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How We Judge Progress?"

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Thank you for the opportunity to testify at such a critical moment in the evolution of U.S. homeland security. Congress and the Administration have made great progress in securing the Nation since 9/11. Major challenges remain, however, both for responding to the flaws revealed by Hurricane Katrina and – at least as important — anticipating and preparing for the threats to come. We cannot meet those challenges by following the path we are on today.

Four changes will get us on a better path. First, we need to rethink the meaning of homeland security and the priorities within it. Second, we need to recast the division of labor in homeland security, and go much further to capitalize on the advantages that states and localities have over the federal government in securing the Nation. Third, should build deeper integration within the Department of Homeland Security — through means I will propose today that would produce benefits far beyond the Department. Finally, we need to consider more comprehensive ways to bring risk-based analysis to bear on homeland security decisions, and thereby gain the greatest possible impact from the resources you invest in this constrained fiscal environment.

I. REDEFINING HOMELAND SECURITY AND ITS FUNDING PRIORITIES

Definitions matter; they undergird decisions about which priorities the Subcommittee should emphasize within its limited budget. The President’s National Homeland Security Strategy took on that definitional challenge in 2002, and provides a good starting point for the Subcommittee to build its own understanding of the phrase. The Strategy defines homeland security exclusively in terms of terrorism. Homeland security is “a concerted national effort to prevent terrorist attacks within the United States, reduce America’s vulnerability to terrorism, and minimize the damage and recover from attacks that do occur.” Entirely absent from this definition are the goals of preparing against, responding to, or recovering from natural hazards such as hurricanes or earthquakes. The Strategy did call on the Department of Homeland Security (DHS) to follow an all-hazards approach to disaster preparedness and response. Nevertheless, while DHS inherited responsibility for natural hazards preparedness, the

Administration excluded it from its definition of homeland security, treating that responsibility as just one of many non-security functions subsumed by the Department.

I urge the Subcommittee to adopt a wider definition of homeland security as a starting point for its funding deliberations. Natural hazards preparedness should be made part of the core of homeland security, rather than a function defined out of it. Hurricane Katrina made clear the catastrophic effects that natural hazards can pose. The consequences of a naturally occurring pandemic could be still more devastating, and make it all the more obvious that natural hazards can endanger national security.

Even in dealing with terrorism, the nature of the threat requires us to continually rethink the range of problems that fall into the security realm. Food safety, public health and a broad array of functions beyond traditional definitions of security (and largely the responsibility of states and localities) now are critical for security the Nation. 9/11 taught us too late that passenger aircraft are weapons. To avoid future surprises, and escape the cycle of erecting better defenses only after they have been breached, the Subcommittee needs to continually reassess what constitutes security and how our Nation might be threatened by a clever, adaptive adversary.

Katrina also calls into question the Homeland Security Strategy's ranking of homeland security missions, and highlights the need for the Subcommittee to build its own sense of priorities. The Strategy emphasizes that "The first priority of homeland security is to prevent terrorist attacks." The Strategy's lowest priority: managing the consequences of events that do occur. Katrina revealed the hidden costs of that rock-bottom ranking.

Yet, I would urge the Subcommittee to resist the temptation to overreact, and replace the primacy of prevention with an across-the-board focus on strengthening disaster response. One reason is that we remain far from where we need to be in terms of terrorism prevention. The Administration has yet to provide a national strategy for prevention. DHS has yet to appoint an Undersecretary to drive and integrate its disparate prevention activities. And in contrast to hurricanes, terrorists can seek to maneuver around the measures we take against them, complicating the prevention efforts that loom over and above the requirements for natural hazards preparedness.

It is also a mistake to place an across-the-board emphasis on any one mission within homeland security (whether prevention or response) because for each specific threat to homeland security, mission priorities are likely to vary. Prevention must remain king for weapons of mass destruction. If we are cleaning up after a nuclear attack, we will have already failed. Prevention efforts may be also able to significantly reduce the likelihood of a catastrophe occurring. To minimize the risk of nuclear attacks against the United States, for example, securing fissile materials abroad (and reducing the danger of “loose nukes”) provides an especially leveraged way to invest U.S. security resources. In contrast, response capabilities will be of paramount value in dealing with threats such as pandemic flu. While preventing the outbreak of a killer flu poses major difficulties, a prompt and well-coordinated respond to such an outbreak can drastically reduce its impact. One size will not fit all; in deciding on funding priorities between homeland security missions, the Subcommittee should consider adopting a threat-by-threat approach.

II. WHO SHOULD DO WHAT: RETHINKING WHERE THE SUBCOMMITTEE SHOULD ALLOCATE HOMELAND SECURITY FUNDING

For years, we have talked the talk that states and localities are on the front lines of homeland security. It is time to go much further in walking the walk. Compared with the Soviet threat, which by its nature required an overwhelmingly federal response, threats to homeland security (both natural and manmade) do not. On the contrary: states and localities have inherent advantages over the federal government in conducting a range of homeland security functions, most obviously in disaster response but also for some key functions in terrorism prevention.

The Subcommittee should take those advantages into account as you build a long-term vision of how the homeland security system should evolve, and allocate funds accordingly. In particular, the Subcommittee should continue to assist states and localities to take the lead in security functions at home, while also continuing to strengthen the strategic the principles that guide their efforts, and maintaining the funding that states and localities provide for their own security.

Opportunities for progress exist at two levels. First, within the Department of Homeland Security, we should deepen and accelerate the Department’s focus on supporting states and localities (rather than trying to perform most homeland security functions at the federal level).

Intelligence for terrorism prevention provides a case in point. Foreign intelligence functions should remain in the federal realm, with the federal government sharing that intelligence with states and localities as appropriate. In many other functions, however, states and localities will have inherent advantages. State and local law enforcement and other agencies are especially well positioned to detect terrorism-related activities in their jurisdictions, and -- potentially -- to help fuse that data to support prevention efforts.

DHS has begun to offer support to States fusion centers. Much more should be done, however. While DHS has taken an important step in providing intelligence staff to assist those centers, for example, it would also be helpful to bring state and local analysts to DHS on two or three-year rotations. DHS might also provide greater funding to sustain fusion center operations, and assist states in developing performance metrics to ensure that any such investment actually helped build measurable (and meaningful) prevention capacity.

We should also recast the division of labor between levels of government, and shift their funding allocations accordingly. The Congress has consistently, and wisely, appropriated grant assistance funds for states and localities over and above the requests made by the Administration. But the long history of federal dominance over security reinforces the temptation to revert to “oldthink,” and assign the most difficult problems (and the resources to fix them) to the federal government.

That temptation is especially notable in strengthening the response system to handle catastrophes. When states and localities are overwhelmed, and mutual aid and regional resources prove inadequate, the National Response System calls for the federal government to step in and perform emergency support functions. The typical investment strategy has been to bulk up the capacity of federal departments to provide such support. In addition, however, if we were to help states and localities build up their capacity to assist each other, we would reduce their dependence on federal support. States have made enormous progress in building mechanisms to provide for such mutual aid. Regional compacts, mutual aid agreements, and networking systems can provide an effective and efficient way to build catastrophic response capabilities, while retaining the advantages that local expertise can bring to bear in disaster preparedness. An investment strategy of this sort also accounts for the risk that in the worst, widest-scale catastrophes, many states and localities will be on their own as the federal government focuses on a narrow set of response priorities.

III: FUNDING DHS COHESION AND EFFECTIVENESS

The effectiveness of your investments in homeland security also depends on the ability of DHS to overcome its internal management challenges. Given the scale of the integration problems that the Department originally confronted, with 22 disparate agencies brought under one roof, DHS deserves congratulations on the progress that has been made. To further that integration effort, the experience of the Department of Defense offers a useful – but ultimately inadequate – model from which to borrow.

The Goldwater-Nichols Act of 1986 built “jointness” across the divided armed services through two mechanisms, both of which might be adapted to help advance integration across agency lines in DHS. First, the law mandated changes in career paths to provide for cross-service experience, and tours in “joint” assignments that transcend service lines. Second, Goldwater-Nichols revamped the military education system to provide officers with joint education, rather than only service-specific instruction. Both approaches could prove helpful to DHS, once they were redesigned to take into account the specific integration problems that the Department faces.

In another respect, however, DOD-style integration is doomed to fail in DHS. National defense has been overwhelmingly a federal function, with a strongly hierarchical structure of authority (presided over by the secretary of defense and, ultimately, the president). Indeed, one of the ways that Goldwater-Nichols sought to build a more integrated military was to strengthen the authority of the defense secretary over the armed services. Building integration in homeland security presents a very different challenge. States and localities play a critical role in homeland security, not just DHS. And neither governors nor mayors report to the president. They will typically have their own sense of homeland security priorities, and their own assets and authorities to accomplish those goals. In short, integration is needed not just horizontally, across the 22 agencies within DHS, but vertically, between those agencies and the state and local partners they need to support.

A promising approach to build integration under these circumstances would be to create a large, sustained program to bring state and local officials into the staff of DHS on a rotating basis. As in the example of intelligence collaboration mentioned earlier, such an infusion of

state and local expertise into the Department would produce two significant benefits. First, from an integration perspective, a strong state and local presence within DHS would help build collaborative relationships across all three levels of government – relationships and understandings that would endure long after personnel rotated back to their home jurisdictions. Second, the strategies, plans and risk assessments developed through this collaborative process are likely to be superior to those developed on a primarily federal basis (or vetted with state and local officials in an after-the-fact manner).

Given the current professional staffing shortfalls in many DHS agencies, this approach might also become part of the Subcommittee’s broader savings strategy for Department personnel funding. Of course, a rigorous selection process would be needed to ensure that the appropriate state and local officials rotated into the Department. Provisions would also be made to ensure that states and localities retained sufficient personnel to perform their critical homeland security functions. Yet, if the detailees were put into proper assignments (especially those involving in planning and policy development), such a rotational staffing plan could have strong benefits for the homeland security system as a whole.

V. BUILDING A STRONGER APPROCH TO RISK-BASED DECISION CRITERIA AND FUNDING PERFORMANCE METRICS

The Congress and DHS have made important progress in bringing risk-based considerations to bear on critical infrastructure protection and other problems. Efforts should continue to build measures of effectiveness that focus on the resiliency of critical systems and core economic functions. Much more remains to be done, however.

Key risk factors (and metrics for progress) are not yet getting the attention they deserve. For example, while we attempt to assess the criticality of potential targets and the risks of their destruction, we have largely ignored the psychological criticality of such targets – that is, the degree to which their destruction might provoke disproportionate fear amongst the American people. Our adversaries not only want to kill as many Americans as possible; they also want to incite panic and psychological dislocation, especially in ways that would create devastating

economic and political consequences. Indeed, our adversaries would like to make Americans as fearful and disaffected from our government as possible.

I urge the Committee to ensure that DHS takes explicit account of these broader factors in assessing target criticality, and in applying risk-based considerations to investment decisions. There may also be opportunities to build science-based programs to de-link the death and destruction that adversaries want to inflict from the psychological effects that they also hope to accomplish. Our adversaries want to make us fearful. Reducing the likelihood that they can succeed offers a potentially important metric for success as you build towards a more secure future.

We also need further progress in using network-based approaches to identify the critical nodes in our infrastructure systems, and focus our scarce resources on protecting them (rather than spreading protection funds cross all system components). Nearly all critical infrastructure sectors such as water, power and telecommunications are difficult to protect because of their sheer size and complexity. They are so large that it is impractical to fully protect every component in even one sector, let alone all sectors. But many of these sectors also have evolved into networks built around a few, highly connected nodes that are highly connected to other nodes. This presents a potential vulnerability; if terrorists can destroy a node, the failure in the system as a whole can be catastrophic. But networks structured in this way are also amenable to efficient strategies for protection. Rather than defending all of the thousands of components in a network, concentrating our protection resources on a relatively small number of nodes can offer terrific dividends in terms of overall system survivability. Engineering and operations research approaches to networked strategies for infrastructure protection offer great promise. As the Subcommittee continues to work with DHS to ensure that protection resources are invested most efficiently, these analytic approaches can help you accomplish your larger objectives for the future of the homeland security system.