Testimony of

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A New Perspective on Threats to the Homeland

Mr. Chairman, Ranking Member Thompson, and members of the committee, I am pleased to have been invited to testify on this important topic and I thank you for the opportunity.

A Retrospective

Mr. Chairman, the 1st of March will mark the Tenth Anniversary of stand up of the Department of Homeland Security. The Department was officially created on the 24th of January 2003, but the operating components from other departments were not moved to DHS until 1 March 2003 when the Department became operational. From the signing of the Homeland Security Act on 25 November 2012 to the actual operation of the Department on 1 March barely three months passed. I am not here to dwell on the past but it is important to understand the circumstances under which the Department was created.

While this could be considered government at light speed, little time was available for deliberate planning and thoughtful consideration of available alternatives. The situation was complicated by the fact that the law was passed between legislative sessions and in the middle of a fiscal year. Other than Secretary Ridge, early leadership positions were filled by senior officials serving in government. Confirmation was not required to be "acting." Funding was provided through the reprogramming of current funds from across government for departmental elements that did not have existing appropriations from their legacy departments.

Operating funds for components that were transferred were identified quickly and shifted to new accounts in the Department to meet the deadline. Because of the wide range of transparency and accuracy of the appropriation structure and funds management systems of the legacy departments some of the new operational components faced a number of immediate challenges. Estimating the cost of salaries for Customs and Border Protection (CBP) or Immigration and Customs Enforcement (ICE) required the combination of different work forces, with different grade structures, different career ladders, and different work rules.

Basic mission support functions of the Department such as financial accounting, human resource management, real property management, information resource management, procurement, and logistics were retained largely at the component level in legacy systems that varied widely. Funding for those functions was retained at the component level as well. In those cases where new entities were created (i.e. Departmental level management and operations, the Under Secretary for Science and Technology, the Under Secretary for Intelligence and Analysis, the Domestic Nuclear Detection Office) support systems had to be created rapidly to meet immediate demands of mission execution. Finally, components and departmental offices that did not preexist the legislation were located in available space around the Washington DC area and the Secretary and number of new functions were located at the Nebraska Avenue Complex in Northwest Washington.

At the time of this transition I was serving as the Coast Guard Chief of Staff and was assigned as the Coast Guard executive to overseas the Service's relocation from the Department of Transportation to the new Department. We began planning for eventual relocation as soon as the administration submitted legislation to the Congress. I also assigned personnel to the Transition Planning Office (TPO) that was created in the Office of Management and Budget by Executive Order to prepare for the transition. A considerable challenge during this period was the fact that the TPO was part of the Executive Office of the President and there were legal limitations on how much of their work could be shared externally. As a result much of that effort was redone or duplicated when the Department was created.

As I noted earlier, my intent is not to dwell on the past but to frame the degree of difficulty facing the leaders attempting to stand up the Department from the outset. Many of these issues persist today, ten years later. Despite several attempts to centralize and consolidate functions such as financial accounting and human resource management, most support functions remain located in departmental components and the funding to support those functions remains in their appropriations. Because of dissimilarities between appropriations structures of components transferred from legacy departments there is a lack of uniformity, comparability, and transparency in budget presentations across the Department. As a result it is difficult to clearly differentiate, for example, between personnel costs, operations and maintenance costs, information technology costs, and capital investment. Finally, the five-year Future Years Homeland Security Plan (FYHSP) required by the Homeland Security Act has never been effectively implemented as a long rang planning, programming, and budgeting framework inhibiting effective planning and execution of multi-year acquisitions and investments.

In the Washington Area the Department remains a disjointed collection of facilities and the future of the relocation to the St. Elizabeth's campus remains in serious doubt. As the Chief of Staff of the Coast Guard and Commandant I committed the Coast Guard to the move to St. Elizabeth and only asked that we be collocated with our Secretary and not be there alone. The Coast Guard will move to St. Elizabeth's this year … alone. One of the great opportunity costs that will occur if colocation does not happen will be the failure to create a fully functioning National Operations Center for the Department that could serve at the integrating node for departmental wide operations and establish the competency and credibility of the Department to coordinate homeland security related events and responses across government as envisioned by the Homeland Security Act. As with the mission support functions discussed earlier, the Department has struggled to evolve an operational planning and mission execution coordination capability. As a result, the most robust command and control functions and capabilities in the Department reside at the component level with the current NOC serving as a collator of information and reporting conduit for the Secretary.

The combination of these factors, in my view, has severely constrained the ability of the Department to mature as an enterprise. And while there is significant potential for increased efficiencies and effectiveness, the real cause for action remains the creation of unity of effort that enables better mission performance. In this regard there is no higher

priority than removing barriers to information sharing within the Department and improved operational planning and execution. Effective internal management and effective mission execution require the same commitment to shared services, information systems consolidation, the reduction in proprietary technologies and software, and the employment of emerging cloud technologies.

Mr. Chairman, this summary represents my personal views of the more important factors that influenced the creation and the first ten years of the Department's operations. It is not all-inclusive but is intended to be thematic and provide a basis for discussion regarding the future. Looking to the future the discussion should begin with the Department's mission and the need to create unity of effort internally and across the homeland security enterprise. I made similar comments before the Senate Committee on Homeland Security and Government Affairs last year.

The Future

The Quadrennial Homeland Security Review was envisioned as a vehicle to consider the Department's future. The first review completed in 2010 described the following DHS missions

- Preventing Terrorism and Enhancing Security
- Securing and Managing Our Borders
- Enforcing and Administering our Immigration Laws
- Safeguarding and Securing Cyberspace
- Insuring Resiliency to Disasters

An additional area of specific focus was the maturation of the homeland security "enterprise" which extends beyond the Department itself to all elements of society that participate in and contribute to the security of the homeland.

The QHSR outcomes were consistent with the fiscal year 2010 budget that was submitted in early 2009 following the change of administrations. That request laid out the following mission priorities for the Department

- Guarding Against Terrorism
- Securing Our Borders
- Smart and Tough Enforcement of Immigration Laws and Improving Immigration Services
- Preparing For, Responding To, and Recovering From Natural Disasters
- Unifying and Maturing DHS

The FY 2010 budget priorities and the follow-on QHSR mission priorities have served as the basis for annual appropriations requests for four consecutive fiscal years without measurable change.

I participated in the first review prior to my retirement and we are approaching the second review mandated by the Homeland Security Act. This review presents an opportunity to assess the past ten years and rethink assumptions related to how the broad spectrum of DHS authorities, jurisdictions, capabilities, and competencies should be applied most effectively and efficiently against the risks we are likely to encounter … and how to adapt to those that cannot be predicted. This will require a rethinking of what have become traditional concepts associated with homeland security over the last ten years.

Confronting Complexity and Leading Unity of Effort

Last year in an issue of Public Administration Review (PAR), the journal of the American Society for Public Administration (ASPA), I wrote an editorial piece entitled "Confronting Complexity and Leading Unity of Effort." I proposed that the major emerging challenge of public administration and governing is the increased level of complexity we confront in mission operations, execution of government programs, and managing non-routine and crisis events. Driving this complexity are rapid changes in technology, the emergence of a global community, and the ever-expanding human-built environment that intersects with the natural environment in new more extreme ways.

The results are more vexing issues or wicked problems we must contend with and a greater frequency of high consequence events. On the other hand advances in computation make it possible to know more and understand more. At the same time structural changes in our economy associated with the transition from a rural agrarian society to a post industrial service/information economy has changed how public programs and services are delivered. No single Department, agency, or bureau has the authorizing legislation, appropriation, capability, competency or capacity to address this complexity alone. The result is that most government programs or services are "co-produced" by multiple agencies. Many involve the private/non-governmental sector, and, in some cases, international partners. Collaboration, cooperation, the ability to build networks, and partner are emerging as critical organizational and leadership skills. Homeland Security is a complex "system of systems" that interrelates and interacts with virtually every department of government at all levels and the private sector as well. It is integral to the larger national security system. We need the capabilities, capacities and competency to create unity of effort within the Department and across the homeland security enterprise.

Mission Execution and Mission Support

As we look forward to the next decade I would propose we consider two basic simple concepts: Mission execution and mission support. Mission execution is deciding what to do and how to do it. Mission support enables mission execution.

Mission Execution … Doing the Right Things Right

As a precursor to the next QHSR there should be a baseline assessment of the current legal authorities, regulatory responsibilities, treaty obligations, and current policy direction (i.e. HSPD/NSPD). I do not believe there has been sufficient visibility provided on the broad spectrum of authorities and responsibilities that moved to the Department with the components in 2003, many of which are non discretionary. Given the rush to enact the legislation in 2002 it makes sense to conduct a comprehensive review to validate the current mission sets as established in law.

The next step, in my view, would be to examine the aggregated mission set in the context of the threat environment without regard to current stove piped component activities … to see the Department's mission space as a system of systems. In the case of border security/management, for example, a system of systems approach would allow a more expansive description of the activities required to meet our sovereign responsibilities.

Instead of narrowly focusing on specific activities such as "operational control of the border" we need to shift our thinking to the broader concept of the management of border functions in a global commons. The border has a physical and geographical dimension related to the air, land and sea domains. It also has a virtual, information based dimension related to the processing of advance notice of arrivals, analysis data related to cargoes, passengers, and conveyances, and the facilitation of trade. These latter functions do not occur at a physical border but are a requirement of managing the border in the current global economic system.

The air and maritime domains are different as well. We prescreen passengers at foreign airports and the maritime domain is a collection of jurisdictional bands that extend from the territorial sea to the limits of the exclusive economic zone and beyond.

The key concept here is to envision the border as an aggregation of functions across physical and virtual domains instead of the isolated and separate authorities, jurisdictions, capabilities, and competencies of individual components. Further, there are other governmental stakeholders whose interests are represented at the border by DHS components (i.e. Department of Agriculture, DOT/Federal Motor Carriers regarding trucking regulations, NOAA/National Marine Fisheries Service regarding the regulation of commercial fishing).

A natural outcome of this process is a cause for action to remove organizational barriers to unity of effort, the consolidation of information systems to improve situational awareness and queuing of resources, and integrated/unified operational planning and coordination among components. The additional benefits accrued in increased efficiency and effectiveness become essential in the constrained budget environment. The overarching goal should always be to act with strategic intent through unity of effort.

A similar approach could be taken in considering the other missions described in the QHSR. Instead of focusing on "insuring resiliency to disasters" we should focus on the creation and sustainment of national resiliency that is informed by the collective threat/risks presented by both the natural and human built environments. The latter is a more expansive concept

than "infrastructure" and the overall concept subsumes the term "disaster" into larger problem set that we will face. This strategic approach would allow integration of activities and synergies between activities that are currently stove piped within FEMA, NPPD, and other components. It also allows cyber security to be seen as an activity that touches virtually every player in the homeland security enterprise.

In regard to terrorism and law enforcement operations we should understand that terrorism is, in effect, political criminality and as a continuing criminal enterprise it requires financial resources generated largely through illicit means. All terrorists have to communicate, travel, and spend money, as do all individuals and groups engaged in criminal activities. To be effective in a rapidly changing threat environment where our adversaries can quickly adapt, we must look at cross cutting capabilities that allow enterprise wide success against transnational organized criminal organizations, illicit trafficking, and the movement of funds gained through these activities. As with the "border" we must challenge our existing paradigm regarding "case-based" investigative activities. In my view, the concept of a law enforcement case has been overtaken by the need to understand criminal and terrorist networks as the target. It takes a network to defeat a network. That in turn demands even greater information sharing and exploitation of advances in computation and cloud-based analytics. The traditional concerns of the law enforcement community regarding confidentiality of sources, attribution, and prosecution can and must be addressed, but these are not technology issues … they are cultural, leadership, and policy issues.

Mr. Chairman, this is not an exhaustive list of proposed missions or changes to missions for the Department. It is an illustrative way to rethink the missions of the Department given the experience gained in the last ten years. It presumes the first principals of (1) a clear, collective strategic intent communicated through the QHSR, budget, policy decisions, and daily activities and (2) an unyielding commitment to unity of effort that is supported by an integrated planning and execution process based on transparency and exploitation of information to execute the mission.

Mission Support … Enabling Mission Execution

Mr. Chairman, in my first two years as Commandant I conducted an exhaustive series of visits to my field commands to explain my cause for action to transform our Service. In those field visits I explained that when you go to work in the Coast Guard every day you do one of two things: you either execute the mission or you support the mission. I then said if you cannot explain which one of these jobs you are doing, then we have done one of two things wrong … we haven't explained your job properly or we don't need your job. This obviously got a lot of attention.

In the rush to establish the Department and in the inelegant way the legacy funding and support structures were thrown together in 2003, it was difficult to link mission execution and mission support across the Department. To this day, most resources and program management of support functions rest in the components. As a result normal mission

support functions such as shared services, working capital funds, core financial accounting, human resources, property management, and integrated life cycle based capital investment have been vexing challenges.

There has been hesitancy by components to relinquish control and resources to a Department that appears to be still a work in progress. The structure of Department and component appropriations does not provide any easy mechanism for departmental integration of support functions. As a result information sharing is not optimized and potential efficiencies and effectiveness in service delivery are not being realized. As I noted earlier, a huge barrier to breaking this deadlock is the lack of uniformity in appropriations structures and budget presentation. This problem has been compounded by the failure to implement a 5-year, Future Years Homeland Security Plan and associated Capital Investment Plan to allow predictability and consistency across fiscal years.

Mr. Chairman, having laid out this problem, I see three possible ways forward. The desirable course of action would be to build the trust and transparency necessary for the Department and components to collective agree to rationalize the mission support structure and come to agreements on shared services. The existing barriers are considerable but the first principals of mission execution apply here as well … unambiguous, clearly communicated strategic intent and unity of effort supported by transparency and knowledge based decisions. A less palatable course of action is top down directed action that is enforced through the budget process. The least desirable course of action is externally mandated change.

Unfortunately, the current fiscal impasse and the need to potentially meet sequester targets while facing the very real prospect of operating under a continuing resolution for the entire fiscal year 2013 represents the confluence of all of these factors and a fiscal perfect storm. There is a case to act now. We should understand that a required first step that lies within the capability of the Department would be to require standardized budget presentations that can serve as the basis for proposed appropriations restructuring to clearly identify the sources and uses of funds and to separate at a minimum personnel costs, operating and maintenance costs, information technology costs, capital investment, and facility costs.

Creating and Acting with Strategic Intent

Mr. Chairman, I have attempted to keep this testimony at a strategic level and focus on thinking about the challenges in terms that transcend individual components, programs, or even the Department itself. I have spoken in the last year to the Department of Homeland Security Fellows and the first DHS Capstone course for new executives. I have shared many of the thoughts provided today over the last ten years to many similar groups. Recently, I have changed my message. After going over the conditions under which the Department was formed and the many challenges that still remain after ten years, I was very frank with both groups. Regardless of the conditions under which the Department was created and notwithstanding the barriers that have existed for ten years, at some point the public has a right to expect that the Department will act on its own to address these issues. Something

has to give. In my view, it is the responsibility of the career employees and leaders in the Department to collectively recognize and act to meet the promise of the Homeland Security Act. That is done through a shared vision translated into strategic intent that is implemented in daily activities from the NAC to the border through the trust and shared values that undergird unity of effort. It is that simple, it is that complex.

I understand the committee is considering whether the Department should develop a comprehensive border strategy that would encompass all components and entities with border equities, including state and local law enforcement. I also understand there is concern about performance metrics associated with carrying out such a strategy. There are also potential opportunities related to the equipment being returned from military operations in Iraq and Afghanistan. Finally, we are witnessing a transition of leadership in Mexico as we continue to jointly address the threat of drug and other illicit trafficking as a major hemispheric threat.

In considering the strategic course of action going forward regarding the management of the border in a global commons or any of the diverse missions of the Department of Homeland Security, we should remember then General Eisenhower's admonition that "Plans are nothing; planning is everything." I have been involved in strategic planning for decades I can attest to their value. Done correctly that value is derived from a planning process that forces critical thinking, challenges existing assumptions, creates shared knowledge and understanding, and promotes a shared vision. Accordingly, I would be more concerned about the process of developing a strategy than the strategy itself. It is far more important to agree on the basic terms of reference that describe the current and likely future operating environment and to understand the collective capabilities, competencies, authorities, and jurisdictions that reside in the Department as they relate to that environment and the threats presented.

I believe the Homeland Security Act envisioned that process to be the Quadrennial Homeland Security Review. Accordingly, the committee may want to consider how that process that is already mandated in law might become the vehicle to create strategic intent. Intent that unifies departmental action, drives resource allocation, integrates mission support activities, removes barriers to information sharing and creates knowledge.

Strategic Intent and the Border

I am often asked, in the wake of the Deepwater Horizon oil spill, "Is it safe to drill offshore?" My answer to that question is relevant to any consideration of how we carry out the sovereign responsibilities of a Nation in managing our border. My answer is that there is no risk free way to extract hydrocarbons from the earth. The real question is, "What is the acceptable level of risk associated with those activities in light of the fact that it will take a generation to develop alternate fuels?" Likewise, there is no risk free way to manage a border short of shutting it down. Discussions about operational control of the border and border security too often focus on specific geographical and physical challenges related to managing the land border. While those challenges exist, they cannot become the sole focus of a strategy that does not account of all domains (air, land, sea, space, and cyber) and the

risks and opportunities that the border represents. As I mentioned earlier we need to think of the border as a set of functions. We need to think about what is the acceptable level of risk associated with those functions. We cannot neglect trade and become fixated on driving risk to zero, it cannot be done.

Whether it is TSA considering options for passenger and cargo screening, the Coast Guard considering the trade offs between fisheries and drug enforcement, ICE considering resource allocation to protect intellectual property or remove dangerous aliens, NPPD considering how to deal with cyber threats to infrastructure, or USCIS deciding how immigration reform would drive demand for their services, the real issue is the identification and management of risk. Those decision are made daily now from the Port of Entry at Nogales to the Bering Sea, from TSA and CBP pre-clearance operations in Dublin to Secret Service protection of the President, and from a disaster declaration following a tornado in Mississippi to the detection of malware in our networks. The question is how are they linked? Are those actions based on a shared vision that make it clear to every individual in the Department what their role is in executing or supporting the mission.

A strategy for the border or any DHS mission ideally would merely be the codification of strategic intent for record purposes to support enterprise decisions. The creation of self directed employees that understand their role in departmental outcomes on a daily basis in a way that drives their behavior should be the goal. If a border strategy is desired, I believe it must be preceded by a far deeper introspective process that addresses how the Department understands itself and its missions as a unified, single enterprise.