

**STATEMENT OF ASSISTANT SECRETARY CHARLES E. ALLEN BEFORE  
THE SUBCOMMITTEE ON INTELLIGENCE, INFORMATION SHARING,  
AND TERRORISM RISK ASSESSMENT OF THE HOUSE HOMELAND  
SECURITY COMMITTEE, MARCH 14, 2007**

## Introduction

Chairwoman Harman, Ranking Member Reichert, and Members of the Subcommittee: Let me start by saying how pleased I am to be back before your Subcommittee – your continued focus on the critical capabilities that DHS Intelligence provides to the security of our homeland is further evidence of the commitment you have shown to our programs. I thank you greatly for your ongoing support.

I would like to provide an update on our progress in establishing the Interagency Threat Assessment and Coordination Group, which is now called the Federal Coordinating Group. This group will facilitate the production of “federal coordinated information,” ensuring our non-Federal partners have the validated, accurate, timely, and actionable information they need to protect against the threat of terrorism. I am pleased to announce that since I last spoke with you a month ago, we have begun moving staff officers, who form a core advance team, into our location in Liberty Crossing and are working with our Federal and non-Federal partners to fully staff the group. We have a substantial opportunity to construct lasting coordinated solutions by working together. The Federal Coordinating Group’s advance team is gathering momentum; each day brings new substantive steps forward. I want to thank both the legislative and executive branches for helping to further the President’s vision for information sharing.

Today, I would first like to touch on the highlights of how the Department’s State and Local Fusion Center (SLFC) program, and other key initiatives in our proposed FY 2008 budget, promote information sharing both horizontally between fusion centers and vertically to the Intelligence Community, all the while safeguarding civil liberties.

### Civil Liberties and Privacy

Protecting privacy and civil liberties remains one of my top organizational priorities as we work in our homeland security intelligence domain. I hold my Office to the highest standards in these areas and continually reinforce these principles with my senior managers and with all of our employees. I am also mandating that our new programs, such as the State and Local Fusion Center program, incorporate appropriate safeguards and oversight in these areas that intersect with homeland security.

I echo the Secretary’s vision that effective tools and measures, such as training, should be developed to safeguard privacy and civil liberties. In terms of incorporating privacy and civil liberties training into our fusion center program, the Department of Justice (DOJ) has made enormous efforts to establish and provide these very important training and outreach programs directed to fusion center personnel. The Global Justice Fusion Center Guidelines published by DHS, DOJ, and participating state and local governments require fusion centers to create policies to protect the civil liberties of our citizens. Fusion centers have to adhere to these guidelines in order to receive Federal grants. Also, all four regional fusion center conferences last year had plenary sessions addressing these issues. The National Fusion Center conference, held last week in Destin, Florida, brought subject matter experts from across the United States, including from the Department’s Office for Civil Rights and Civil Liberties, and one of the issues discussed was privacy and civil liberties. In addition, all Federal intelligence officers assigned to fusion centers must comply with the policy obligations of their agencies concerning annual training requirements on the procedures that must be followed in handling U.S. Person information, as well as abiding by the privacy guidelines of the

information sharing environment. To that end, we will continue to work closely, within the Department, with the Office of the General Counsel, the Office for Civil Rights and Civil Liberties, and the DHS Chief Privacy Officer, and, outside the Department, with the President's Privacy and Civil Liberties Oversight Board, the Information Sharing Environment Privacy Guidelines Committee, and other Federal partners to ensure adequate oversight in these areas and to identify where additional training opportunities exist, so that all fusion center personnel understand and abide by the appropriate guidelines.

Madam Chairwoman, the last time I appeared before the Subcommittee, you shared your three priorities with me: information sharing with first preventers; the potential for radicalization within our society; and finding ways to reduce the overclassification of intelligence. As you know, I share your concern in these three areas. I will now describe how the SLFC program and other key initiatives in our proposed FY 2008 budget will emphasize those priorities.

#### Information Sharing with First Preventers

New Director of National Intelligence (DNI) Mike McConnell recently set forth his vision to the Intelligence Community for information sharing, stating that we all share a "responsibility to provide." When I last spoke with you, I pledged that DHS Intelligence would set the standard in this area. Our fusion center program and other initiatives in our FY 2008 budget underscore the importance I place on supporting the programs and technology required to increase our contributions to information sharing, especially with first preventers.

The Department created the State and Local Fusion Center program, part of the larger national network of fusion centers, nine months ago, working closely with both the DNI and DOJ. As you know, the program embeds DHS homeland security intelligence professionals into state and local fusion centers to share information, collaborate on analysis, and identify information of intelligence value. My officers continue to work with the intelligence officers of DHS operating components, with our partners at the FBI, and with the national Intelligence Community to move tailored, timely, and actionable intelligence out to the fusion centers. The result is better reporting and validating of actionable information both to our state and local partners and to the Intelligence Community.

We are beginning to realize the benefits of the strengthened relationships the State and Local Fusion Center program is creating with our non-Federal partners. For example, we recently assisted a west coast fusion center in developing what at first appeared to be a tenuous connection with extremist activity. We were, however, able to establish a solid link to extremist activity operating outside of the United States by connecting information from local investigators with our senior DHS intelligence analysts.

The State and Local Fusion Center program to deploy our intelligence analysts to fusion centers around the country is progressing well, although I will look for opportunities to accelerate the deployment of additional officers. So far, we have deployed 12 officers to 12 fusion centers around the country; we are in the process of identifying the next five officers to deploy. We will continue our aggressive schedule to deploy at least 35 officers by the end of FY 2008, and we are continuing to conduct

assessments to determine which centers have the greatest need. Madam Chairwoman, I fully expect to meet that goal.

We also realize there is a major need to provide the physical infrastructure and information management technology to share intelligence reporting and analytical products. At the controlled or sensitive but unclassified level, we have established a pilot program capability, under the Homeland Security Information Network (HSIN), that includes an intelligence portal where we comprehensively post both intelligence reporting and analytical products at the controlled unclassified level. We plan to expand this portal to allow for email exchange for states to collaborate while being protected from intrusion. At the SECRET level, my Office, in full coordination with the Department's Chief Information Officer, is deploying the Homeland Secure Data Network (HSDN) to the fusion centers. In an unprecedented move for the Federal government, the Department is giving state and local officials direct access, in their own facilities, to this network so they can receive reporting and email not only from the Department but also from the rest of the Intelligence Community. In other words, state and local officials will have access to and operate on the HSDN network, just like intelligence analysts at the Federal level. The establishment of the HSIN portal (controlled unclassified level) and the deployment of HSDN (SECRET level) are major steps forward in increasing the connectivity between DHS Intelligence and our partners at the state and local level.

Using these mechanisms, we are piping information into the State and Local Fusion Centers at levels that before were not available to non-Federal partners. This information includes international events and incidents that are of concern from the standpoint of lessons learned and situational awareness. For example, we recently provided information and updates to fusion centers on the India train bombing, the Iraq chlorine attacks, and a white powder scare at Rolla, Missouri.

I share many of the concerns expressed by the Subcommittee at my last hearing about creating a sustainable fusion center capability at the non-Federal level. DHS, in partnership with DOJ, is a major supporter of these fusion centers through our grants and accompanying technical assistance and training process, and in providing classified infrastructure, such as secure telephones and fax machines, HSDN terminals, and SECRET clearances to non-Federal homeland security professionals. At the same time, we must look to the future and, with our non-Federal partners, determine how to build both the Federal and non-Federal parts of the President's national integrated network of fusion centers in such a manner that this capability will remain robust, effective, and efficient throughout the protracted campaign against those who seek to harm the United States. In order to support the capability of the fusion centers, I am considering how the Federal government could use retired annuitants – retired intelligence officers who are experienced in intelligence analysis and production. We are reviewing this approach and will assess its feasibility.

#### Radicalization

Chairwoman Harman, you recently remarked about the threat that homegrown radicalization poses to our communities. I sincerely share this concern, as does the Department and the broader Intelligence Community, especially the FBI. In fact, my office has followed suit with other Intelligence Community agencies that have realigned their analytical core to focus on radicalization. I am proud to convey that we are

beginning to map out the phenomenon in its various domestic forms. This is part of my larger goal of developing indicators for radicalization, which will act as strategic warning when disseminated to state and local partners so they can determine the best ways to alleviate the threat. To assist with their efforts, the Radicalization and Engagement Working Group within DHS is developing a battery of programs and best practices to effectively counter radicalization, which will be available to our non-Federal partners.

My Office's branch that analyzes radicalization has undertaken a study of each region in the United States and the threat radicalization poses. Our assessments of radicalization are being conducted in a phased approach, examining radicalization dynamics in key geographic regions throughout the country. Our first phase assessed radicalization in California and the New York/New Jersey area, and our second phase is assessing the Midwest and the National Capital Region.

Each regional assessment begins by framing the issue particular to that state or region. First, we examine national-level intelligence reporting and open source information. We then take those findings and share them during face-to-face meetings with our Federal partners, including the FBI and the Federal Bureau of Prisons, as well as state and local law enforcement, intelligence, and homeland security professionals to gain their insights. These regional studies will form the basis of a national radicalization study that lays out the first ever baseline of this threat to homeland security.

As you can see through our methodology, our approach to radicalization is indicative of my commitment to engage our intelligence colleagues in the state and local fusion centers as equals, as we address this particularly challenging issue. My radicalization team has been on the road many times in the past year, including attending the national conference in Florida I alluded to earlier, in order to meet with experts in your constituencies and solicit their involvement in our analytic efforts. I previously mentioned the results of the strong partnership with the state of California and similar relationships are supporting our work in all of our regional assessments.

#### Overclassification

A number of the Committee's members have remarked on the challenges that remain in being able to disseminate intelligence to those who need it—especially state and local partners. Foremost among those challenges is a continuing proclivity toward overclassifying intelligence. As a long-standing senior officer of the Intelligence Community, I have fought against this tendency throughout my career while consistently ensuring that we protect our intelligence sources and methods to avoid harming our national security. As I noted previously, I look forward to working on this issue with the Committee in no small part because my primary customers, whether in the Department or in the states or private sector, require intelligence shared with them at the UNCLASSIFIED or at most SECRET levels. I will always ensure we share threat information with those consumers that require it – and my staff and I are working hard to institutionalize the DNI's principle of "responsibility to provide" in our own efforts to support this approach throughout the community. I believe the Information Sharing Environment Program Manager, in implementing the President's guidelines, is taking numerous steps forward in this area, and I will continue to support him.

Within the Department, I have a strong production management team working to disseminate our finished intelligence at the lowest level possible to ensure wide

accessibility by those who need it to secure our homeland. As I noted before, we made investments and will continue to invest in laying the connectivity at both the Controlled UNCLASSIFIED level through HSIN (and especially our HSIN-Intelligence portal, which has proven to be a success) and at the SECRET level through HSDN. Equally as important, I have instructed my analysts to “write for release” at the lowest possible level and to work with our partners in the Intelligence Community to release information they are providing to levels accessible for our customers.

Much work remains to be done – the President’s guidelines lay out the roadmap for much of our efforts in this area. Within the Intelligence Community, DNI McConnell’s principle of “responsibility to provide” further directs our approach. I will work closely with Mike McConnell and with you to ensure we are providing the right information to our customers on a timely basis to secure our homeland.

While today I am focusing on the State and Local Fusion Center program and other key activities that intersect with the priorities you laid out for the Subcommittee, I want to emphasize that our FY 2008 program provides capabilities in all of our mission areas. The program includes new initiatives such as our Domestic Open Source Intelligence Enterprise, our partnership with U.S. Citizenship and Immigration Services via the new National Immigration Information Sharing Office, and our work to support border security through the Integrated Border Intelligence Program. I ask for your continued support for the full range of capabilities and initiatives included in the FY 2008 budget – I will need this program fully funded in order to deliver on the pledges I made to you, the Secretary, the DNI, and to the country. Before I conclude, I would like to touch on a few final areas that are imperative to our success.

### Risks

In my February 14 testimony, I shared with you three risks that are having deleterious effects on our ability to provide results: recruiting and retention; integration; and facilities. While I remain concerned about all three, today I want to focus on a key aspect of integration: the challenge of providing sound management of the Department's intelligence investments, including the SLFC program.

As you know, we have seven components in the Department with intelligence programs, collectively called "the DHS Intelligence Enterprise." We also have a host of places in the Department undertaking intelligence-related activities, some of which are programmatically positioned outside the intelligence components. The Secretary has charged me, as Chief Intelligence Officer, to advise him on the intelligence investments in the Department to ensure we are making effective and efficient investments in our intelligence capability.

To this end, I am working aggressively to gauge accurately the cross-departmental component expenditures on intelligence. The first ever DHS Intelligence program reviews conducted last year were an important step toward gaining a baseline understanding of the intelligence component investments across the Department. These program reviews, as well as information gathered in partnership with the Chief Financial Officer during the Resource Allocation Plan process last year, provided a fair amount of visibility into the total departmental planned expenditures in the intelligence components. This year, I will again conduct intelligence program reviews and will again, in partnership with the Chief Financial Officer during the Resource Allocation Plan (RAP) process, gather information on planned investments in the intelligence components. The outcome of this year's activities will enable my staff to validate the results of the previous year's analysis. After this second set of program reviews and the FY 2009 RAP process, I will be able to provide a more accurate estimate of the current and planned expenditures of the DHS Intelligence Enterprise.

One of the challenges I am facing is that because the intelligence expenditures across the Department are not necessarily tracked at the program level - some operating agencies, for example, do not line item their intelligence component budgets - the final analysis will still only produce an estimate of investments. Similarly, because some agencies have intelligence resources that are organizationally distinct from their component intelligence program, these intelligence investments are difficult to estimate at the current time. As a result, I am still not able to provide the level of accuracy I prefer in my recommendations to the Secretary on current and proposed intelligence investments across the Department. I am working with the Secretary to improve our methodology toward this challenging and important issue, and I will continue to update the Subcommittee on my success in instilling an integrated approach to managing the Department's intelligence investments.

### Conclusion

The United States and its allies are engaged in a continuing, global struggle against a broad range of transnational threats. Our nation's communities face the threat of terrorism, of cross-border violence fomented by illicit narcotics trafficking and alien smuggling, and other threats apart from terrorism. While DHS Intelligence is a modestly-sized program, we are undertaking vitally important initiatives, such as the

State and Local Fusion Center Program, to accomplish the Department's mission of preventing and mitigating these threats. The success of these initiatives is based on the degree to which DHS Intelligence sets the standard for inclusiveness, access, and collaboration with all of our partners.

I can assure you that DHS Intelligence will be relentless in its pursuit of excellence in supporting the homeland security mission. With this budget, we will exceed past accomplishments and levels of customer service and collaboration – our “responsibility to provide.” At the same time, we will ensure that our intelligence programs protect the civil rights and civil liberties of all Americans. Our nation – our communities, our families, our way of life – deserves nothing less.