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FISCAL YEAR 2013 FEMA BUDGET REQUEST

**SUBCOMMITTEE ON HOMELAND SECURITY
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 7, 2012**

Chairman Aderholt, Ranking Member Price, members of the subcommittee, thank you for the opportunity to provide my perspective on the FY 2013 Federal Emergency Management Agency (FEMA) budget request on behalf of the National Fusion Center Association (NFCA) and as a former Assistant Administrator for the Grants Program Directorate at FEMA. The NFCA represents the interests of designated State and major urban area fusion centers to promote the development and sustainment of grassroots intelligence analysis and information sharing capabilities to enhance public safety against the backdrop of proliferating threats.

National Network of Fusion Centers

Information and intelligence sharing between Federal, State, local, and Tribal governments has improved dramatically since 9/11 and has transformed public safety. After 9/11, it quickly became clear that enhanced contributions by State and local law enforcement in support of counterterrorism efforts were essential, especially after the realization that State and local law enforcement had encountered some of the 9/11 hijackers. The 9/11 Commission cited improved information sharing among State, local, Tribal, and Federal authorities as one of the critical imperatives for building robust terrorism prevention, protection, and response capabilities. In response, state and local governments independently – *without the federal government pushing them* – began to establish fusion centers to connect the 18,000-plus disparate law enforcement agencies to better share information.

Today we have 77 fusion centers designated by Governors across the nation that integrate all aspects of public safety information to help secure this nation. The “National Network of Fusion Centers” has been embraced by the Departments of Homeland Security and Justice as a focal point of collaboration in support of federal counterterrorism efforts and other homeland security priorities. In fact, the 2010 National Security Strategy of the United States specifically cites fusion centers a central element in preventing future acts of terrorism. Simply put, this decentralized and organically developed network is a national asset, and sustainment of that asset is a shared responsibility across all levels of government. In the absence of fusion centers, there is no other nationwide mechanism for leveraging the breadth and depth of more than two million public safety practitioners in every corner of the country for homeland security purposes. Notably, as seasoned intelligence experts and information analysts from all levels of government will concede, some of the most important information and actionable intelligence that we depend on to protect the country flows up, not down – the knowledge is collected at a granular State or local level and then fused to permit all levels of government to act decisively in the protection of Americans. That is a central purpose for the fusion centers, and one that has been well-served by their existence.

However, fusion centers are more than simply information sharing hubs. They embody a process – the *fusion process* – that has fundamentally changed how information is gathered, shared and transformed into useful intelligence at the Federal, State, and local levels. It is about analyzing national threat information in a local context, passing critical State and local information up to the national intelligence community, and disseminating relevant and actionable information to State and local decision makers. It is about systematically changing the culture of public safety information sharing so that the cop on the beat knows exactly what to do when she observes suspicious behavior. It is also about protecting public safety while actively protecting the privacy, civil rights, and civil liberties of American citizens. In fact, all 77 designated fusion centers have an approved privacy policy that is at least as comprehensive as the Information Sharing Environment (ISE) Privacy Guidelines.

The National Network is what the 9/11 Commission and the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) envisioned: a decentralized, distributed network that involves all levels of government and collaborates routinely on information analysis and sharing with federal intelligence and law enforcement partners. If the Federal government does not continue to take steps to ensure this network is strengthened and sustained, we will start moving away from the vision of the 9/11 Commission and IRTPA vision, leaving the nation more vulnerable to successive attacks on public safety – large and small – that could have been prevented through a well-supported National Network of Fusion Centers.

As the threat of homegrown violent extremism (HVE) has risen, the role of State and local law enforcement has become indispensable in detecting and preventing terror attacks. Efforts are underway – supported by the Department of Homeland Security and the Department of Justice – to train State, local, and Tribal law enforcement officers to recognize and report behavior-based suspicious activity. The fusion centers are essential in this effort as both training hubs and receivers of suspicious activity reporting.

However, much of the progress achieved to date is fundamentally threatened by recent funding cuts to DHS State and local grant programs, specifically the State Homeland Security Grant Program (SHSGP) and the Urban Area Security Initiative (UASI). The statutory Law Enforcement Terrorism Prevention (LETP) set-aside of 25% of these two programs is the lynchpin of federal investment supporting joint intelligence analysis and sharing, yet cuts to grant support of more than 50% over the past two years have left little funds for LETP activities, especially at the State level where the primary

State fusion centers have high reliance on Federal assistance. This has sent a disturbing signal to State and local public safety that 10 years after 9/11 we can throttle back on our information sharing commitment and diminish our collective capability to understand the domestic threat picture. I am certain that this was not Congress' intention, but the real-world impact may be just that. We must avoid a return to the pre-9/11 practices of disparate, disconnected, catch-as-catch-can protection of the Homeland.

Secretary Napolitano deserves great credit for requiring that states include an investment justification for fusion centers beginning with the FY 2011 grant guidance. We were pleased to see this guidance remain in place in FY 2012. This sends a clear signal – the right signal – that Federal-State-local partnerships to gather, analyze, and share information to prevent terrorism will remain a top priority for DHS investment. However, despite the FY 2012 guidance, the NFCA is extremely concerned that the overall funding available may be too low to support all of the necessary programs within each fusion center that contribute to the Nation's security.

Notably, fusion centers in states subject to the SHSGP state minimum will be especially hard-hit. The impact could be that some fusion centers will lose their focus on terrorism and effectively drop out of the National Network. Holes in that network will leave us less able to analyze and share information and will increase our vulnerability to future attacks by both international terrorists and homegrown violent extremists. Thankfully, allowing such a course of action is preventable by Congress providing adequate funding and the administration providing strong grant guidance.

The NFCA strongly urges the subcommittee to restore funding to grant programs in FY 2013 that support the analysis and sharing of homeland security threat information, and to emphasize programs that focus on the *prevention* of terrorism.

DHS grant funding cuts in FY 2012 pose a serious and immediate threat to the National Network. The funding problem has reached critical stage: fusion centers will be cutting programs this year – and some centers may have no choice but to either close or no longer have the resources to participate as a part of an overall national network. That will represent a big step backward and a loss for the national homeland security mission. We need to think ahead to sustain and build these programs to properly inform and support the Federal government's homeland security mission, and in turn to support the public safety of all Americans.

Federal grant programs and other assistance must explicitly foster – on a sustainable basis – a strong National Network across the country or ***we will lose*** intelligence capabilities that are important to the national homeland security mission. That capability is especially critical for countering HVE. To properly protect this country, these efforts must work as one. Future grant guidance that requires states and urban areas to include fusion centers in their investment justifications will help to ensure capabilities continue to be built and maintained.

Grant funds allocated to fusion centers help build and sustain “critical operational capabilities” – defined as the ability to receive, analyze, disseminate, and gather information on threats to the homeland. Going forward, NFCA strongly supports the continued fusion center investment justification requirement, since this will assure that gaps in critical operational capabilities identified in the annual fusion center assessment are addressed across the National Network. Fusion center directors understand the importance of partnering with DHS to assess the development of their centers' critical operational capabilities and using limited resources in part to mitigate capability gaps. This innovation

will help fusion centers incorporate baseline operational standards into their business operations and build a truly integrated National Network of Fusion Centers.

Examples help illustrate the value of the National Network and why the subcommittee should – in our view – restore funding that supports the network in FY 2013. On October 8, 2010, an advisory was sent out by the New York Police Department concerning a suspicious tractor trailer whose driver reportedly diverted its route to Times Square in New York City in exchange for \$10,000. The deployed Department of Homeland Security (DHS) Intelligence Officer (IO) in New York informed several fusion centers in the affected area. Subsequently, the Rhode Island Fusion Center discovered that the original owner of the truck was a California native and asked the Northern California Regional Intelligence Center (Bay Area fusion center) to run a background check based on the owner's information. Within two hours of the advisory's release, information from these two fusion centers was used to coordinate with the Connecticut Intelligence Center, which enabled Connecticut State Police to locate the tractor trailer before it reached its reported target in New York City. The Connecticut State Police searched the vehicle and questioned the driver and passenger. Ultimately, officials concluded that the vehicle was not a threat. The fact that these fusion centers, supported by Department of Homeland Security IOs, were able to turn this incident from a Suspicious Activity Report (SAR) to resolution in a matter of three hours clearly shows the value of the National Network of Fusion Centers in rapidly analyzing and sharing threat information to provide decision makers with actionable information. There is no replacement for this capability.

Last September, less than 24 hours after classified national intelligence indicated a possible 9/11-inspired threat to the homeland, detailed information was sent through DHS and the FBI - in a unified and coordinated manner - to the fusion centers and was put in the hands of local law enforcement. That simple fact represents immense progress in information sharing. Ten years ago, no one would have conceived of the idea of handing down national intelligence to State and local law enforcement. Fusion center analysts across the nation worked around the clock alongside FBI and DHS personnel to analyze suspicious activity reports and leads associated with the New York and Washington, DC threats, and share actionable information with decision makers at all levels. This scenario would have been virtually impossible in the lead-up to 9/11.

What is happening across the country through the fusion centers is much more than information sharing. It is deep, irreplaceable collaboration, and it is impossible to do without the National Network of Fusion Centers. This represents just one more example of how the National Network contributes value to the national homeland security mission.

The value of the National Network is not – and should not be – limited to just counterterrorism. Enhanced analysis and sharing of threat information helps “every day crime-fighting” efforts, together with counterterrorism efforts led by Federal agencies. That is why fusion centers take an “all-crimes” approach to their work. Some people still want to draw a dividing line between terrorism and other crimes; such views are entirely incompatible with reality – you cannot separate crime and terrorism from a prevention and protection point of view. In fact, the reality is that the line is blurring more each day, and to stovepipe these threat sets is to play into the hands of integrated and increasingly sophisticated criminal and terrorist organizations and associated operatives.

Again, examples are illuminating. They clearly help illustrate the value of enhanced information analysis and sharing through the National Network for crime-fighting purposes. The Pennsylvania Criminal Intelligence Center (PaCIC) provided information regarding the abduction and rape of a woman in Mead Township, Pennsylvania, in its August 3, 2010, daily intelligence summary, which included a

description of the suspect as well as his Maine license plate number. Because the suspect had an out-of-state license plate, a fusion center analyst at the PaCIC provided the product to the Maine Intelligence Analysis Center (MIAC) along with details on the case. Based on this coordination, the Maine State Police determined the suspect had fled the United States for Canada. Working with the Royal Canadian Mounted Police in New Brunswick, Canada, the suspect was found and arrested on charges of kidnapping and rape.

Similarly, last July, an alert from the Oklahoma Fusion Center referenced a suspect wanted in connection with a double homicide who was trying to escape to Canada. The North Dakota Fusion Center analyzed the suspect's vehicle and connected with the Arkansas Fusion Center which quickly provided a photo of the suspect. The fusion center released information in an alert to North Dakota law enforcement personnel who apprehended the suspect on the highway that same day. Again, the National Network of Fusion Centers was essential to a quick resolution.

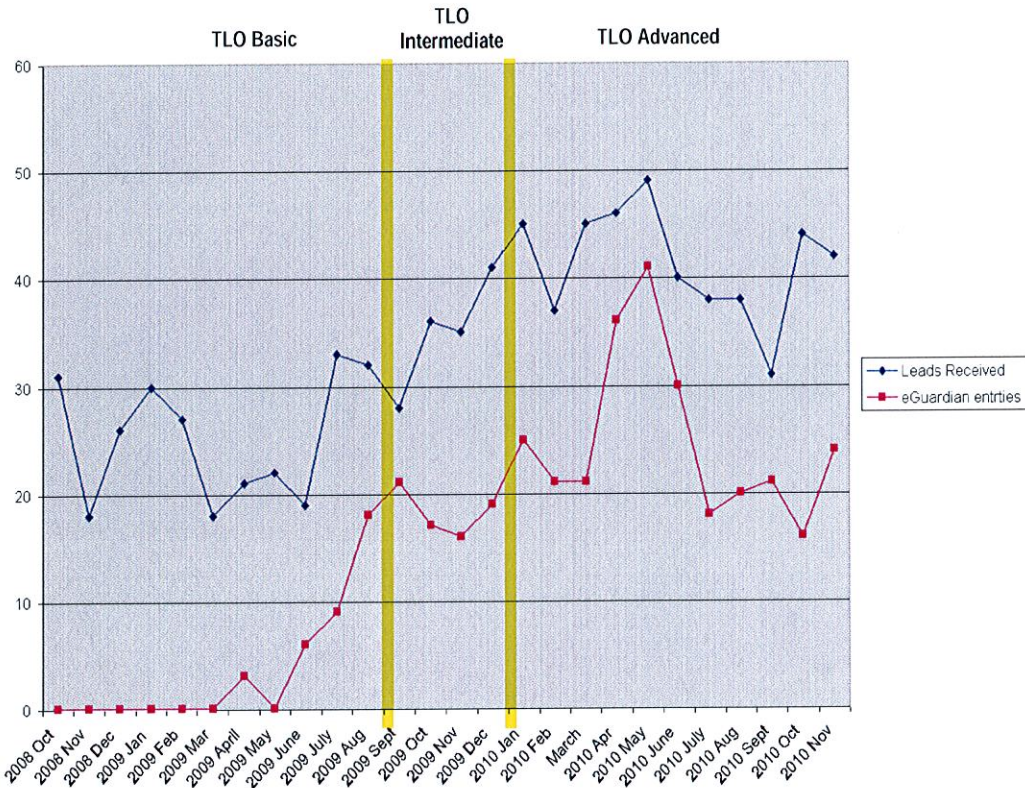
These anecdotes are brushstrokes in a larger picture. They are a few of the many outcomes enabled by the National Network on a daily basis. Since a comprehensive understanding of impact is advantageous to all, the NFCA has worked with DHS and DOJ to develop performance measures for fusion centers that will go beyond the many stories like these. Fusion centers are raising the bar and aim to demonstrate the value of the Network to national information sharing and homeland security outcomes. We understand the importance of standardizing performance measures for programs supported by DHS grant funds, and we are working with DHS to implement a system of performance measurement across the National Network starting with the 2012 Fusion Center Assessment. Our objective is to use this system to validate current efforts, assist in gap-analysis for tight program management and to meet the standards promulgated by OMB under the new GPRAMA legislation. That said, the reality is today that these outcomes are occurring – and so, to be clear, if we are to continue generating them, we need the support of Congress.

When the Federal government expects State, local, and Tribal law enforcement to contribute to overall homeland security efforts, there should be a commensurate commitment by the Federal government to making sure State and local officers are adequately prepared to do that. One of the most important ways for accomplishing that coordinated effort is through the Nationwide Suspicious Activity Reporting (SAR) Initiative (NSI). Outstanding collaboration between Federal, State, local, and Tribal agencies through the NSI has resulted in standardization of SAR reporting and analysis policies and practices. Training developed through the NSI and facilitated through fusion centers has led to dramatic improvements in the quantity and quality of SARs reported to Federal, State, and local law enforcement. Tens of thousands of law enforcement officers have been trained to recognize *behavior-based* indicators of terrorism. The NSI also ensures that a primary focus – in both training and practice – is placed on protection of citizens' privacy, civil rights, and civil liberties.

The cascading effects of good coordination occur in multiple places. Many fusion centers have active Terrorism Liaison Officer (TLO) programs. TLO programs train designated law enforcement officers, firefighters, state and federal agents, military investigative personnel, analysts, and others involved with public safety and homeland security. These individuals are trained through fusion centers to serve as the principal point of contact for their agency in matters related to terrorism information and intelligence. The positive effects of this coordinated effort are significant.

For example, one fusion center – the Central California Intelligence Center (CCIC) – has consistently tracked data on TLO training and has observed a correlation between the level of training provided and the amount and quality of SARs reported to the fusion center. That correlation was

evident from the beginning of the program in 2007. In 2009, there was a sufficient number of TLOs trained at the basic level of competence and ready to receive the intermediate level training. Again, there was an increase in the quality and quantity of SARs reported to the fusion center. In 2010, the CCIC moved more resources into advanced level training. The result was again a spike in quality reporting which translated into enhanced support for the FBI's Joint Terrorism Task Force (JTTF). The CCIC chart below illustrates the correlation between SAR training and SAR reporting. This data clearly demonstrates a need for sustained federal resources for SAR training.



Fusion centers within the National Network are partly sustained by federal grant dollars through UASI and SHSGP. Some fusion centers receive little or no federal funding to support their operations (e.g. Tennessee Fusion Center, Michigan Intelligence Operations Center, Florida Fusion Center). Some are funded almost entirely with federal grant funding (e.g. Northern California Regional Intelligence Center, South Dakota Fusion Center, North Carolina Information and Analysis Center). Some have multi-million dollar budgets, and some operate on less than \$1 million per year. Roughly 60% of the overall cost of the National Network is paid for by state and local agencies. Of the roughly 40% Federal investment in the network, roughly two-thirds comes through SHSGP, roughly one-third comes through UASI, and a very small percentage comes from other federal grant programs. Notably, it is the Federal investment – primarily via DHS grants – that assures the Network is able to contribute to the homeland security intelligence and information sharing mission. Absent that commitment to the timely analysis and sharing of critical information, the process will not be capable of addressing the universe of threats that we know confront our Nation.

Since each fusion center is of necessity owned and operated by a state or local agency, budget decisions for each fusion center rest at the state and local level. A funding model that works in Alabama may not work in Boston, and flexibility of a state or major urban area to determine how their center is supported is an essential element of the Network. The Alabama Fusion Center budget was \$800,000 in

FY 2011, with 50% of that coming from the State General Fund, and 50% from DHS SHSGP funds. The North Carolina Information and Analysis Center budget was \$683,000 in FY 2011, with 77% coming from DHS SHSGP grant funds and 23% from U.S. DOJ grant funds.

One common misperception that must be corrected is that fusion centers duplicate other joint law enforcement and counterterrorism efforts. That is not the case; they do not duplicate, they objectively *add* what others cannot add – complementing with vital granular data and analysis the information that others possess – to allow timely action against identified threats. FBI Joint Terrorism Task Forces (JTTFs) play the lead role in counterterrorism investigations. Owned and operated by the FBI with close cooperation and participation by state and local partners, JTTFs are key “customers” of fusion center analytical products. The National Network of Fusion Centers supports the dissemination of information from JTTFs to the broader public safety community. JTTFs deal primarily with terrorism and other criminal matters related to various aspects of the counterterrorism mission. Fusion centers generally take an all-crimes approach and deal with criminal, terrorism, and other public safety matters across multiple disciplines. JTTFs primarily conduct terrorism investigations and share intelligence with law enforcement and homeland security agencies as appropriate.

By contrast, fusion centers analyze and assess *local* implications of national threat information and produce actionable intelligence for dissemination to public safety stakeholders in their area of responsibility and beyond. In short, fusion centers do not duplicate the functions of JTTFs, and JTTFs are not organized to achieve the missions of fusion centers. The two programs both have complementary and critical missions. Both are essential to effective homeland security information sharing and investigations. Congress must ensure that *both* efforts are fully supported if the outcome sought is seamless, well-informed, effective protection of this Nation.

The Criminal Intelligence Coordinating Council (CICC) is a strong and trusted mechanism for coordinating all the relevant stakeholders in this mission. The CICC and its research arm – the Global Intelligence Working Group (GIWG) – have been responsible for developing and fostering nationwide adoption of standards for sharing criminal intelligence. The GIWG and the CICC are critical parts of the process, since they focus on the development of documents that have the force of national policy and are widely adhered to. They have facilitated the development of the National Criminal Intelligence Sharing Plan, Law Enforcement Analytic Standards, technical data exchange standards, Fusion Center Privacy Policies, Fusion Center Guidelines, Baseline Capabilities for Fusion Centers, and have contributed to the National Strategy for Information Sharing, among other important initiatives. This institutionalized collaboration in the development of policy is needed to ensure the continued commitment and building of trust among the greatest possible number of stakeholders.

Objectively, intelligence sharing among all public safety stakeholders has improved dramatically since 9/11. There has been an unprecedented level of collaboration among those stakeholders to develop the policies, procedures, training, and mechanisms to share information. The NFCA works regularly with the International Association of Chiefs of Police (IACP), the Association of State Criminal Investigative Agencies (ASCIA), the Major Cities Police Chiefs’ Association (MCC), and other state and local public safety groups to coordinate improvements in information sharing policies and practices. The National Network of Fusion Centers is the focal point of ongoing efforts.

The DHS Office of Intelligence and Analysis, the FBI, the DOJ Office of Justice Programs, and the Program Manager for the Information Sharing Environment (ISE) have been essential partners. Their support has been indispensable in making these improvements possible. But today that progress is threatened by the significant cuts in DHS grant support to State and local governments. **The NFCA**

strongly urges Congress to prevent our progress from being reversed by restoring funding in FY 2013 to the grant programs and ensuring that support for prevention and protection efforts – specifically the National Network of Fusion Centers – is explicitly preserved. As stated in the *National Strategy for Information Sharing* (October 2007), “The Federal Government will support the establishment of these centers and help sustain them through grant funding, technical assistance, and training to achieve a baseline level of capability and to help ensure compliance with all applicable privacy laws.”

FY 2013 National Preparedness Grant Program (NPGP) Proposal

The proposal in the President’s FY 2013 Budget Request to restructure DHS State and Local grants reflects serious and well-intentioned thinking. I believe that program consolidation is generally necessary when resources are scarce, and the Secretary’s FY 2012 funding allocations and grant guidance move us in the right direction. While reauthorization of the department overall is needed as soon as possible, I believe the proposal to consolidate programs under a National Preparedness Grant Program can be achieved under existing law and with revised grant guidance.

Since 9/11, nearly \$40 billion has been invested in building Homeland Security capabilities through grants to good effect. The lion’s share of this funding directed to response and recovery activities. I think it is safe to say we are much more prepared today to respond to and recover from acts of God and acts of Man that may threaten our Homeland than we were prior to 9/11. One only has to look at the increased effectiveness of FEMA supporting communities last year in Missouri and Alabama – and right now across the Midwest – to see the effect of Congressional support and the leadership of Administrator Fugate and Chief Paulison.

While progress on the response side is evident, Congress needs to continue to ensure that DHS measures the effectiveness these grant programs are having in making this nation more capable to prevent, protect, and – if necessary – respond to acts of terrorism. I understand that the latest National Preparedness Report is likely to be much more comprehensive than previous efforts. That said, a single annual report does not answer the question of how effective we have been and continue to be in the execution of preparedness grant programs. Until the Department fully implements a Planning, Programming and Budgeting System (PPBS) that assesses all impacts of Federal investment we will never be able to determine whether 100 new Border Patrol agents or another \$10M in Operation Stonegarden funding provides the best return on investment for the Federal taxpayer.

In closing, the NFCA applauds both Congress’ appropriations and the Administration’s requests for the Assistance to Firefighters Grant (AFG) and Emergency Management Performance Grant (EMPG) programs. In the middle of a recession, these programs have seen over the last two to three years the highest levels of funding in their history – and this is good news. We need to ensure that funding through other DHS preparedness programs focuses on the enhancement and continued sustainment of *prevention and protection* activities.

On balance, the NFCA supports the intent of the President’s FY 2013 Budget to consolidate FEMA grant programs. We also support the restoration of preparedness funds in the President’s Budget. We look forward to working with the Department and Congress to ensure an enhanced and sustained focus on prevention and protection measures.

Mr. Chairman, thank you on behalf of the National Fusion Center Association for the opportunity to share my views.