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**“THE NATIONAL PREPAREDNESS REPORT: ASSESSING THE STATE OF
PREPAREDNESS”**

**SUBCOMMITTEE ON EMERGENCY PREPAREDNESS, RESPONSE, AND
COMMUNICATIONS**

COMMITTEE ON HOMELAND SECURITY

UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Bilirakis, Ranking Member Richardson, members of the subcommittee, on behalf of the National Fusion Center Association (NFCA), thank you for inviting me to testify today. My name is Mike Sena and I serve as Deputy Director of the Northern California Regional Intelligence Center (NCRIC), the fusion center for the San Francisco Bay area. I currently serve as president of the National Fusion Center Association (NFCA). The NFCA represents the 77 state and local owned and operated fusion centers that comprise the National Network of Fusion Centers.

It is clear to those of us on the front lines that the state of national preparedness with regard to intelligence and information sharing has improved dramatically since 9/11, with a noticeable acceleration in improvements over the past few years. At the same time, we recognize that a range of capabilities must be further developed, and we are working with our federal, state, local, and tribal partners through a variety of forums to integrate the whole community and improve our state of preparedness every day.

As the National Preparedness Report (NPR) states, “fusion centers are focal points within the state and local environment for the receipt, analysis, gathering, and sharing of threat-related information between federal, state, and local governments and private sector partners. Fusion centers position law enforcement, public safety, emergency management, fire service, public health, critical infrastructure protection, and private sector security personnel to understand local implications of national intelligence.”

In other words, fusion centers analyze national threat information in a local context, disseminate relevant and actionable information to state and local decision makers, and pass critical state and local information up to Federal partners in the intelligence community. All of this is done while protecting the privacy, civil rights, and civil liberties of American citizens.

A snapshot of my own fusion center, the NCRIC, gives you a sense of how we can collaborate today on intelligence and information sharing. We are collocated with the Northern California HIDTA and the FBI Joint Terrorism Task Force (JTTF) Threat Squad. Our analysts have the ability to sit shoulder-to-shoulder with FBI analysts. We have emergency managers, firefighters, EMS workers, public health workers, cops, analysts, federal, state, local, and private sector representatives working at our fusion center. We analyze suspicious activity reporting and share information on terror, crime, and other threats to our region, and we make sure that the right organizations and decision makers get the information they need.

The National Network of Fusion Centers – which includes 49 centers designated by state governors as primary fusion centers, two territorial fusion centers, and 26 major urban area fusion centers – is maturing at an increasing pace. The overall level of information sharing and intelligence analysis nationwide has increased as well. We fully agree with the NPR’s key finding that “A network of state and major urban area fusion centers and JTTFs [FBI Joint Terrorism Task Forces] has significantly improved analytical and information sharing capabilities among law enforcement, homeland security, and Intelligence Community entities at all levels of government.” At the same time, we think it is helpful to review the progress we have made and address the primary ongoing challenges we are working with our partners to solve.

The National Network of Fusion Centers has played a major role in transforming the way Federal, state, local, and tribal governments share intelligence information to protect the homeland. The National Network – together with the full complement of federal partners – embodies what the 9/11 Commission and the Intelligence Reform and Terrorism Prevention Act of 2004 envisioned a decentralized, distributed information sharing model to help “connect the dots” and prevent attacks. In

fact, the National Network has become the central information sharing point between the federal government and state, local, tribal, territorial, and private sector partners. The 2010 National Security Strategy of the United States specifically cites fusion centers a central element in preventing future acts of terrorism.

After investing \$40 billion in federal preparedness grants over the past decade – the lion's share of which has been directed at response and recovery activities – it is safe to say we are much better prepared to prevent, respond to, and recover from terror attacks and other disasters than we were prior to 9/11.

There is good reason to pat ourselves on the back; but there is much to do, and there is also real reason for concern. As the dramatic declines in federal grant funds that have been approved by Congress – more than 50% for SHSP and UASI – begin to take effect at the end-user level this year, we will struggle to maintain the momentum that has developed over the past decade. Fusion centers in some states that rely heavily on federal grant dollars to support operations will likely lose significant numbers of analytical personnel, and some may cease operating as fusion centers altogether. Other centers may turn their focus “inward” to become intelligence support functions within state or local law enforcement agencies. We were happy to see last month that both the House and Senate DHS appropriators recommended increases in funding for State and Local Programs at FEMA. But if these scenarios I just mentioned become reality, there is no doubt that our national preparedness would suffer greatly.

That is why we think that DHS preparedness grants going forward should emphasize the intelligence and information sharing element of our national preparedness. This must be prioritized to continue building and sustaining *prevention and protection* capabilities. That includes the sustainment of a strong National Network of Fusion Centers. Fusion centers are focused on prevention, but a growing number of fusion centers support the full range of preparedness activities and partner with the emergency management, fire, and public health communities as well as the private sector.

The NFCA fears the consequences of the impending budget sequestration. Non-defense discretionary funding has been cut substantially over the last three years. It is shocking to us that the some of the hardest hit programs have been those that support homeland security preparedness. FEMA State and Local Programs have been cut by 50% over the last three years. We understand the desire to avoid cuts to Defense spending under sequestration, but after the 50% cuts we have sustained, we strongly urge Congress to avoid saddling NDD programs – especially preparedness grants – with even deeper cuts. Security is government's number one responsibility at all levels, and that means Congress must take a balanced approach to deficit reduction and not hit State and Local Preparedness and other non-defense discretionary programs with further cuts.

No more effective mechanism exists to coordinate the sharing of multi-source information for diverse stakeholders and facilitate broad collaboration on threat analysis. Consider the difficulties if the federal government had to share information directly with the 18,000 separate law enforcement agencies in the United States. Or, consider if the federal government could only obtain value-added

information from state and local agencies on a piecemeal basis to support terrorism investigations. Relative to the tens of thousands of public safety agencies across the country, the National Network of only 77 centers is a very efficient way to leverage the capabilities of an entire nation to support the analysis and sharing of threat information.

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.

Most fusion centers today have an “all-crimes” mission – and many also now have an “all-hazards” mission – because an exclusive focus on terrorism simply misses the point that you cannot separate crime and terrorism. In addition, the analytical and sharing capabilities that fusion centers offer are useful in every-day crime fighting efforts. Identifying trends and anomalies, analyzing suspicious activity reporting, and providing actionable information to decision makers is just as essential in fighting gangs, home invasions, human trafficking, and online child exploitation as in preventing terrorist attacks. In short, the “fusion process” is valuable in protecting all communities against all threats.

Most law enforcement officers will tell you that the best intelligence collaboration and information sharing happens when relationships among agencies and individuals are built on trust and experience. The right policies, technology, processes, protocols, and funding are essential enablers of effective information sharing, and we’ve seen dramatic improvements in these areas since 9/11. But information sharing is fundamentally about creating, building, and sustaining RELATIONSHIPS. Legislation and mandates can only get us so far. When it comes to leveraging the full scope of the public

safety community in the United States for homeland security purposes, a constant effort to build relationships and develop trusted mechanisms is how it will get done.

That's where the NFCA comes in. It is our association's mission to support the development of the National Network of Fusion Centers and improved information sharing. Since we formed 3 years ago, we have made a point of fostering relationship development across the network and vertically among federal, state, local, tribal, territorial, and private sector stakeholders. We work regularly with these stakeholders, and we just approved the addition of a representative from the Major Cities Chiefs Intelligence Commanders Group on the NFCA Executive Board. Progress does not happen overnight. Those who expect a switch to be flipped and have instant and seamless sharing of information on threats across all possible stakeholders are bound to be disappointed. The appropriate vision for intelligence collaboration and information sharing was laid out by the 9/11 Commission and was emphasized in the Intelligence Reform and Terrorism Prevention Act of 2004: 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.

The thankless business of improving intelligence and information sharing preparedness is often carried out in efforts coordinated by the Criminal Intelligence Coordinating Council (CICC). The 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 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. It is how improvements in national preparedness in this area will continue to be matured.

Despite our progress, we are concerned that 10 years without a major attack has led to a level of apathy. All stakeholders must continue to invest in the long-term effort to improve our capacity to share information. If the federal government does not continue to take steps to ensure the National Network is strengthened and sustained, we will start moving away from the vision of the 9/11 Commission and IRTPA, 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.

We think the National Preparedness Report shows a continued need for focused investment in the Network as the core homeland security information sharing and intelligence analysis facilitator in partnership with state, local, federal, and tribal law enforcement, fire, emergency management, and public health agencies. To the extent that the NPR is a "roll-up" of individual state preparedness

reports, law enforcement entities in many states have not been as integrated into the development of the state reports as they should be. In fact, it appears that the methodology used to create the NPR is not as analytically rigorous as it should be. The National Network of Fusion Centers was not consulted in a systematic way. If the Network is a pillar of our national preparedness, then the report should not be developed without a coordinated process directly with the fusion centers. As future state preparedness reports are generated, the NFCA recommends that Homeland Security Advisors and state Emergency Managers integrate information directly from fusion centers in their states. We are pleased that data was integrated into the NPR from the detailed assessment of the National Network of Fusion Centers that is conducted annually by the DHS Office of Intelligence and Analysis. But the appropriate stage for engagement of the fusion centers in preparedness reports is also at the state level. Going forward, the NFCA will encourage direct state-level interactions in addition to the use of data collected through the annual fusion center assessment process.

While we agree with the NPR's key finding on the National Network, we do not think the report provides helpful context for the capability percentage ratings it lays out. There have been dramatic improvements in recent years, and I would argue that these improvements are actually accelerating. We all recognize that the wave of a magic wand will not result in an ideal operating situation. When you are in the business of developing, shaping, and maintaining an intelligence and information sharing **culture** across governmental and jurisdictional lines, you are constantly pressing for **incremental** improvements over time.

And that is what we've seen. From the development and implementation of the Nationwide Suspicious Activity Reporting Initiative (NSI), to the enhanced support provided to the National Network by DHS Intelligence & Analysis, to increased FBI/JTTF interactions and collocation with fusion centers, to improvements in analysis and sharing technology, to deeper relationships across the National Network and within states, our preparedness has gotten steadily more robust. Through our work on the CICC, we have had substantial input into the refresh of the National Information Sharing Strategy. I think that strategy will lay out a way ahead that reflects both the progress made and the focused investments of energy and resources that will be needed over the next decade.

We can see that a national intelligence enterprise is being created by connecting fusion centers, their information sharing and analysis partners, JTTFs, the HIDTA Investigative Support Centers, the RISS centers, major city and major county intelligence centers, the Nationwide SAR Initiative, and the FBI Field Intelligence Groups (FIGs). This enterprise has been woven into a protective fabric for our nation. The enterprise has matured because partners have rolled up their sleeves and created solutions that are crossing boundaries efficiently. Strong leadership from the DHS Office of Intelligence and Analysis, the Office of the Program Manager of the Information Sharing Environment, the Bureau of Justice Assistance at the Department of Justice, the Nationwide Suspicious Activity Reporting Initiative's Program Management Office (NSI-PMO) and the Federal Bureau of Investigation has resulted in the strengthening of governance structures that are intended to lower barriers between Federal, state, and local organizations.

Of course there is a lot of room for improvement. Intelligence and information sharing capability gaps that we must continue to address include:

- standardized or harmonized platforms for secure messaging across the National Network of Fusion Centers and with our federal partners;
- training and retention of high-quality analytical personnel across the National Network;
- sustainable funding support for the National Network through DHS preparedness grants;
- broadening and deepening of fusion center relationships with all relevant stakeholders in our states, including governors' homeland security advisors, emergency managers, and critical infrastructure owners and operators;
- tighter coordination of information collection, analysis, and sharing with our federal partners;
- secure and reliable access to classified systems, specifically FBI systems, and reforms that allow cleared fusion center personnel to have the same access as DHS I&A and FBI personnel to FBI classified systems; and
- recognition of security clearances across agencies and domains to ensure timely and efficient access to relevant information.

One issue that we are currently dealing with provides a good illustration of how far we have come in terms of the intelligence and information sharing element of national preparedness, and the challenges that still remain.

Earlier this year the FBI Terrorist Screening Center halted sharing of "encounter notifications" with fusion centers in the manner in which they previously had been shared. Briefly, encounter notifications refer to the notices sent by the TSC to fusion centers regarding any governmental agencies' encounters with individuals on the consolidated Terrorist Watchlist in the interior of the country – for example in traffic stops. The NFCA discussed the issue directly with TSC leadership and others at the FBI. We convened a conference call with the TSC, FBI, DHS, NFCA, International Association of Chiefs of Police, National Sheriffs' Association, Major County Sheriffs' Association, Major Cities Chiefs Association, Association of State Criminal Investigative Agencies, CICC, and the Governors' Homeland Security Advisory Council to address the issue. Just days later we had worked out a way ahead to ensure encounter notifications were available to all fusion centers going forward. Today the TSC, DHS, and state, local, and tribal partners are working to address the issue. This kind of broad-based and real-time effort to improve intelligence and information sharing would have been extremely difficult 10 years ago, or even just 5 years ago. The process is never easy, but this enhanced coordination – enabled by the fusion centers – ensures that we continue on the path to greater preparedness.

We cannot have true preparedness without true information sharing. We need to continue to work with the FBI and all our federal partners to improve sharing of critical information while maintaining operational security and preserving citizens' privacy and civil liberties. In addition, we have to continue working with our federal partners to develop secure communications platforms that enable efficient information sharing and analytical collaboration. We continue to see several different information sharing platforms in use across the 18,000 state and local law enforcement agencies in this

country. No single entity is in a position to mandate standardization, but efforts continue to ensure data can be shared and received when needed. Event deconfliction is another major area of needed focus. True information sharing includes both threat information and event deconfliction. We believe we need a single national deconfliction system. While there are several good examples of event deconfliction systems in use by different law enforcement agencies, we need to work toward standardization or interoperability of systems.

Overall, we have made excellent progress, but we are not where we want to be. Not a day goes by without conversations among partners that are serving to build the trust, confidence, and relationships necessary to realize true information sharing.

Congress can also play a helpful role. We note that just last week the House passed two bills - H.R. 2764, the WMD Intelligence and Information Sharing Act, and H.R. 3140, the Mass Transit Intelligence Prioritization Act – that have intelligence analysis and information sharing through the National Network of Fusion Centers as a primary purpose. Both pieces of legislation are examples of how Congress can support the incremental improvements we need to make over time to advance our homeland security intelligence and information sharing capabilities.

Another way Congress can support these advances is by ensuring sustained grant support for the National Network. This committee shepherded the Implementing 9/11 Commission Recommendations Act of 2007. Section 2006 of that Act mandated that 25% of the UASI and SHSGP preparedness grants be allocated by recipients to “Law Enforcement Terrorism Prevention (LETP) Activities.” This is how many states support their primary designated fusion centers with DHS grants. But there is no single funding model for fusion centers, and there is no guarantee that the LETP portion of DHS grant funds will be sufficient to support an adequate level of functionality at every fusion center in every state. A required fusion center investment justification in states’ applications for DHS preparedness grants helps, but it does not ensure that allocated funds are sufficient to support a robust fusion process in each state.

Earlier this year the NFCA conducted a survey of its members which revealed that more than 60% of all fusion center funding is provided by state or local governments. Less than 40% is supported by federal grants.¹ In addition, since fusion center operating budgets do not include the salaries of “donated” personnel assigned by local and state agencies to fusion centers, the contribution ratio of state-to-federal financial contributions is likely closer to 70/30. This concrete data demonstrates that, consistent with the spirit of Presidential Policy Directive/PPD 8, homeland security intelligence and information sharing is a shared responsibility with shared benefits, and that all stakeholders are sharing in the required investment.

The data also help to dispel a myth we often see reported that fusion centers are DHS entities. DHS did not create the fusion centers, and they do not operate them. No fusion center is funded exclusively with DHS grant dollars. For example, federal funding through SHSGP constituted 10% of the

¹ National Fusion Center Association membership survey, March, 2012. 56 out of the 77 fusion centers responded. Survey responses were not independently audited or verified.

Florida Fusion Center's \$2.7 million budget in FY 2011. At the Joint Regional Intelligence Center (JRIC) in Los Angeles, combined SHSGP and UASI grant funding comprised just over 40% of the \$12.7 million budget in FY 2011.

DHS recognizes the value of a robust National Network of Fusion Centers as critical to homeland security intelligence analysis and information sharing, and they have focused resources and other support to the centers as an invaluable partner to help nurture the National Network. Secretary Napolitano, Undersecretary for Intelligence and Analysis (I&A) Caryn Wagner, and Deputy Undersecretary for I&A Scott McAllister deserve great credit for requiring that states include an investment justification for fusion centers in their applications for UASI and SHSGP funding 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 receive, gather, analyze, and share information to prevent terrorism will remain a top priority for DHS investment.

Grant funds allocated to fusion centers help to build and sustain “critical operational capabilities” or COCs – 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 assessments are addressed across the National Network.

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 through the Nationwide Suspicious Activity Reporting Initiative (NSI) – 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. As the newly published NSI Annual Report for 2011 states, “fusion centers are uniquely situated to provide an analytic context to SAR data, an essential element of NSI’s overall mission.”

The NSI Annual Report indicates that as of March, 2012 68 fusion centers have the capability to contribute and share SARs. More than 250,000 frontline law enforcement officers have received NSI Line Officer Training. Training tailored to other public safety sectors has also been developed, which will expand the ability of those in the best position to notice suspicious activity will know what to do. The quality and quantity of SARs have increased over time, especially as implementation of NSI has progressed. As of March, more than 43,000 searches had been conducted by analysts authorized to use the system, and more than 17,000 SAR reports were available in the system.

There is still a lot to be done to fully implement NSI, but the progress has been encouraging. Over the past year we have worked closely with the FBI and the NSI Program Office to address challenges related to input of SAR information into accessible databases for timely analysis. The NSI recently implemented a technical solution that allows fusion center SAR information to be submitted to the NSI Federated Search system and simultaneously to the FBI’s eGuardian system. In addition, the NFCA signed onto a “unified message” earlier this year with several federal, state, and local law

enforcement organizations regarding suspicious activity reporting that emphasizes collaboration, sharing, and lanes of responsibility, while calling for advanced training and strict adherence to the privacy and civil rights policies and responsibilities that we are obligated to observe.

Information sharing and intelligence collaboration efforts continue to develop. We are intimately involved in the refresh of the National Information Sharing Strategy. We are pleased with the way the intergovernmental discussions have gone over the past year, and the quality of ideas put on the table has been good. Kshemendra Paul, the Program Manager for the Information Sharing Environment, has made substantial contributions and has ensured that our perspectives are carefully considered. There is a sense of real commitment to make the revised strategy a document that will serve us well and set a clear direction. We believe the strategy should be a living document that is updated more frequently and flexes as developments occur.

In addition, the NFCA has begun working with DHS to conduct an exercise later this year regarding Critical Operational Capability #1 – Receive. This is likely to involve the entire National Network of Fusion Centers and will help assess progress and identify areas for improvement. Fusion centers continue efforts to train “fusion liaison officers” or “FLOs”. Thousands of state, local, and tribal law enforcement officers have received FLO training and the centers are committed to continue this training. Supporting this training is one of the primary reasons that we need to ensure sustained funding is available.

Another example of our enhanced level of preparedness is the event that I plan to attend immediately after this hearing: a secure video teleconference jointly held by DHS and FBI along with the National Network of Fusion Centers and Governors’ homeland security advisors. The call will outline the current threat environment, and will also consider suspicious activity reporting, SAR training, and engagement with the public.

We have made tremendous progress and our level of preparedness has increased significantly in recent years. Fusion center directors are committed to continuous improvement and are engaging at the operational and strategic levels every day across the National Network and with our federal partners. We continue to push for more advances, build trust, and overcome obstacles. I realize that these activities rarely rise to the level of congressional awareness, but the examples I mentioned are just a few of the many efforts happening today. As a result of sustained focus at all levels, we are better prepared to gather, analyze, and share information and intelligence that improves our homeland – and hometown – security. We ask for your continued support for these initiatives.

Thank you again on behalf of the National Fusion Center Association for the opportunity to provide our perspectives.