



Testimony of

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Introduction

Chairman McCaul, Ranking Member Keating, and distinguished Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss how the Department of Homeland Security (DHS) is implementing a strategy to counter emerging threats. As the subcommittee has requested, we have focused primarily on how the QHSR has provided a strategic foundation for DHS, and DHS strategic management based on the QHSR.

I serve as Deputy Assistant Secretary and head of the Office of Strategic Plans in the DHS Office of Policy within DHS headquarters. One of the key responsibilities of the DHS Office of Policy is to ensure that the Secretary, Deputy Secretary, Assistant Secretary for Policy, and the senior headquarters and Component leadership of DHS are provided with objective, analytically rigorous decision support. In short, we help ensure that tough policy and strategy decisions are informed by a consideration of viable alternatives, with a clear sense of the associated risk and resource implications, and that those decisions, once made, carry through to subsequent decisions concerning investments and operations. For that reason, I am pleased to be able to highlight how we do that at DHS and how we intend to continue improving that process in the context of emerging threats.

The homeland security strategic environment is constantly evolving, and while we have made significant progress, threats from terrorism continue to persist. Today's threats are not limited to any one individual or group, are not defined or contained by international borders, and are not limited to any single ideology. Terrorist tactics can be as simple as a homemade bomb and as sophisticated as a biological threat or a coordinated cyber attack. In addition, broader strategic trends such as the dramatic spread of internet and mobile technologies around the world and the growing relevance of non-state actors on the world stage suggest new opportunities and challenges that must be accounted for in our current and longer-term homeland security strategic planning.

Another defining characteristic of our strategic environment is the tightening fiscal environment. It is increasingly important to define clear priorities, develop and assess viable alternatives, and make well-informed decisions involving difficult trade-offs. DHS has made substantial progress in this regard, particularly with respect to establishing an enduring strategic foundation for national homeland security efforts, refining our strategic and policy analysis capabilities and approaches, and improving strategic alignment through focused management tools and processes. Together, these improvements have positioned DHS to effectively address today's security environment while ensuring that we are sufficiently flexible, agile, and capable in the face of emerging threats and risks.

In my testimony, I will highlight our activities in each of these areas. Specifically, I will: (1) describe how the *Quadrennial Homeland Security Review Report (2010)* (QHSR) has provided a strategic foundation and common framework to inform subsequent analysis and planning; (2) describe targeted efforts aimed at enhancing strategic alignment that ensure DHS is a strategy

and policy-driven organization; and (3) outline key improvements in our analytic capabilities and approaches.

Strategic Foundation: The QHSR and Bottom-Up Review

QHSR

The *Implementing the 9/11 Commission Recommendations Act of 2007* directed the Department to begin conducting quadrennial reviews in 2009, and every four years thereafter. The QHSR and subsequent Bottom-Up Review (BUR) were critical first steps in the process of examining and addressing fundamental strategic issues that concern homeland security, and establishing an enduring strategic foundation.

As the first review of its kind for DHS, the QHSR clarified the conceptual underpinnings of homeland security, described the security environment and the nation's homeland security interests, identified the critical homeland security enterprise missions, and outlined the principal goals and essential objectives necessary for success in those missions. I would like to highlight three elements of the QHSR that, in particular, provided the strategy and planning foundation that have positioned DHS to effectively address emerging strategic challenges.

First, the QHSR clarified the conceptual underpinnings of homeland security. In defining homeland security as the intersection of evolving threats and hazards with traditional governmental and civic responsibilities for civil defense, emergency response, law enforcement, customs, border control, and immigration, the QHSR emphasized the importance of eliminating traditional stovepipes to achieving success in homeland security. The QHSR also established the idea of the homeland security enterprise, which refers to the collective efforts and shared responsibilities of federal, state, local, tribal, territorial, nongovernmental, and private-sector partners—as well as individuals, families, and communities—to maintain critical homeland security capabilities. Each of these conceptual elements has infused all aspects of our strategy and planning.

Second, the QHSR took a comprehensive approach to threats by expanding the focus of homeland security to specifically address high-consequence weapons of mass destruction; global violent extremism; mass cyber attacks, intrusions, and disruptions; pandemics and natural disasters; and illegal trafficking and related transnational crime. Almost three years later, these challenges remain top priorities. At the same time, DHS is assessing major trends and drivers in the strategic environment in order to understand how these challenges may be evolving and to anticipate emerging threats and risks.

Third, the QHSR adopted a mission structure designed to endure across inevitable changes in the security environment. Our missions are to prevent terrorism and enhance security, secure and manage our borders, enforce our immigration laws, safeguard and secure cyberspace, enhance resilience to disasters, and provide critical support to economic and national security. Because tomorrow's security environment will not necessarily look like today's security environment, the missions provide a durable framework to effectively address whatever risks and threats may emerge over time.

This framework has informed all subsequent DHS strategy and planning efforts, whether they are DHS products or products that DHS supports with partners across the enterprise. For example, the recently-released *Blueprint for a Secure Cyber Future* defines the ends, ways, and means by which DHS and the homeland security enterprise will meet the goals and objectives set forth in Mission 4 of the QHSR, Safeguarding and Securing Cyberspace.

The BUR and Strategy Implementation

The QHSR and other strategic guidance within the Department are implemented through the programming and budgeting process, and the oversight of major acquisitions. As a first step in this process, the BUR was initiated in November 2009 as an immediate follow-on and complement to the QHSR. The BUR focused on three elements: (1) how to improve DHS's operational performance within the five homeland security missions; (2) how to improve Department management; and (3) how to increase DHS accountability for the public funds entrusted to us.

The Department's FY 2012 budget request began the process of implementing the QHSR and specific BUR initiatives and enhancements, and the corresponding FY 2012-2016 Future Years Homeland Security Plan set forth the budget plan required to provide sufficient resources to successfully execute the Department's responsibilities across the full range of homeland security missions as described in the QHSR. The Department's approach to managing its annual performance and its priority goals are guided by the QHSR and BUR, as reflected in the FY 2010-2012 Annual Performance Report and Plan. In addition, the forthcoming *FY 2012-2016 DHS Strategic Plan* is founded on the framework and methodological approach of the QHSR, reflects performance measures aligned against the mission areas of the QHSR, and emphasizes the initiatives concerning Department management and accountability set forth in the BUR.

Based on the strategic foundation set forth in the QHSR and BUR, DHS's Components complete their own strategies, strategic plans, and other strategic initiatives. These efforts may be legislatively-driven, or may be initiated within the Department in order to address a persistent or emerging threat or challenge. However, all strategies and strategic plans should reflect the overall framework set forth in the QHSR and BUR. For example, the 2011-2014 FEMA Strategic Plan describes the cascade from the *National Security Strategy* through the *Quadrennial Homeland Security Review Report* to the FEMA Administrator's Intent Priorities. Similarly the 2010-2014 ICE Strategic Plan draws its four priorities from the QHSR mission structure. Likewise, efforts such as the Border Intelligence Fusion Section at the El Paso Intelligence Center, the supply chain security initiative, and the Balanced Workforce initiative can be traced back to initiatives identified or described in the BUR. DHS harmonized its account structure and reworked its suite of performance measures as part of the BUR process, which resulted in enhanced management effectiveness and accountability.

The Next QHSR

Under the schedule set forth in the *Implementing the 9/11 Commission Recommendations Act of 2007*, the Department will conduct its next quadrennial review in 2013. While the first QHSR

set a durable framework of homeland security missions, the next quadrennial review can focus on a more extensive examination of the security environment and potential future trends and shocks, and provide a deeper review of a few key areas. The review can provide a more in-depth look at those key areas with respect to current strategic environment, future strategic environment, national homeland security risk, strategy options and alternatives, and capability and resource implications for changes in strategy. In this way, the next QHSR can begin to look much more like the Quadrennial Defense Review on which it is modeled. The review will also reflect a greater integration of risk analysis into all stages of the quadrennial review, as recommended by the Government Accountability Office in their review of the first QHSR. The Department has begun planning for the next QHSR and we look forward to working with Congress going forward on executing this second quadrennial review.

Implementing the QHSR: Ensuring Policy and Strategy Inform Resource Allocation

The Under Secretary for Management is leading the development and implementation of a comprehensive, strategic management approach focused on maturing organizational effectiveness within DHS. The “front end” of this strategic management system is really the “back end” of the policy and strategy process. To that end, the Office of Policy supports the Under Secretary for Management’s efforts, not only by ensuring clear statements of policy and strategy, but by translating strategic guidance into investment guidance in the annual *Integrated Planning Guidance*, supporting capability development and analysis, and ensuring that the Department’s major acquisitions are grounded in mission needs derived from Department policy and strategy.

The *Integrated Planning Guidance* sets forth the Secretary’s specific investment guidance for Components to use in developing their Resource Allocation Plans (RAP), consistent with the QHSR and other strategy documents. The *Integrated Planning Guidance* marks the transition from the planning to the programming phase of the Department’s Planning, Programming, Budgeting, and Execution (PPBE) process. The Office of Policy also supports the Management Directorate’s Office of Program Analysis & Evaluation, which administers the PPBE process, in conducting analysis of specific issues for the annual budget cycle, reviewing Component RAP submissions for consistency with the IPG, and raising issues as part of the Program Review Board process.

The Office of Policy also supports capability development through portfolio management bodies such as the Screening Coordination Office (SCO). Portfolio management bodies help identify areas where better coordination and a common set of goals can make DHS more efficient and effective. For example, SCO, an element of the Office of Policy, establishes standards for Departmental programs which deal with the screening of people, and helps the Department meet those standards. Working closely with DHS Components and the headquarters programming and budgeting staff, SCO has helped increase information flow and reduce duplication among screening programs. This not only reduces the overall cost of such programs, it enhances the ability of programs to share information and enhance our Nation’s security. The Office of Policy also conducts strategic requirements planning in support of portfolio management efforts involving domain awareness and information sharing. Ultimately, portfolio management bodies

become the engines to develop integrated, cross-Departmental requirements for homeland security functions such as screening, domain awareness, and information sharing.

Another place where policy and strategy intersect with Departmental strategic management is the major acquisition oversight process. The Office of Policy supports the Management Directorate in Phase 1 (Need) and Phase 2 (Analyze/Select) of the acquisition review process, by reviewing Mission Needs Statements and Operational Requirements Documents for consistency with Department policy and strategy. During these reviews, Policy focuses on the following key questions:

1. Is the program consistent with approved policy, guidance, and requirements (e.g. the Quadrennial Homeland Security Review; applicable laws and regulations)?
2. Is the program duplicative of other similar capabilities elsewhere in the Department?
3. Is there a coherent scope for the program, and clear mission-oriented objectives, consistent with the QHSR and other strategy documents?
4. Are the requirements set forth in the document best fashioned to advance mission and functional needs, as articulated in the QHSR and other strategy documents?

This “back end” involvement in the PPBE, portfolio management, and major acquisitions oversight processes is an essential element in the full cycle of policy and strategy development and implementation. DHS is committed to ensuring that articulated policy and strategy influences programming and budgeting, capability development, and major acquisition decisions.

Enhancing Strategy and Strategic Analysis

Given the complexity of homeland security challenges and our primary role in decision support, a consistent priority within the Office of Policy is the application of rigorous and cutting-edge analytic techniques and methodologies. The Office of Policy developed and has been piloting a methodology for developing strategy. Informed by best practices and insights from business, academia, the military, and government, including a highly valuable Government Accountability Office report on developing counter-terrorism strategies, our methodology stresses the importance of prioritization and choice, the consideration of resource implications, and analytically-informed insights in any strategy discussion. An anticipatory posture is emphasized through a fulsome examination of both the current and future strategic environment. The methodology is built around four basic elements: (1) setting the foundations for good strategy; (2) establishing appropriate context; (3) developing viable alternative solutions; (4) conducting analysis to support decision-making. Key steps across these four elements include:

- Obtaining leadership guidance regarding key priorities and expectations for the strategy;
- Developing a plan to execute the strategy that includes identifying and engaging stakeholders, roles, and important timelines;

- Identifying the current strategy, including the implicit strategy as expressed through the budget;
- Framing the problem and identifying strategic assumptions given a common understanding of the current and future strategic environment;
- Defining success through outcomes and strategic level measures;
- Generating viable alternative strategic approaches;
- Identifying the resource implications of each alternative approach; and
- Assessing the degree to which each alternative would achieve success and at what cost.

In addition, the Office of Policy has worked with the National Protection and Programs Directorate's Office of Risk Management and Analysis (RMA) as RMA has developed models for assessing strategic national risk and capability- and program-level risk reduction. The Fiscal Year 2012 DHS Appropriations Act authorized the Secretary to transfer the risk management and analysis functions performed by RMA to the Office of Policy in 2012. Such a transfer will enhance the Department's risk modeling, analysis, and strategic planning functions, and aid in ensuring that risk analysis most effectively informs strategy development and strategic choice.

Effective strategy provides a unifying device through which an organization's capabilities are integrated and employed efficiently, resources are allocated toward the highest priorities, and different organizational elements are collaborating in the pursuit of common objectives, all of which are essential for a highly distributed, operationally-focused enterprise like DHS. Our strategy methodology represents a critical step in producing effective strategy.

Conclusion

The best way to posture the Department to effectively address emerging threats is to ensure that tough policy and strategy decisions are informed by a consideration of viable alternatives, with a clear sense of the associated risk and resource implications, and that those decisions once made effectively influence subsequent programming and budgeting, capability development, and major acquisition decisions.

I look forward to addressing your questions.