activities. Moreover, these other illicit activities often constitute serious threats to the homeland, and we must address these as well to support our departmental mission and to help secure the Nation.

Last year, we developed our first annual integrated DHS Intelligence Enterprise research plan. This drove our flagship publication—the seminal *Homeland Security Threat Assessment*—of which I am very proud. This assessment represents the analytical judgments of DHS writ large and assesses the major threats to the homeland for which the U.S. Government must prepare and to which it must respond. The assessment looks out to 2010 and will be updated annually. Moreover, it provides us an important analytic framework by which we can identify and prioritize our gaps in knowledge and understanding of homeland threats.

Further, this Enterprise research plan is part of an effort that includes development and publication of monthly Enterprise production plans; collaborative identification of priority collection gaps; coordinated efforts to harvest and extract information of intelligence value, and dissemination of unique DHS intelligence reporting to both our traditional and non-traditional customers; and Enterprise efforts to establish common tradecraft standards based on those delineated by the DNI. Collectively, these efforts demonstrate the significant capabilities a unified DHS Intelligence Enterprise can bring to bear against the threats facing our homeland.

THE OFFICE OF INTELLIGENCE AND ANALYSIS

The principal threats we face today are borderless, global, decentralized, and more dynamic and volatile than ever before. Within the DHS Intelligence Enterprise context, the Office of Intelligence and Analysis continues to build its core capabilities while concurrently assessing and proactively staging the capabilities needed to transform DHS intelligence—to bring our resources, systems, capabilities, and knowledge base into alignment with longstanding and mature intelligence community organizations. This two-pronged effort requires resolve and careful timing, but I am convinced we have made significant progress. We have created an intelligence program that is attuned to fluctuations in the homeland security environment and one that is working synergistically across the Department to counter the threats faced by our country.

Enhancing Analytic Focus, Quality, and Collaboration

Since its inception, the Office of Intelligence and Analysis has focused on building its core capacities to deliver high quality intelligence. We worked through the challenges of standing up a new organization with a highly diverse and committed workforce. Within the organization, we have defined, established, and integrated the "Homeland Security intelligence" mission, our unique approach to intelligence, and our knowledge and understanding of widely diverse traditional and non-traditional customer requirements.

Last year I realigned the Office of Intelligence and Analysis' analytic resources into five elements to focus on the principal threats to the homeland. In my view, this realignment has improved dramatically the quality of our analysis by honing our focus and pinpointing where we can collaborate with and leverage both our own departmental skills, knowledge, and resources as well as those of the intelligence community. This approach has led to major analytic achievements in my office and across the DHS Intelligence Enterprise. We now regularly produce high quality Homeland Security intelligence assessments for the Secretary and other Department principals, directly support key Department efforts, such as the Secure Border Initiative (SBI) and the Visa Waiver Program, provide improved and more tailored analyses to State, local, tribal, and private sector, and better complement IC analysis with our own unique perspectives.

As I noted, we now have five analytic thrusts to focus and energize our efforts. The first is threats to border security. We look at all borders—air, land, sea, and virtual—and examine a range of threats, such as narcotics trafficking, alien and human smuggling, money laundering, and other illicit transnational threats. These threats are interwoven and, importantly, can provide potential avenues for terrorists to enter the homeland. Our initial focus has been the Southwest border, per the secretary's priorities. During 2007, Office of Intelligence and Analysis intelligence assessments on worldwide travel vulnerabilities and the potential for extremists, terrorists, and other transnational criminals to exploit travel to the United States raised decisionmaker awareness of U.S. border security concerns—an area previously under-reported in intelligence community channels. We also continue to be the only intelligence community organization looking at U.S. borders holistically. A key example of this is our Southwest Border Threat Assessment, which underscores the range of issues threatening border security as well as their potential nexus to terrorism.

My office's Intelligence Campaign Plan (ICP) is expanding DHS intelligence capabilities focused on border security by forward-deploying intelligence officers to key border intelligence centers and augmenting border threat analysis, requirements, and classified communications infrastructure. This year, I deployed the first Homeland Intelligence Support Team (HIST) officer to El Paso, Texas, to provide direct intelligence support and information fusion to front-line operators and agents along the border. The HIST will be staffed with an integrated team of intelligence professionals responsible for identifying the intelligence needs of our border agencies, ensuring that information is coordinated with multiple Federal and local agencies, and facilitating the use of national intelligence resources to support them. The team also will ensure that critical Homeland Security information is appropriately shared with key mission partners external to DHS.

In addition to our HIST in El Paso, as part of our expanding reports officer program, we are deploying reports officers at various cities along the southwest border to provide our operators with situational awareness and information support. The reports officers and the HIST will be coordinating their activities with the SBInet Program Office to fuse information, analysis, and technology to provide new strength to border security efforts. Our border agents are on the line every hour of every day, and the ICP, HIST, and reports officer deployments exist to support their needs.

The office's reports officer program is key to supporting DHS operating elements, the DHS Intelligence Enterprise and the IC—and I have made significant investments in it. It is improving the Department's ability to move information with intelligence value that is gathered by DHS operating components throughout DHS and to other Federal agencies, to our non-Federal stakeholders, and to the intelligence community. I also have been expanding our reporting capabilities through reports officer training of headquarters, field intelligence, and selected operational personnel. Over the last calendar year, we have increased our Homeland Intelligence Report (HIR) production from 2,000 to nearly 3,100 HIRs. These unique, unevaluated reports provide the larger intelligence and homeland security communities with a trove of information that in previous years went unharvested and unevaluated.

A second analytic element in my office is dedicated to assessing the threat of radicalization and extremism. Our top priority is radicalized Islam (Sunni and Shia groups); however, we also look at radicalized domestic groups; to include white supremacists, black separatists, and fringe environmentalists. We do not monitor known extremists and their activities; instead, we are interested in the radicalization process—why and how people are attracted to radical beliefs and cross the line into violence. We are using non-traditional intelligence and working closely with our State and local partners to leverage their insights and expertise to build a baseline of radicalization that leads to ideologically based violence in their localities. From this baseline, we plan to develop an integrated framework for tracking a radical or extremist group's risk for terrorism and assisting policymakers in developing strategies to deter and prevent it.

As a complement to our efforts to look at threats inside the homeland, such as radicalization, we further are collaborating with our DHS Operating Components to focus on a third analytic element, potential threats from particular groups entering the United States—groups that could be exploited by terrorists or other "bad people" to enter the homeland legally or to bring in CBRN or other materials. We further 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 never before has pursued such an effort—one that is important to support the Department, our State and local partners, and the intelligence community. Last year, for example, Office of Intelligence and Analysis analysts assessed factors in global instability that are driving migration to the homeland—a phenomenon potentially exploitable by terrorists. Office of Intelligence and Analysis analysts also led a key effort last year in developing the U.S. Government's security screening program to vet prospective Iraqi refugees entering the United States.

A fourth analytic element assesses threats to critical infrastructure, both private sector and State-owned and operated. We are enhancing our existing analytic efforts in partnership with the DHS Office of Infrastructure Protection in a center—the Homeland Infrastructure Threat and Risk Assessment Center, or HITRAC—to assess terrorist threats to and vulnerabilities in the 17 critical infrastructures identified in HSPD–7. We have completed a baseline assessment for every sector; last year, we completed, from a geographical (vice sector) perspective, 56 State and territory threat assessments—the first ever infrastructure intelligence threat assessments for each State and territory in the Union—to support State and local require-

ments on terrorist and other threats to U.S. critical infrastructure. The Office of Intelligence and Analysis engaged State and local partners in working groups to review and contribute to these assessments, as well as delivered tailored briefings to a wide range of State, local, and private sector customers to enhance their awareness and understanding of the threats.

The last analytic element, but certainly not the least, supports a full range of customers on chemical, biological, radiological, and nuclear (CBRN) threats. We focus on the threat from improvised nuclear devices (IND) and radiological dispersal devices (RDD), or "dirty bombs." We are also developing a major effort on bioterrorism threat analysis to support the Department's role to deter bioterrorism in the homeland. In the bioterrorism area, we are emphasizing the threat of infectious diseases—such as avian influenza—to support the Department's role in pandemic preparedness. Our concerns do not end with infectious human diseases, however, but include infectious animal diseases that could devastate our economy, and we are developing expertise in this area.

Equally important is the fact that we have demonstrated the value of Homeland Security intelligence by contributing regularly—individually and collaboratively—to the President's Daily Brief and the National Terrorism Bulletin. We also have developed key new product lines—such as the Border Security Monitor, CubaGram, Cyber Security Monitor, and Infrastructure Intelligence Notes, as well as a much-demanded, rapid turnaround publication for State and local customers—our Chief Intelligence Officer Notes. These product lines respond to the demand for breaking, emerging, and quickly evolving information updates on foreign and domestic threats and incidents with a potential impact on homeland security and principally respond to the concerns of our non-traditional customers—homeland security operators and policymakers as well as Federal, State, local, tribal, and private sector partners—for tailored, timely, and actionable intelligence.

Sharing Information and Quality Analysis Across the Homeland Security Operating Environment

Across this land, the "seamless community of intelligence professionals," which I described to you last year, is expanding. Over the last year, DHS Intelligence continued to set the standard for integration by solidifying productive, collaborative relationships with traditional intelligence professionals; operational and law enforcement intelligence professionals; and State, local, tribal, and private sector intelligence professionals. As you know, all members of this community are equally essential to its success—the threat is too decentralized and complex to be destroyed without the full engagement of the community as a whole.

Our success rests on our collective abilities to share information, collaboratively fuse this information into a clear threat picture, cooperate to fill the gaps in understanding the threat, and communicate the threat to the right stakeholder at the right place and time. As mandated by the Congress, my office leads information-sharing efforts across all of DHS. Working with the Program Manager—Information Sharing Environment (PM–ISE), I continue to create and implement the framework for the DHS information-sharing environment.

Last year, the Department also improved substantially the foundation for its congressionally mandated Information Sharing Environment by establishing the information-sharing governance structure and improving information-sharing processes and products, such as the Data Asset Catalog. On behalf of the entire Department, the Office of Intelligence and Analysis is leading the development of the DHS Information Sharing Environment framework. A critical element of this framework is the information-sharing governance structure. We established the three-tiered structure to represent all DHS components and enable us to speak with "one voice" to our external partners. The Information Sharing Governance Board (ISGB), which I chair, is the decisionmaking body on all DHS information-sharing and collaboration issues. The DHS Information Sharing Coordinating Council (ISCC) is the implementing body for Department-wide information-sharing matters, and supports the ISGB. As part of this structure, we are building "shared mission communities"—such as law enforcement—to provide a community-based forum to address barriers to information sharing and resolve issues which resonate across a shared mission. This allows us to ensure that while we address policy and technology aspects of information sharing, we're also building a culture of collaboration.

DHS also is addressing requests from the Intelligence Community for access to DHS information. The Office of Intelligence and Analysis has been working with DHS Components and our intelligence community partners to remove information-sharing barriers and develop a standardized approach to information sharing using Information Sharing and Access Agreements (ISAA), in order to facilitate external requests for DHS information. We are also creating Shared Mission Communities

(SMC) to align component activities according to shared missions in an effort to increase efficiency and transparency across agencies; remove barriers to information sharing—both real and perceived; and develop a culture of information sharing and collaboration. The first SMC, the Law Enforcement Shared Mission Community (LE–SMC), has brought all of the DHS law enforcement components together to address information-sharing opportunities and to build a coordinated approach to information sharing. Other SMCs, including critical infrastructure, border security, and transportation, will follow. Through this framework, we have increased our momentum in implementing the secretary's "One DHS" vision for improving information sharing—contributing to a more integrated DHS and ensuring the timely and efficient access of information between mission partners.

The Office of Intelligence and Analysis has continually expanded its outreach, both within the Department and outside the Department to support State and local partners. As a key cornerstone of our outreach efforts, my office has deployed 22 representatives, and will be deploying more to reach 26 by the end of fiscal year 2008. As the Chief Intelligence Officer in DHS, I have been uniquely challenged in developing a program that not only is consistent with the expectations of the 22 different areas within the Department of Homeland Security, but also meeting the needs of our Federal partners, and most importantly meet the needs of the State and local customers for which the program was developed.

The partnerships the Office of Intelligence and Analysis has nurtured in the State and Local Fusion Center Program Management Office are demonstrably successful when one considers the enormity of the task. The first area the Office of Intelligence and Analysis needed to bring partners together in the program's creation were internal, meaning the divisions within the Office of Intelligence and Analysis, whose resources would be stretched to support such a program. The Office of Intelligence and Analysis has developed a group of leaders from within each major area of the Office and worked with them to create a program that would work across any parochial mission areas and not interfere with existing work already being conducted with our State and local partners. The success of these endeavors is best summed up in an excerpt from a letter sent to Secretary Chertoff by the Los Angeles Chief of Police William Bratton. Chief Bratton wrote, "I would like to personally thank DHS, and specifically, I&A [the Office of Intelligence and Analysis], for taking our partnership to the next level and look forward to reading future joint intelligence products that highlight our shared interests as we work to protect and secure America." Sheriff Bob Alford of Johnson County, Texas, echoed this spirit when he stated, "We very much appreciate the information that is passed along to our agency. It has been very beneficial in helping to stop rumors going around the county, keeps us informed as to any threat to our county and is the first time in my career that we have received regular and frequent information from the Federal Government."

Clearly, our information gathering, reporting, and analytic efforts would be undercut dramatically without a functional information technology and knowledge management backbone and structure. Recognizing this, last year we created the Homeland Secure Information Network (HSIN)—Intelligence, a secure but unclassified portal, to distribute unclassified DHS and State and local intelligence to Federal and non-Federal analysts and customers. We further developed a virtual analytic community of interest with our State and local partners—the Homeland Security State and Local Intelligence Community (HS SLIC)—on the HSIN–Intelligence portal and last year sponsored analytic conferences on radicalization, weapons of mass destruction (WMD) threat detection and prevention, and border security. Each of these three collaboration activities brought together—and HS SLIC continues to bring together—over 100 analysts from across the country. Such efforts result in an enhanced shared analytical understanding between DHS and other Federal, State, local, and tribal agencies; a greater ability to assess threats via multi-level government participation, meshing domestic on-the-ground knowledge with overseas intelligence; and increased intelligence sharing with our Homeland Security partners such as Governors, homeland security advisors, private sector owners and operators, and State, city, and county officials.

While the Office of Intelligence and Analysis continues to expand our reach we continue to realize the need to bring the customers in during the program's growth to ensure their voice was heard as the program matures. Per the recommendation of Congress we have established a Law Enforcement Fellowship program that will soon be receiving its third candidate this year. The Office of Intelligence and Analysis has also worked with many Federal partners and advocacy groups simultaneously to expand the Fusion Center Guidelines. This requires balancing the interest of many parties and ensuring that work is not allowed to be stalled by the parochial interest of any one participant. I believe this success was recently dem-

onstrated when both OMB and the House and Senate appropriators doubled the program's baseline in only its second year of existence.

Further, we are streamlining and merging disparate classified networks into a single, integrated network—the Homeland Secure Data Network (HSDN)—to help increase the sharing of intelligence and other information securely to fulfill its homeland defense mission. Homeland security leaders envision that HSDN will become the major secure information thoroughfare joining together intelligence agencies, law enforcement, disaster management, and front-line disaster response organizations in the common goal of protecting our Nation and its citizens. We are actively deploying HSDN internally and to our State and Local partners. We have a program to ensure relevant information is made available on these networks.

As the under secretary for the Office of Intelligence and Analysis I work on a daily basis to influence the State and Local Fusion Center Program Management Office's direction on a national level. The Office of Intelligence and Analysis conducts its work with our partners mindful of the very strong concerns of our citizens over the protection of civil rights, civil liberties and privacy at all levels of our relationship. As this committee is aware, the Office of Intelligence and Analysis continues to be a principal supporter of the Fusion Center National Conference at which nearly 500 State and local intelligence leaders will be present along with many of our Federal partners. In total nearly 800 people, including you Madam Chair, will be in attendance. This is nearly a 25 percent increase in participation over last year. In very real terms the Office of Intelligence and Analysis faces the task of maintaining these very important relationships on a daily basis and actively influences policy concerning this program at senior levels of Government. I remain committed to the program and our State and local customers as we move forward in this mutually beneficial relationship.

Interagency Threat Assessment Coordination Group (ITAC–G)

A major emphasis of the Office of Intelligence and Analysis has been the establishment of the Interagency Threat Assessment Coordination Group (ITAC–G), which has been stood up under the management of the National Counterterrorism Center (NCTC) to help us meet the information needs of our State, local, and tribal partners. I have provided two senior officers from the Office of Intelligence and Analysis, along with two officers provided by the FBI, to lead the stand-up of this organization. I am extremely pleased to report that the ITAC–G achieved Initial Operating Capability (IOC) on 30 January 2008 and that current staffing requirements have been met. In total, four Federal and four State personnel, as well as contractor officers, are working in dedicated spaces with essential systems connectivity in NCTC.

The ITAC–G has already begun providing valuable input to intelligence products disseminated to State and local organizations, and its personnel regularly attend NCTC meetings and are engaged in NCTC production processes and activities critical to serving non-Federal customers. Since stand-up operations began on 23 October 2007 under DHS day-to-day leadership, the ITAC–G has reviewed more than 25,000 finished intelligence products. From that review, the ITAC–G identified products that meet State and local needs, and has already disseminated many of them to State and local officials. Since 23 October, the ITAC–G also has reviewed 1,576 separate reports on worldwide threats to U.S. interests, identifying 69 of these as possible threats to the homeland. Further review by the ITAC–G revealed five reports of questionable credibility, two of which required better characterization of the threat or source. As a direct result of the ITAC–G's efforts, DHS and the FBI refined our characterization of the threat and released joint reports on the two cases noted above requiring further threat detail.

We have also established the Advisory Council to the ITAC–G, which I head on behalf of the secretary that will meet for the second time tomorrow. I have set an ambitious agenda, centering on our discussion of a number of priority challenges that we all expected the fledgling group would encounter—from recruitment of State, local, and tribal personnel; to establishing a formal mechanism and feedback process for State, local, and tribal customers, who will be key to strengthening the ITAC–G's value and evaluating its success. I am confident that DHS, FBI, and NCTC in collaboration with the ITAC–G Advisory Council and ITAC–G personnel will work closely together—not only to ensure that the ITAC–G meets the letter and spirit of statutory obligations vis-à-vis State, local, and tribal needs, but also to synchronize and harmonize intelligence community support to our State, local, and tribal partners.

THE ROLE OF THE UNDER SECRETARY IN INTEGRATING THE ENTERPRISE

I am grateful for your support to my office in the *Implementing Recommendations of the 9/11 Commission Act of 2007*. The "9/11 Act" elevated my position to an under secretary, effectively codifying the authorities previously conferred on me by the secretary. I now have an even greater responsibility—under the law—for integrating the activities of the Component intelligence organizations of the Department. My goal is to ensure that we are efficient and effective in our approach toward inculcating a common intelligence culture.

Passage of the 9/11 Act, and within it, the creation of the under secretary for Intelligence and Analysis, displayed farsightedness on the part of this subcommittee. The 9/11 Act underscored the need for a robust and integrated intelligence and information-sharing program within DHS. Using existing Intelligence Enterprise governance and oversight mechanisms, I have been laboring to evaluate and refine the direction, efforts and resources necessary to implement its objectives. Appropriate resourcing is fundamental to our success, and DHS will be assiduous in ensuring that we are extraordinarily efficient and effective in the use of our appropriated resources. I encourage the subcommittee to recommend that the DHS intelligence program be adequately resourced to fulfill the laudable objectives of the 9/11 Act.

As the chief intelligence officer of the Department, I created in 2006 the Homeland Security Intelligence Council (HSIC), providing a venue for all DHS Intelligence Enterprise leaders to discuss issues and collectively make decisions of consequence to the entire Enterprise. Under my authorities, I conduct annual DHS intelligence program reviews and work with the DHS Office of Policy and the chief financial officer to issue intelligence guidance as part of our resource planning and programming cycle. I am now required by law to present a consolidated DHS intelligence budget to the secretary. The program reviews provide the analysis and insights necessary for me to identify comprehensively for the secretary the requirements and activities of the DHS Intelligence Enterprise. These reviews also show me how to streamline and structure departmental activities to leverage efficiencies of scale and eliminate unnecessary programmatic duplication. This year, I hope to expand and diversify beyond annual program reviews to include periodic, focused, issue-based evaluations of smaller component intelligence activities throughout the entire year.

I have been guiding our program and budget efforts toward the creation of a Homeland Security Intelligence Program (HSIP) to manage the Department's nonnational intelligence programs that contribute to homeland security intelligence collection and analysis. The HSIP will encompass the resource planning, programming, and budgeting activities of all members of the DHS Intelligence Enterprise. I have been laying the groundwork to implement the HSIP for the last 2 years through the collaborative leadership of the HSIC, the Homeland Security Intelligence Integration Board (HIIB), the Intelligence Career Force Management Board (ICFMB), and the Intelligence Systems Board (ISB). I believe DHS is now well-positioned to establish a standardized basis for how the DHS Intelligence Enterprise conducts its activities, and fully bring into practice the goals envisioned in the 9/11 Act. The HSIP will allow the Department, through the Chief Intelligence Officer, to more effectively and efficiently provide oversight and direction to all DHS intelligence resource planning, programming, and budgeting in a concerted fashion to better ensure that all elements of DHS are properly resourced, equipped, and collaborating to maximize fusion and analysis of homeland security intelligence data collected. Over the next year, I will continue to establish policies, procedures, standards, and other guidelines to implement the HSIP in conjunction with the Chief Financial Officer, the Office of Policy, and the HSIC.

Furthermore, as a member of the Intelligence Community and in my role as the program manager for the DHS National Intelligence Program, I participate in the DNI's Executive Committee. As an active member of this committee, I ensure that the intelligence needs and capabilities of the DHS Intelligence Enterprise, State and local officials, and private sector owners and operators are a tightly woven, integral part of the fabric of intelligence community planning and requirements.

I continue my efforts to recruit and develop an outstanding workforce and retain high performers by investing in a strong training, education, and professional development program. Without appropriate training and education, the DHS Intelligence Enterprise will operate neither as a culture nor as a unified workforce. Thus, I have made it a cornerstone of my efforts with the HSIC to develop and institute training programs that serve the entire Enterprise as well as our State and local partners. The first two iterations of the 6-week Basic Intelligence Threat Analysis Course were conducted last year, and the third iteration is under way as I sit here before you. This key milestone of the DHS Intelligence Enterprise Education, Training,

and Professional Development Strategy provides basic level intelligence training to new intelligence analysts and to State and local personnel who are customers of DHS intelligence. This year, I will begin development of a complementary Mid-level Intelligence Threat Analysis Course. We have made significant progress in establishing a strong collection requirements and management program, building an initial capacity in open source intelligence, streamlining the reporting of information of intelligence value by our reports officers, and improving our exploitation of information gathered through the Department's conduct of its law enforcement authorities.

THE PRESIDENT'S FISCAL YEAR 2009 BUDGET SUBMISSION

Now I would like to address how the President's fiscal year 2009 budget submission supports the Office of Intelligence and Analysis efforts. First, I am pleased to inform you that the 2009 budget submission includes funding for seven critical areas that will allow the Office of Intelligence and Analysis to bolster and sustain its core missions and further integrate the DHS Intelligence Enterprise: State and Local Fusion Center deployments; intelligence analysis; intelligence requirements, collection, and dissemination; integration planning; information sharing; outreach; and mission support. In each of these areas, as I have sought to demonstrate throughout this testimony, we have made much progress. Still, we have much work ahead to accomplish.

The President continues his commitment to a national fusion center network that is already demonstrating results by providing the Office of Intelligence and Analysis with additional funds to expand its representation at State and Local Fusion Centers (SLFC) across the country. The fiscal year 2009 budget will enable the Office of Intelligence and Analysis to deploy additional intelligence analysts and HSDN connectivity to SLFCs, provide security awareness training to SLFC personnel accessing sensitive Federal information, more robustly conduct privacy and civil liberties awareness and protection training, and continue the Office of Intelligence and Analysis' efforts to provide intelligence support to the SLFCs from headquarters. I am encouraged by Congress' continuing support to the State and Local Fusion Center Program Management Office and look forward to working with them to fully fund the program in fiscal year 2009 in order to meet both the President's goals and objectives and the requirements of the 9/11 Act. I must also be mindful that this direct customer support requires a robust analytical and support engine behind it to remain successful. I am eager to work with the legislative branch to ensure all levels of State and local support are funded at the President's request level to ensure the continued success of the national network of fusion centers.

The fiscal year 2009 budget provides additional funds to hire more WMD analysts within the Office of Intelligence and Analysis. These analysts will focus on WMD-related threats to the United States and provide the Office of Intelligence and Analysis with greater access to a critical source of WMD threat information, Project ARGUS, and the robust streams of human and animal biosurveillance data available from around the globe.

These analysts also will contribute to a core Office of Intelligence and Analysis mission—integration of the Intelligence Enterprise—by working closely with analysts from other DHS Component intelligence organizations to develop timely, tailored, and actionable, homeland-focused public health and medical intelligence products for our Federal, State, local, tribal, and private sector partners. They will further help to institutionalize my office's relationships with other departmental partner organizations, such as the Domestic Nuclear Detection Office, Science and Technology Directorate, National Preparedness and Protection Directorate, and the Office of Health Affairs.

In addition, these analysts will support the expansion of the Office of Intelligence and Analysis' ability to identify foreign persons posing a WMD threat who are coming to the United States or are already here. This expansion effort will facilitate the full analysis and screening of such persons in order to advise the law enforcement community and the intelligence community on potential WMD-related threats to the homeland.

The fiscal year 2009 budget for intelligence requirements, collection, and dissemination will allow the Office of Intelligence and Analysis to hire additional personnel to support the acquisition and reporting of all unevaluated component information of potential intelligence value to Federal, State, local, tribal, and private sector entities that have responsibilities relating to the security of the homeland. With these additional personnel, DHS will be able to increase its ability to acquire all threats/all hazards information available through the State and Local Fusion Centers (SLFC). The reports officers will be trained on how to handle law enforcement infor-

mation to ensure it is appropriately protected, and that departmental records and databases are reviewed within statutory and regulatory prescriptions. This activity supports the Office of Intelligence and Analysis' core mission of sharing relevant information across the DHS Intelligence Enterprise and the intelligence community.

The President's budget will also provide increases for the Office of Intelligence and Analysis' open source (OSINT) research and analytic capabilities, recognizing the intelligence value of information that is freely found in the public domain. This increased capability will allow the Office of Intelligence and Analysis to conduct OSINT research, acquisition, collection management, content management, and knowledge management to increase the quantity of relevant OSINT provided to our customers. Exploiting this type of information complements the broader intelligence community's open source investments and allows DHS to better serve Federal, State, and local customers.

These new initiatives—along with the maturation of DHS' Integrated Collections Strategy and fused approach to intelligence, surveillance, and reconnaissance—will improve the Department's responsiveness to the needs of our internal and external partners.

Overall, the President's fiscal year 2009 budget request sustains Office of Intelligence and Analysis investments in information sharing—the lynchpin of Enterprise Integration and Homeland Security outreach. The Office of Intelligence and Analysis will further develop the enterprise architecture and expand our connectivity with our Federal and non-Federal partners. One of the cornerstones of these endeavors is the expansion of a collaborative information environment at the SECRET level, which will foster classified communication among the Department's components and with our State and local partners. This capability, coupled with the Department providing access to both intelligence reporting and analytical products at the unclassified and For Official Use/Sensitive But Unclassified levels, will enhance our information-sharing relationships with State, local, tribal, and private sector partners.

Through an Integrated Product Team, we are fully engaged with the DHS Science and Technology (S&T) Directorate and other departmental components to identify, develop, and acquire technology to help us improve information sharing. For example, S&T resources are targeted to develop technology that will improve data sharing and data fusion for information sharing.

As chief intelligence officer, and now as under secretary, I have initiated many programs within the Office of Intelligence and Analysis critical to the security of our Nation. Activities such as the National Immigration Information Sharing Operation, the National Applications Office, media exploitation, reports officers, and State and Local Fusion Center representatives are either providing or poised to provide broad access to unique DHS information. We must invest in the support network that allows all of these programs to function effectively. As an under secretary reporting directly to the secretary, I must capably manage taskings, people, and funding; ensure laws and Federal regulations are strictly adhered to; and create programs and policies to integrate the DHS Intelligence Enterprise. As intelligence activities within DHS expand, the Office of Intelligence and Analysis must realize a commensurate increase in staff capabilities to provide adequate organizational support and oversight. The fiscal year 2009 budget will allow me to hire qualified personnel to provide mission support in areas such as budget, human capital, and administration.

Further, as the complexity of the Office of Intelligence and Analysis' operations has grown so has the need for statutory and regulatory guidance. To this end, the fiscal year 2009 budget will also allow me to hire needed attorneys and program managers to ensure the Office of Intelligence and Analysis strictly observes all U.S. laws, regulations, and policies that protect privacy, civil rights, and civil liberties. Additional personnel will also be used to more effectively implement and monitor Office of Intelligence and Analysis operations, programs, resources, and performance.

CONCLUSION

Members of the subcommittee, I want to convey to you my personal sense of urgency and commitment to the mission we all share—ensuring that DHS has the intelligence capability to address threats to the homeland. The United States and its allies are engaged in a global struggle against a broad range of transnational threats. DHS Intelligence is a modestly sized program, but the budget before you reflects this urgency. The Office of Intelligence and Analysis budget request will enhance departmental intelligence capabilities to address the "complex and dynamic threats" outlined in the President's National Strategy for Homeland Security and

continue the process of integrating the DHS Intelligence Enterprise, as mandated in the 9/11 Act.

As always, I welcome the opportunity to appear before this subcommittee to share our key accomplishments and review the major funding priorities in fiscal year 2009. These priority areas are vital to advancing DHS Intelligence to where it should be. Overall, the realization of a national homeland security intelligence community rests on addressing these areas. The Office's challenge in fiscal year 2009 is to aggressively pursue DHS Intelligence and Analysis' evolution and to maximize budgetary resources to build on our capabilities and sustain an inclusive partnership of equals to meet our critical mission of protecting the homeland.

None of us—whether at the Federal, State, local level, or in the intelligence community—can unilaterally predict the threat, warn our stakeholders, and take action to mitigate the risks. Our success depends on our ability to work together, while never losing sight of the privacy and civil liberties of the public that we are sworn to protect. We are constantly besieged by enemies, foreign and domestic, which require perpetual awareness to mitigate the myriad threats. Our success in protecting our Nation's security depends on how relentlessly we collaborate.

Thank you and I look forward to your questions.

Ms. HARMAN. I thank the witness.

Now it is time for questioning, and I yield myself 5 minutes for questions.

Mr. Allen, I listened carefully to your summary, and I do appreciate—I think we all appreciate that your office is making progress. But what I continue to hear is that your office is making progress inside of DHS, but I don't really hear that your office is being a good partner to other agencies in helping the NCTC process to evolve.

Let me remind us all that initially, when the Homeland Security Department bill was passed, the intelligence function and the intelligence fusion function were all within DHS. President Bush then decided sometime later to set up a separate office called the Terrorist Threat Information Center, TTIC, outside of DHS, free floating but more or less attached to the CIA. I am sure we all remember this. That office has evolved into the NCTC, which was given its status when we did the intelligence reform legislation. The NCTC is, again, free-floating, and it is a fusion center for all of the Federal agencies that work on intelligence.

This committee expects you to be a full partner with the NCTC, and we set up this new—what you call the ITAC–G, and I just call the ITACG—system to incorporate State, local and tribal people in the process of developing Federal intelligence products for State, local and tribal consumption. The reason we did this is because we felt that their perspective would be enormously helpful in designing products for them to use.

We still don't feel—in the information I have, we still don't feel that you are fully cooperating with this group. I am just curious, for example, have you met with the State, local and tribal detailees from Phoenix, Washington, DC, Boston and the New Jersey State Police who are now here as part of the ITACG? Have you personally met with them?

Mr. ALLEN. I have personally met with all of them, and we have supported getting them—two of them, getting them on board and funding them through a process called IPA, independent—independent governmental authority in order to bring them on board and bring them on board effectively.

We have worked very closely with NCTC on the whole process. We have worked closely with the FBI. We have—I have two of my

most senior officers leading and helping work with the FBI and State and local officials. We have worked very hard to get them onboard, to get them to meet all the security requirements of NCTC. I work closely with Mike Leiter, who is the acting director of NCTC, and he and I agree that it is working well.

There is a report that will be coming, I believe from the information-sharing environment program manager, that will lay out the first quarterly report on the ITAC–G progress. I am very, very pleased with what we are doing. I can cite statistics, but I don't really have time. They are putting in a lot of data into the State and local fusion centers and State governments.

Ms. HARMAN. Well, let me ask you to define what you think is the job of these participants in the ITACG and I am also curious to know whether they are involved in producing documents as part of their jobs that are stamped or identified as documents produced by the ITACG.

Mr. ALLEN. Their job, as laid out in their charter, is not to do original analysis and research, but to ensure that all Federal information, whether it is at NCTC or in DHS or the FBI that can be sent down to the State and local level that is of threat interest to them, has done so. They have done an extraordinary, extraordinary job.

I mean, the ITAC–G has reviewed over 34,000 intelligence products that are out at NCTC. Twenty-five of those products were identified, and a number of those products, 16 of those 25, were downgraded and are being sent out to the State and local government because they involve more detailed assessment on terrorism tactics, techniques and procedures.

So there is a significant amount of work that is under way. These people are fully engaged. My support of them, everything, every joint advisory that we and the FBI have produced—Art Cummings and I—is reviewed and coordinated with the ITAC–G, which goes out as threat—joint threat advisories with the Bureau.

Ms. HARMAN. Again, my understanding is that the joint explanatory statement says that they are not just to review products; they are empowered to create products. I also understand that most of their products to date have been disseminated through NCTC Online, which is a Secret-level network which most police and sheriffs departments don't have access to.

So, Mr. Allen, my time has expired, but I suggest to you that there is a lot more to do in terms of cooperating with this effort. This committee sees its mission as representing the people in the field and helping them to get better information from the Federal Government, not the other way around. In talking to those people, I don't have—if we have a second round of questions, I will give you more time to respond.

Mr. ALLEN. Thank you. I would like to do that.

Ms. HARMAN. In talking to those people, the impression I get—and this is from numerous field hearings and visits that we have had. The impression I get is that they are frustrated, and they don't see full participation by your office in the ITACG group.

Let me give you a chance to say something if you need to, but then I am going to yield to the Ranking Member.

Mr. ALLEN. Let me just say that I chair the ITAC–G Advisory Council. The ITAC–G Advisory Council is made up of 50 percent Federal, 50 percent State, local and tribal. We have met twice. We are supposed to meet quarterly. I have directed that we will meet monthly either by teleconference or in person.

We have had two separate sessions. We have flown people in from around the country.

We are going to broaden the State and local representation, and that is one that I have advocated, to put a tribal representative within the ITAC–G and, probably, someone representing the fire administration, all the fire departments of this country.

So we are moving up I think quite swiftly.

Ms. HARMAN. Thank you.

The Chair now yields 5 minutes to the Ranking Member for questions.

Mr. REICHERT. Thank you, Madam Chair. Again, I want to focus on the State and local partnerships through the fusion centers.

I think I have seen some improvement as I have talked to police chiefs and some of my old sheriff friends across the country, and especially in the Northwest area. But there are still some concerns.

How close contact or how closely do you work with the Office of Grants and Training?

Mr. ALLEN. That is an area where we do the threat analysis. We look at threats as they are raised across this country at the State level and at the city level.

We have a very, very good way of assessing that. We do the threat. However, the Infrastructure Protection Directorate then, along with FEMA, looks at vulnerabilities; and between threat and vulnerabilities, you make a policy decision on risk.

We don't make the decisions relating to grants. We provide the threat information keeping us out of policy decision-making, keeping us as professional intelligence officers.

Mr. REICHERT. Yes. But you definitely understand the connection between the financial support for local—State and local and their ability to participate in fusion centers. I hope that in your position you have—you voiced an opinion there on this, the need for that money.

Mr. ALLEN. Well, my view is that the Fusion Center is a great new development in this country. It is going to make this country safer not only from terrorism, but a host of other threats; and our ability to share information and to embed officers out there is going to make, I think, a great deal of difference along—working with our partners, the FBI, I think is going to make a great deal of difference in the coming years in the security of our country.

Mr. REICHERT. What are the top priorities of your office? Are they the ones mentioned in your statement, the realignment, the five points of realignment in your——

Mr. ALLEN. Yes. My top priorities really involve building a cadre of professional officers; we did not have that when I arrived. We are hiring and recruiting from the university system, developing and mentoring and nurturing people who have analytic skills, to be able to send highly qualified officers out to the field to help us with information sharing.

Second, to build our information management systems that we did not have when I came there.

Third, of course, is to train, to develop a robust training program.

I would say, fourth, we need to build a more robust open source effort, and we are getting a lot of assistance from the Director of National Intelligence and David Shedd in that endeavor.

Mr. REICHERT. So in the development of the fusion centers, just to kind of centerpiece this effort in bringing locals and Federal and State agencies together, will the budget allow you to perform this task to bring State and locals together?

Mr. ALLEN. Well, we obviously are going to be straining it this year to reach our stated goal of having 35 embedded officers out there. We do not have quite the funds to do that now. We will probably have to do some reprogramming in order to do that or to meet that goal.

Fiscal year 2009, if fully funded, will meet some of our goals to do that.

Mr. REICHERT. Are the 35 on top of the 19 that you talked about last year you added?

Mr. ALLEN. I am sorry. I didn't hear the question.

Mr. REICHERT. Is that an additional 35?

Mr. ALLEN. No. That is 35 in total last year. We obviously will have to grow beyond that.

Some States have several fusion centers. Some States have very large populations. Our officers are really overtaxed trying to cover the States. Some of my officers work many additional hours each week, and out in the State, in order to cover—in order to meet the needs of the homeland security advisors and the heads of the fusion center.

Mr. REICHERT. I want to ask this last question, basically for your information, too, that this is what I am hearing from sheriffs, very concerned. Again, I know that it is not your primary area of authority, but certainly you have a connection here.

You repeatedly discussed the importance of State and local fusion centers to the Department's intelligence mission. The President's strategy for information sharing also knows the importance of fusion centers and discussed the need for sustainment of funding for these centers through the Federal Government. But we are told that there are some cuts that are coming to specific programs.

What Federal resources are we going to use to fund these centers in the future?

Mr. ALLEN. We obviously are going to be facing, I think, a crossroads on this, the level of Federal funding and how much it will be sustained over time and what will be State and local government responsibilities.

I have this issue raised with me everywhere I go, whether it is in Florida or California or Wisconsin. You name it, we have some serious issues about sustained funding of fusion centers. Because as good as they are and as great at innovation as fusion centers, in my view they need to be sustained in order to help keep our country safe.

Mr. REICHERT. I appreciate your answers.

I yield. Thank you.

Ms. HARMAN. The Chair now yields 5 minutes to Mr. Carney of Pennsylvania.

Mr. CARNEY. Thank you, Madam Chair.

Welcome, Mr. Allen. Thank you for your testimony.

I guess I have some questions, you know, besides things like the classification of personnel issues, what other sources of impediments do you see toward the standing up of the—sort of system of fusion centers that you would like, and what other things are slowing it down in places?

Mr. ALLEN. Well, I think there is a range of issues that does affect standing up the fusion centers. Some fusion centers do not have all the security requirements because we want to feed those fusion centers with Secret-level information. They clearly need to be certified and improved to handle secure intelligence. That is one issue.

I think one of the things where—and I will acknowledge it—we have not put our homeland data network out there, or homeland security data network, Secret level, at the speed that we need to at the fusion centers. We are trying to move it as fast as we can, but we have a shortage of resources in doing that. So there are some impediments.

At the same time, at the homeland security intelligence area, at the official use level, we are doing a lot of issues. We have 41 States which we meet with on a weekly basis by secure—by teleconference, secure teleconference, where we talk about threat information, new terrorism techniques, tactics and procedures. This is a whole new innovation. We call it the SLICK system.

We are having a major fusion center conference out in San Francisco. This is one we are doing jointly with the DNI and with the Department of Justice. I think this will be testimony to how far we have come in the last 2 years.

Mr. CARNEY. Well, that is good to hear that we are moving forward.

How many fusion centers do we need in the Nation?

Mr. ALLEN. We can't dictate that. I think that comes from the States, the States, what will be required. California has four. Some others have more than one. Your State, Pennsylvania, they clearly would put one in Harrisburg and they are thinking of putting another one up in Philadelphia, which is a major UASIs center city, as well as seaport.

So I think probably Pennsylvania will probably want to have a couple. We will want, as soon as you—most of these are not yet mature. But as soon as they are mature, it will go to the top of the list, and Pennsylvania will have one of my officers there helping.

Mr. CARNEY. Well, awfully glad to hear that, obviously.

When we have less populous States, does every State need a fusion center, a couple of fusion centers? Do we need a system, do we need regional ones? How do you envision it?

Mr. ALLEN. I think we will find that some of the States will go together in regional networks. We already have fusion centers engaging in regional networks today in the Southeast, out in the far Southwest, in the Northeast. We see a cooperation, I think, in some of the less populous States. We will have fusion centers maybe serving two or three States and I think that makes good sense.

Mr. CARNEY. Okay. Back to the issue of the classification thing. Is the State responsible for building the SCIFs that can hold the classified information or is it DHS?

Mr. ALLEN. I think the States have to help build the SCIFs. We certify them. I have a senior officer behind me here who helps work the certification of secure networks. We help certify the security of—DHS Security does, but the States have a responsibility to sort of meet Federal requirements for the handling of classified Federal information.

Mr. CARNEY. Okay. No questions at this time.

Thank you, Madam Chair.

Ms. HARMAN. Thank you.

The Chair now yields 5 minutes to Mr. Perlmutter for questions.

Mr. PERLMUTTER. Thank you, Madam Chair.

Mr. Secretary, I would like to start with—you know, as we have talked about this, and I will move to the fusion centers in a second. But we need to have strong, you know, security apparatus in place; and one of the places where there have been developments we have not quite finished is in this National Applications Office. I just have questions to you as to—you know, we have this space kind of intelligence system in place. It is moved over from the Geologic Survey or whatever department it was in.

One of the things we have been talking about is putting in the protocols to make sure we can use that in a way that benefits our country and, you know, aids in our security without, you know, stepping all over certain rights of privacy. Where are we on the protocols?

Mr. ALLEN. We are in the final process of having the charter signed by the principals involved—the Secretary of Defense, the Attorney General, the Director of National Intelligence and the Secretary of Interior. We have—we believe we have an agreed-upon charter that will be very clear to you on permissible and impermissible uses of the National Applications Office.

We really do believe that we have met your requirements and that of Chairman Thompson of your House Homeland Security Committee. We are very confident that we have privacy and civil rights and civil liberties fully protected. We will have a full-time attorney working within the National Applications Office. In addition to layered review that will occur in the National Geospatial Agency, because they will not accept a request for National Technical Means imagery without doing their own internal review.

So I think what we have is something that you will be very proud of and very pleased with.

Mr. PERLMUTTER. Good. Let me switch to open source issues.

I would like to know what Homeland Security is doing today to provide open source information to—or to assist local law enforcement agencies with all this information that is out there by the bucketful or the truckloads or whatever.

Is there some kind of procedure in place to assist local law enforcement with this information?

Mr. ALLEN. Well, that is exactly what we are doing with this State and local government pilot—with this pilot project that I have described to you.

One of the efforts is to grow our open source program in accordance with what they really need at the very local level. I think we have a very good idea, as a result of this pilot project in five States.

At the same time, we are getting four billets from the Director of National Intelligence. We are also getting some small funding support to put against our pilot project, which we hope to expand across the country. We also then need to train at the local level, how to use open source, what is of value and what isn't.

So I am very, very pleased that our open source program is going to, I think, take—get real traction in this coming year. We would be happy to come back and talk to you in more detail on how we are using open source. There are a lot of research tools that will help you use open source more effectively, which the DNI and others and CIA have, which we would like to also use in working with State and local governments.

Mr. PERLMUTTER. Thanks.

The committee has a bill that I introduced that might assist you with respect to open source, although I think you really have a lot of the tools at your fingertips now. I am glad to see that you are really focusing on this subject.

I guess the last question I have is, what kind of—you know, going back to the fusion centers, I always—when I am asked questions about homeland security when I am out on the stump in Colorado, I say one of the places where there has really been an improvement is the fact that the agencies, whether it is the CIA, DHS, FBI, are all talking to one another so that they get a whole picture of what might—what kinds of threats might exist.

How are you coming up with credentialing so that information can go down to the local law enforcement agencies? Have you run into any trouble, you know, being able to pass that information down to the ground in Colorado or anyplace else?

Mr. ALLEN. I think—I think we are making progress. I think we need to make more progress. We look to the National Counterterrorism Center, as Chair Harman said, to help be the overall integrator and assessor of terrorism threats, both domestic and foreign. But we are actually working very closely with the FBI and Central Intelligence Agency, other agencies that collect technical intelligence in order to write for release.

We have sent something at the Secret level today to State fusion centers, which we worked jointly with the FBI, which I showed to the secretary this morning. I said, this threat we don't believe is serious, but here is an example of where we really have worked together with NCTC and the FBI; and the ITAC–G saw it and approved it as well.

So I think things are starting to work the right direction. I think we are on course.

Mr. PERLMUTTER. Okay. Thank you.

Thanks, Madam Chair.

Ms. HARMAN. Thank you. We have the ability to ask a second round of questions if Members are interested. I have just a couple things I would like to say, and other Members are welcome to do this. Mr. Reichert said that he stepped out momentarily but may be back as well. So I suggest we stick around just a little longer.

Mr. Allen, you hear my frustration. We hear from people involved in the ITACG. There is no need to identify them, but they clearly communicate to us that they don't feel you are the full partner they expect.

I have now some of the language from the joint explanatory statement to the 9/11 Act, and it tasks you to identify information that is of interest—this is through the ITACG—of interest to State, local and tribal law enforcement to produce reports which can be disseminated to them in an unclassified format, or at the lowest possible classification level, and to assist in the targeted dissemination of products to appropriate customers.

So one of the three pieces here is, produce reports. I am not sure that your answer on the record was clear enough. Do you believe that the ITACG detailees are producers of intelligence products? Or do you believe that they are just supposed to provide advice?

Mr. ALLEN. I believe that they are supposed to look at threats, stay abreast of the threats, because they have access to vast databases at the national counterterrorism workstations. We have made certain they have all the current activity and that they have all secure communications back to the rest of the intelligence community.

In my view, they were not selected as terrorism in-depth analysts. Some of them are very good analysts, and they could produce information, additional information. But my view is that they are to look at all threats, all information as it flows in, to particularly look at products produced daily by the intelligence community, writ large—the Bureau, as well as ourselves, as well as the CIA and NCTC—and there is a plethora of that; and to ensure that there are those that have any interest at the State and local levels are sanitized, if necessary, and released at the official-use level or at a classified level that the States can use.

That is what is occurring, and I am really impressed—really, at what has occurred.

In my two meetings with the advisory councils, we went through a lot of this. We are going to have a teleconference here in March with the advisory council, and then we are going to have another full face-to-face meeting in April. If there are problems as we get under way with this ITAC–G and if the members of the ITAC–G have issues, then I am happy to listen to them and to adjust accordingly.

Ms. HARMAN. Well, I appreciate that, the last part of that answer, because I think they do have issues; and I hope you will invite them to talk to you directly about the issues that they have.

Again, I am not trying to be a counselor here to make job satisfaction better. My goal is to make certain that the provisions of the law, which I now have in front of me, are complied with and, bottom line, that accurate, actionable and timely information is communicated through this National Fusion Center that we have set up, that President Bush has set up, to State, local and tribal first responders so that they can prevent harm to our communities.

I know you share the goal. The question is, are you personally and is I&A as an institution doing its maximum to make certain that this structure we have set up works?

I urge you to listen to what the people who work there tell you. I believe that there could well be some improvements that would reach our goal faster. I assume you share my interest in reaching that goal.

Mr. ALLEN. I want to reach that goal and I will certainly listen. I am in frequent communication with the acting director of the ITAC–G, who is one of my senior officers.

Ms. HARMAN. Great. Let me ask you just a few more questions about this and then yield to others.

Are you taking steps to put to use input from the ITACG in your own intelligence products?

Mr. ALLEN. Yes. As they look at issues, what they think should go to State and local governments, and advise us on what should—if there is an item that has been produced by the community that they think urgently needs to get to State and local, we take their advice.

Ms. HARMAN. What if someone, a particular ITACG detailee thinks that some piece of intelligence needs to be disseminated to his or her home agency because that intelligence might be relevant, how do you respond to a request like that?

Mr. ALLEN. We believe that the State and local representatives are there to represent State and local interests at large, whether it is fusion centers or police departments or fire administrators or tribal. But if they can make an argument that this particular fusion center in this State and the Joint Terrorism Task Force, the Bureau out in the State, needs to see it, I am sure that we would work very closely with the FBI and with Mike Leiter and the office—and the ITAC–G to get that product out there.

Ms. HARMAN. Fine.

Well, let me just summarize, I have pushed this issue pretty hard. We think the ITACG and, more importantly, the NCTC is a very critical part of our intelligence gathering and our intelligence dissemination effort. We want to make absolutely sure that State, local and tribal representatives have full participation there because, No. 1, they add value, and No. 2, they become more sophisticated by participating in the effort.

You agree with that, right?

Mr. ALLEN. I agree. I believe that they are developing a deep appreciation for what is and is not available at the Federal level. Having a tribal and having a fire administration representative there representing the fire departments of this country, I think is badly needed.

Ms. HARMAN. Finally, it is absolutely critical that as we move forward, we break down stovepipes, we change what has been called the "need-to-know" culture into a "need-to-share" culture, fully respecting the need to protect sources and methods. Everybody understands that.

But we don't need to build parallel universes. We need to build one joint command that fuses intelligence as effectively as possible. That is the way we will connect the dots.

This is something that I am absolutely passionate about. That is why we made mistakes pre-9/11. So I am urging you in every way I can to review the reports you are about to send us personally.

I know you are coming up here again. We are going to have a hearing on the ITACG report. We remain keenly interested in helping that function be as effective as possible.

I now yield for additional questions, first to Mr. Carney.

Mr. CARNEY. Thank you again, Madam Chair.

Mr. Allen, a couple things. I just kind of want to understand sort of the flow, the architectural flow of the intelligence. Is it top-down, bottom-up, is it a push-pull system? You know, move from column A to column B?

Mr. ALLEN. The intelligence in DHS—as you know, we work border security, the movement of chemical, biological, radiological and other dangerous materials across our border. We support the Secretary and the Department in much of this.

We work protecting critical infrastructures, a lot of that data does flow down. On occasion we are getting more and more from the fusion centers of pushing—of the fusion center pushing things up, just as Chief Bratton said. Look, we have worked with the Federal Government to produce this wonderful assessment. We want to see more of this.

So I welcome—I welcome the State fusion center. The Washington State Fusion Center produced a brilliant piece which we then turned into something that was sent to the President. So that kind of work, I think, is remarkable.

Mr. CARNEY. Okay. You know I have a background in intelligence, and we are all familiar with the intelligence cycle, such as it is.

Would I recognize that within the ITAC–G system?

Mr. ALLEN. Within the ITAC–G system, I think you would see the requirements, the needs; and some of the pilot projects that were written up in The Wall Street Journal inaccurately, I think, reflect trying to determine the needs. The ITAC–G looks at that, looks at the flow of information from across the community.

We are talking about a vast flow. The ITAC–G is, at this stage, a small organization with contractors—10, 12 people; it is not a huge organization at this stage. But then their job is to ensure that they identify those data, those intelligence pieces that need to go in a timely basis down to the very local level; and they work to do that.

What they have done to date is not inconsequential, it is not trivial; it is very significant.

Mr. CARNEY. Another thing I was very, very curious about in this whole process in the ITAC–G and the fusion centers, does FISA information ever come in and play a role in that?

Mr. ALLEN. I don't think I can answer that question in this particular forum.

Mr. CARNEY. Okay.

No further questions, ma'am. Thanks. Thank you, Ms. Chair.

Ms. HARMAN. Thank you, Mr. Carney.

Mr. Perlmutter, do you have any additional questions?

Mr. PERLMUTTER. Only questions that I don't think he can answer in this particular forum. But I do have one.

Mr. Secretary, assume for the moment, or just for argument's sake, that the President's budgetary priorities and the budgetary

priorities of the Congress are different, and we don't come to some kind of agreement on appropriations bills.

What effect would a continuing resolution have on the budget in your Department?

Mr. ALLEN. It would have—it would have a very, very serious effect. When we were under continuing resolution last fall and winter, I could not send people to travel. We held up sending officers out to the fusion centers. It also inhibited us in a number of ways in continuing, undertaking any new initiative or expanding what we do. Continuing resolutions are very detrimental to the efficacy of the Federal Government.

Mr. PERLMUTTER. I hope we don't come to that kind of a result this time around. But I would suggest you have a contingency plan in place.

Mr. ALLEN. I thank you very much for that, because I think the risks and the threat to this country, the inbound threat in particular, is so serious that we have to have something in place to stay effective during any long continuing resolution.

Mr. PERLMUTTER. I was going to ask some questions about FISA. But I will leave those for another day in another setting. The last question I have, on the security clearances for local law enforcement, is there a backlog in clearing individuals? Like, let's say, in Colorado there is a fusion center now, what problems, if any, are you running into in clearing officers so that they can get, you know, more general intelligence information?

Mr. ALLEN. I don't know of any major problems.

When I came to the Department, we had major problems in moving security clearances to State and local. We have cleared a lot of people—Nevada and California and New York; we have cleared over 100 people in New York City alone.

So we do this, and most of the information, you know, can easily flow to those people at the Secret level. Getting Top Secret, Compartmented clearances takes longer, but we are doing that. We did that for the people coming in to the State and local officials in the ITAC–G.

The DNI is leading a study to expedite the clearances. It takes about an average of several months. The President has, as you know, sent out a statement that says we have to do a better job in expediting the clearance of personnel, Government and non-Government; and I think we have made a lot of progress. I worked very closely with the Director of Security and the Department to expedite those clearances, and I am quite a tiger at pushing clearances and getting people cleared.

Mr. PERLMUTTER. Thank you.

Ms. HARMAN. I would just add, Mr. Perlmutter, that one of the things we are trying to do at this end is to reduce the amount of information that is classified. We have some legislation in draft form that we have been circulating and we have introduced one bill. But we are hoping to produce a bipartisan effort that will move faster. That, I assume, is a goal, again, that you share; is it not, Mr. Allen?

Mr. ALLEN. It is a goal I share and it is a goal that Mike McConnell shares as a DNI, and he has given David Shedd, ahead of his

plans and policy, you know, full authority to move swiftly on getting clearances.

Ms. HARMAN. Well, it is not just getting clearances. It is reducing the amount of classified information which would therefore guarantee that people who needed to see it, who did not have clearances, could see it.

Mr. ALLEN. That is absolutely the case. We try to write at the lowest classification possible the work that we do in our Critical Infrastructure Threat Assessment Division, that I run. It is amazing what we can get down to "official use," where it talks about real threats to various sectors of our private—of our private industry and the steps that these sectors can take to mitigate the threat.

I am rather amazed at what we have out there on a day-to-day basis.

Ms. HARMAN. Well, I hope we have more out there. I hope that what is out there is accurate and actionable, and that we don't have an attack on our homeland because the stovepipes didn't permit the sharing of information in a timely fashion.

So I appreciate your answers, Mr. Allen. We are going to keep at this information. We are reviewing your request for additional funds; we will review those carefully. We understand your priorities, and I think we have been crystal clear about our priorities, which are to make absolutely certain that State, local and tribal representatives are fully involved in the process of preparing and disseminating information that they are going to end up using to help protect our communities.

This hearing is adjourned.

[Whereupon, at 5:20 p.m., the subcommittee was adjourned.]

○