

**General Michael V. Hayden Before House Permanent Select Committee
Subcommittee on Oversight
July 28, 2005
Statement for the Record**

Mr. Chairman, Ranking Member, Honorable Members of the Committee, thank you for inviting me to appear before you today in open session. I look forward to giving you as full a picture as I can in an unclassified session of the important strides forward we have made in setting up the Office of the Director of National Intelligence and in continuing to reform the Intelligence Community (IC). Under the leadership of Director Negroponte, I believe we have made a great deal of progress in a short period of time.

As you know, our Office emerged from the landmark Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), and IRTPA is therefore both the impetus and a guiding light for our efforts. We have also drawn inspiration from the recommendations of the important commission reports released in recent years, including but not limited to the WMD and 9/11 Commissions. More broadly, we are well aware of the abiding and intense interest in effective intelligence reform of the President and of Congress—and particularly the intelligence committees—not to mention of the public at large. I will discuss shortly some of the more significant steps we are taking to implement the WMD Commission's recommendations for reform of the Intelligence Community.

Allow me, first, to sketch for you a progress report on where we are in terms of setting up the Office of the Director of National Intelligence. A major reason for creating the position of the DNI was to make the IC function as a Community, so we have spent a large portion of our time starting to fulfill this role. In doing so, one of our guiding mantras is that we need to infuse "Community" into everything we do. In a number of areas, we have glided quite easily into our new role. In his capacity as principal intelligence advisor to the President, for instance, Director Negroponte has quickly assumed the reins. He oversees, coordinates, and formulates the morning President's briefing, ensuring the product represents the best analysis from around the Intelligence Community. The DNI is the President's chief referent for intelligence issues. He or his delegate now participates as the Intelligence Community's representative at National Security Council Principals' Committee meetings, while I, as Principal Deputy Director, or my delegate functions as the Intelligence Community representative at NSC Deputies' meetings. With the assistance of the National Intelligence Council (NIC), a key component of the Office of the DNI, this transition has been almost seamless.

We have been sensitive to the recommendations of the Congress and the interests of the President in reshaping the content of the President's briefing, to ensure that it reflects the diversity of strengths within the Intelligence Community. When Director Negroponte was sworn in as DNI, editorial oversight of the PDB was transferred from CIA to the DNI and we broadened the range of contributions. The new process enables

us to tap the insights of the Community's foremost experts and to call attention to alternative analyses.

The National Intelligence Council, meanwhile, has been given primary responsibility for preparing Director Negroponte and me for Principals and Deputies Committee meetings—a responsibility formerly assigned to CIA. Under the NIC, the process of preparing the DNI and the PDDNI has become an unquestionably Community activity. Using its broad network of contacts, the NIC identifies the most experienced intelligence analysts from across the IC to assist in preparing the briefing books. Often, in the course of this activity, substantive differences are examined, helping to clarify and illuminate the discussions. In addition, managers and senior analysts from around the Community now have opportunities to share their expertise as additional attendees accompanying Director Negroponte or me to for these meetings. This has the added value of enabling them to feed insights from policy deliberations into the preparation of subsequent analytic products.

The other aspect of the Intelligence Community's new leadership structure is designed to manage the Intelligence Community itself, and here we have also been moving forward smartly. Director Negroponte and, where appropriate, I have assumed the chairmanship of a number of committees designed to help us oversee the Community. Director Negroponte will chair the Joint Intelligence Community Council, currently established as a twice-yearly meeting of the key Cabinet-level consumers and producers of intelligence at which important overarching budgetary, acquisition, and requirements decisions are discussed. I, meanwhile, chair three separate committees. First, the Deputy-level version of the Joint Intelligence Community Council, is designed to prepare the ground for its Cabinet-level variant. Second, once every two months I sit down with all fifteen heads of the intelligence agencies and components at an Intelligence Community Leadership Committee meeting. This gives the Office of the DNI the chance to give guidance to and hear input from the full spectrum of intelligence organizations. Finally, I chair a weekly session of the main Program Managers—CIA, FBI, NSA, NGA, NRO, and DIA. This is a nuts and bolts meeting that serves to keep the major Intelligence Community players singing from the same sheet of music. We have been particularly encouraged by the vigorous participation of the FBI—a new player in this forum.

We are also aggressively implementing the DNI's enhanced budget authorities. We worked closely with OMB to ensure that the recent supplemental appropriations for Iraq and counterterrorism operations were apportioned as recommended by the DNI. We are now finalizing the procedures we will use for the FY 2007 budget review so that we can exercise fully the DNI's authority to "determine" the budget for the National Intelligence Program for approval by the President as part of his annual budget submission.

Director Negroponte, the Deputy Directors, and I have also been assuming leadership of a large number of other boards crucial for overseeing various aspects of Community management, ranging from oversight of sensitive collection programs

through acquisition to analysis tradecraft. One of Director Negroponte's key emphasis areas is that "Community" must be incorporated into all ODNI efforts. We are bringing this attitude to our stewardship of all these committees.

Some of this work is low hanging-fruit, easily plucked. Others of it will take more time. Working out just precisely where the delineation of responsibilities lies between ODNI and the agencies as well as among the agencies themselves is one of those thornier problems. Here too, however, we are setting up good structures and starting off on the right foot. We have had strong support from the Department of Defense, including by its generous supplying of us with, *inter alia*, personnel and space, among other contributions. We have also been working closely with both the CIA and the FBI. And other agencies have also stepped forward to provide personnel and other assistance.

We have meanwhile begun the work of incorporating as integral parts of the ODNI the offices so designated for inclusion by IRTPA, including the chiefs of the National Counterterrorism Center, the National Intelligence Council, the National Counterintelligence Executive, as well as other ODNI elements. We are also building up our own in-house offices, including a Watch Office, a Public Affairs group, and so forth, with the intention of leveraging rather than replicating the capabilities that already exist around the Community. And we have established an Inspector General so that we can benefit from the many useful inputs that such an office can provide.

We are also staffing up the Office with high quality personnel from a variety of backgrounds. Director Negroponte and I are very excited about the people coming on board at all levels. We are largely filled in at the most senior level of ODNI, with three of four DDNIs on duty—the Deputy for Customer Outcomes will arrive shortly. We also have nominees for the positions of Director of the NCTC and General Counsel awaiting consideration by the Senate. At the Associate and Assistant DDNI level we are assembling a first-rate team, including leaders both from within and outside of the Intelligence Community.

The DNI and I have been pressing our staffs to think hard about how to articulate a strategy for the whole of the Intelligence Community. This is a topic that has been discussed in the past, but the DCI had more limited authority to devise and impose guidance to agencies such that they would all work in mutually complementary ways toward national objectives. Under our Management directorate we now have an office to write and oversee Strategy, Plans, and Policy, and earlier this month convened a conference of our senior leadership team to discuss the Community's mission, principles, and strategic objectives. I was very pleased with the frank and wide-ranging discussions that day, and I look forward to continuing them with the heads of the Community agencies when we host a follow-on session with them in early August.

In general, our overall strategy is to harness, not submerge, the different perspectives of each Intelligence organization—by doing a better job of sharing and integrating information within our community, by communicating more effectively with our consumers, and by providing more opportunity for our people. Already, we are better

leveraging the strengths of the entire Intelligence Community, and this is reflected not least in our early success in preparing the DNI for his key responsibility as the President's principal Intelligence advisor.

Allow me to shift gears here and give you a picture now of how we are doing at a level closer to the ground. As you well know, Director Negroponte and I were not appointed only to make changes at the fifty thousand foot level—as important as this reorganization is. Much of our value added is found in helping to ensure that reform goes through at the agency level, and we are working hard to follow through on this responsibility.

On analysis, Director Negroponte and I count as one of our highest priorities ensuring that our finished intelligence products are timely, objective, accurate, actionable, and based on all sources of available information. Using the National Intelligence Officers as the senior analytic experts within the Community, we are working to coordinate better the efforts of all of the analytic components to meet our customers' needs. We are creating a Strategic Analytic Unit in the National Intelligence Council to foster long-term research and coordinate strategic research agendas. Our DDNI for Analysis, Dr. Thomas Fingar, is committed to ensuring the integrity and credibility of our analytic products by rebuilding the in-depth expertise of our intelligence analysts and fostering centers of excellence that facilitate alternative analysis. Under his direction, we are implementing new procedures to review and evaluate the analytic tradecraft and soundness of finished intelligence products, both before they go out the door as well as retroactively to identify best practices and lessons learned.

To clarify our substantive priorities for the IC, on 8 July the DNI affirmed the National Intelligence Priorities Framework (NIPF) as his guidance to the Community on national intelligence priorities. The NIPF will be a central feature in helping the Office of the DNI to plan, allocate, manage, and evaluate resources across the IC. Intelligence components will use these priorities to guide their level of effort of analytic and collection activities, taking into consideration their organizational capability, capacity, charter, and departmental responsibilities.

Another key component of our efforts is the follow-through on the recommendations of the WMD Commission, the vast majority of which—70 out of 74—were endorsed in principle for implementation. As you know, we in the Intelligence Community are vigorously working to implement these recommendations for change. I will briefly sketch our progress on several of the most prominent.

On the critical domestic intelligence front, the Commission recommended a reorganization of the national security elements of the FBI, which the President implemented by his memorandum of June 29, 2005 entitled “Strengthening the Ability of the Department of Justice to Meet Challenges to the Security of the Nation.” The DNI and the Attorney General are working together to implement the organizational structure and arrangements to implement the President's decision.

The Commission also endorsed the creation of a National Counter Proliferation Center (NCPC). We are now in the early stages of setting up this crucial entity, and Director Negroonte is considering candidates for the position of director. As we have stated, this organization will be relatively small and will leverage existing IC capabilities by providing general coordination and direction to the Community's counterproliferation efforts.

Enabling our human intelligence collectors to obtain more information on the plans and intentions of our adversaries is among our top priorities. CIA has begun clarifying its management chain to adapt to its newly designated role as National HUMINT Manager. We are looking forward to this rationalization of the Community's organization for coordinating human intelligence collection. This official will set Community-wide policies, guidelines, and tradecraft standards, ensuring that our human intelligence collectors are well-trained and effective. A lesson of the intelligence effort on Iraq's biological weapons program demonstrates the importance of being certain that our human intelligence reporting is validated and reliable. We note that both the FBI and DOD have signed MOUs with CIA that will advance efforts to manage HUMINT operations across the Community more coherently.

Another promising development is our progress towards standing up a DNI-managed Open Source Center, building upon the established expertise of the Foreign Broadcast Information Service (FBIS). As the WMD Commission as well as the IC's Open Source Panel have amply demonstrated, open source holds vast reservoirs of valuable data for our analysts and policymakers. Setting up an organization focused on developing the tools, processes, and expertise to access the useful information out there, while observing and protecting the civil liberties of Americans, is a top priority for Director Negroonte and me. Our Office is now in the midst of a search for a top-flight individual to take the reins of the open source effort for the DNI.

Our new Associate Director for Science and Technology, Dr. Eric Haseltine, is leading our effort to marshal the Intelligence Community's science and technology capabilities. A recruit with extensive expertise outside the Community, Dr. Haseltine is pushing forward to integrate our science and technology programs and to tie them to mission needs. It is critical that our developmental efforts match up with our objectives and that we reestablish in the IC the kind of scientific expertise we have historically enjoyed.

On the critical topic of information access, John Russack, the new Information Sharing Environment Program Manager, began work earlier this summer. On June 2, 2005, in response to a recommendation by the Silberman-Robb WMD Commission, the President directed that the Program Manager be part of the Office of the Director of National Intelligence under the authority, direction, and control of the DNI. Recognizing that this statutory mandate of the Program Manager under section 1016 of the IRTPA is broad, covering access to terrorism information across Federal, State, local, and tribal governments and the private sector, this is an area in which the DNI has a government-wide, National-level responsibility. In this regard, the ODNI will actively support the

PM's information sharing efforts with federal, state, local, and tribal entities, and we will ensure that all major Program Manager initiatives will be thoroughly reviewed by, and approved through, the traditional National Security Council interagency process. We are striving to have the Program Manager's key leadership positions filled and the PM staff housed together in permanent spaces by mid-August.

While often a cliché, it is no less true that people are our most important asset. This is certainly the case in the Intelligence Community—literally everything we do depends on a workforce that is highly qualified and committed to our mission—and the DNI is paying particular attention to this vital area. In this regard, we are moving forward aggressively to ensure a far more strategic approach to managing the IC's human capital. We have appointed Ron Sanders as the IC Chief Human Capital Officer to head up this important effort, and he has already begun developing a comprehensive, IC-wide human capital plan that fully implements the mandates of the IRPTA, as well as the recommendations of the WMD Commission. That plan will ensure that we take full advantage of the personnel flexibilities provided by the Congress—to the DNI, as well as to other members of the Community.

The human capital initiatives that we already have underway include: developing and implementing a coordinated, Community-wide college recruiting campaign that maximizes our ability to meet mission-critical skills requirements (including our need for more intelligence analysts and linguists), as well as and to implement a comprehensive strategy for ensuring that, to help advance our effectiveness in our vital work, we reach out to recruit people of all backgrounds and experiences and provide equal opportunity hiring and advancement in our workplaces; establishing methods, mechanisms, and incentives to ensure more “joint” assignments across the Community, at senior levels and as part of a Community-wide leadership development “pipeline;” extending pay flexibilities afforded some members of the IC (like the FBI's authority to offer higher pay to attract and retain senior intelligence professionals) to the entire community; and ensuring a consistent and equitable approach to enhancing and modernizing the IC's various civilian compensation systems that takes past and present efforts in DHS, DoD, and CIA into account—including their lessons learned. We will pay close attention to recruiting personnel with the foreign language skills and abilities to work with people of varying ethnicities, religions, and social backgrounds in order to allow the Intelligence Community to penetrate and analyze the cultures of critical intelligence targets. Of course, we will welcome from Congress ideas and support in pursuing all of these strategic human capital objectives.

On the training and education front, we have created a National Intelligence University (NIU) System to integrate training, education, and related research efforts across the Community. In addition to coordinating the work of training and education elements across the IC, we will build a network of partnerships beyond the Community, with federal education institutions and the broader academic world. The University will also lead the development of a Community “lessons learned” process, a key recommendation of the WMD Commission adopted by the Administration, and an unprecedented development for the IC.

I hope these snapshots of where we are give the Committee a sense of the progress we have made since the creation of the Office of the DNI in April. As you can see, we have wasted no time in pressing forward on the reform efforts directed by law and by the President, including those implementing recommendations from the 9/11 and WMD Commissions. Not all of these efforts are new initiatives, as some of the concepts originated and came to fruition before the establishment of the ODNI. The new law, however, gave the DNI both the authority and the time to effect real change. We are still, however, in the early stages of a long, hard push to restructure and reinvigorate our Intelligence Community. And to sustain this effort we will need the continued attention and support of the Congress and particularly our key committees, such as this one. While the committees' attention will surely be engaged across the spectrum of Intelligence Community issues, ODNI will need sustained congressional support in a few key areas if we are to succeed in implementing our reform agenda.

In parallel with implementing the new budget authorities, we are moving aggressively to implement the new acquisition authorities. The first action under the DNI's Milestone Decision Authority (MDA) was taken jointly with the Department of Defense last week with regard to an NSA program in accordance with the IRTPA of 2004. Also, to further the acquisition efforts, we are creating an IC Systems Engineering and Architecture Office to engineer system-of-systems solutions across the IC.

Similarly, our efforts to integrate the foreign and domestic spheres of intelligence will require abiding congressional attention. The ambitious restructuring of the FBI's national security elements ordered by the President will be a long project, as it will not only look to remodel an organization, but to change a culture.

Another major effort lying ahead is the modernization and upgrade of our overhead architecture, as well as working with the intelligence program managers and the Department of Defense to improve the requirements, system, and architectural development process for all of our technical collection systems, and their integration. An integral part of this effort involves rationalizing MASINT management at a senior, Community level. While I cannot, in this open session, discuss in any detail the specifics of this problem, which is well known to the Members, I can say that its successful resolution will require close Congressional support and attention.

These are only a selection of the daunting challenges we face in pushing forward the reform agenda for the Intelligence Community. Despite the difficulties, I am confident that, with the support of the Congress and especially the intelligence committees, we can build a Community that is effective, cost-efficient, and in line with American principles. The dangers we face today will allow no less than the very best from the American people's Intelligence Community. Rest assured that Director Negroponte and I are doing and will do everything in our power to make sure that the Intelligence Community meets this high standard.

As I indicated at the outset of these remarks, we have made a great deal of progress in a short period of time. We are executing a major restructuring of one of Government's most important national security functions—and we are doing it in the middle of a war on terror. The safety of the Nation depends upon our getting it right, and getting it right fast. To carry out that mission, we must continue to have the broad and flexible authority we need and the appropriations from Congress we require. Just as you are counting on us, so, too, we are counting on you. Together we will ensure that the Government has the timely, accurate, and insightful intelligence it needs to protect the American people.

I am happy to take your questions.