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Written Testimony of

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I. Introduction

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

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

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

II. DHS Intelligence Integration

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

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

we must undertake our work with a continuing respect for the Constitution and for the civil rights, civil liberties, and privacy of our citizens.

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

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

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

I also made it a priority to issue the first DHS Intelligence Strategic Plan. This document laid the foundation for a strong and shared direction for our Enterprise. I think we can draw a strong parallel between these actions and the Director of National Intelligence's (DNI) establishment of the Program Managers Group and the publication of the National Intelligence Strategy.

B. Five Priorities

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

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

C. Progress

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

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

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

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

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

In addition to this progress in collection, we are successfully implementing the lessons learned in the Intelligence Community in response to intelligence reform. For example, we are building an OSINT capability that responds to the modern recognition of the value of open-source intelligence reflected in the ODNI's creation of the ADDNI for Open Source. We are evaluating our collection capabilities and improving our core abilities and collection management, much as the ODNI seeks to do with the Integrated Collection Architecture and the continuing use of the Mission Review Board. Above all,

we are focusing the Department's information gathering efforts on the priorities established by the President, the DNI, and the Secretary to ensure that we contribute towards answering the key intelligence questions confronting the Homeland. In all of our efforts, we are acting with full respect to the Constitution. I continually consult with our counsel and both the Department's and the ODNI's Civil Liberties, Civil Rights, and Privacy experts to ensure we are protecting our citizens and legal residents – both from the transnational threats confronting our nation and from the inappropriate use of our capabilities.

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

Our analytic focus now includes:

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

and environmental extremists. Our homeland security intelligence approach to this potential threat is collaboration with our state, local, and tribal partners that can provide unique expertise and insight.

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

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

D. Management of Intelligence

My Deputy Assistant Secretary for Mission Integration, James Chaparro, deserves credit for building an integrated approach to program and career force management. I take the responsibility of leading and managing DHS Intelligence extraordinarily seriously, and I recognize that with these responsibilities comes accountability. As the Chief Intelligence Officer, I must take personal responsibility for the success or failure of DHS Intelligence. Under the authorities laid out in the Department’s Management Directive 8110, last spring I implemented the first ever DHS Intelligence Program Reviews. I worked with the DHS Office of Strategic Plans and the Chief Financial Officer to issue intelligence guidance as part of our resource planning and programming cycle. My staff reviewed the resource allocation plans from each of the DHS Intelligence components. I then conducted program reviews of each of the DHS Intelligence components and advised the Secretary and the component chiefs on future program investments. As a result of my program reviews, the Commissioner of Customs and Border Protection charged his Director of Intelligence with developing an integrated Customs and Border Protection intelligence structure. This is exactly the type of management the Chief Intelligence Officer must provide to build the strongest possible DHS Intelligence capability.

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

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

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

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

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

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

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

creation of the Information Sharing Program Manager and Information Sharing Environment, and the impact on homeland security intelligence.

B. Information Sharing

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

The Implementation Plan for the Information Sharing Environment, which was approved and delivered to Congress in November 2006, contains 89 action items designed to drive its creation, implementation, and management. These items overlap many performance measures for important activities such as Sensitive But Unclassified standardization, state and local fusion center coordination, and information sharing metrics. As the programmatic lead for DHS in reporting to the Program Manager, the Office of Intelligence and Analysis has taken several important steps to execute key items. For example, the Office of Intelligence and Analysis has identified Information Sharing Action Officers so that we can use our existing working groups, programs, and initiatives to more effectively respond to action items. We also established the DHS Information Sharing Coordinating Council, composed of the Information Sharing Action Officers, who will meet regularly to coordinate and execute actions related to the Information Sharing Environment.

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

IV. Conclusion

A. Threat is Real

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

B. Benefits of Reform

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

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

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

Our efforts to build a unified homeland security intelligence community with our non-federal colleagues are positively aligned with the intent of intelligence reform. As I discussed earlier, we are working with the ODNI Information Sharing Program Manager and our DOJ counterparts to build a truly seamless partnership and information sharing environment. We already are seeing the effect this new broadened homeland security intelligence community is having in the work on which DHS has collaborated with its non-federal partners in analyzing radicalization. We have also seen continuing improvements in the critical infrastructure intelligence produced by our Homeland

Infrastructure Threat and Risk Analysis Center because of our partnership with the private sector. Similarly, we are working with our Intelligence Community partners, in promoting intelligence reform, to further collaboration and information sharing efforts. For example, DHS has representatives stationed at many federal intelligence centers and offices run by the Intelligence Community, including the National Counterterrorism Center, the Terrorist Screening Center, and the ODNI staff.

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

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

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

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

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

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

Looking to the future, we will continue to assess our own success, and work with the DNI in evaluating the Intelligence Community's success in providing the intelligence our customers need to secure the border as a critical step in protecting the Homeland. We may want to explore extending management structures, such as the DNI mission manager approach, to the topic of border security, or broadening the focus of the National Intelligence Officer for Transnational Threats to have, for example, a Deputy for Border Security or International Organized Crime. Lastly, we must continue to evaluate our tradecraft and our ability to collect and produce analysis for our border security partners at all levels.

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

We are developing our capabilities in WMD intelligence to meet five goals. Two goals are associated with preventing WMD attacks from a "borders out" and "borders in"

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

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

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

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

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