

**Admiral William O. Studeman, USN, Ret., Appearance Before
The House Permanent Select Committee
Subcommittee on Oversight
22 September 2005
Statement for the Record**

Mr. Chairman and Ranking Member, Honorable Members of the Committee and Staff. It is my honor to appear before you today in open session to discuss the critical issues associated with the standup of the Office of the Director of National Intelligence (ODNI), and more importantly, the matters related to the continuing reform, transformation and ultimate integration of U.S. foreign and domestic intelligence communities, henceforth referred to as the Intelligence Community (IC), and the parallel reforms required in the Congress to ensure enlightened and effective oversight of the IC for the future. My CV/Resume attached provides background on my 43 years of service in naval, defense and national intelligence, including ten years in industry working defense, intelligence and information warfare technology and programs. I am retired, but remain close to the IC and DoD via various government boards and projects, and my continuing support to industry. I was recently a hyperactive Commissioner on the Presidential Commission on WMD, and have been busy since, as a citizen, in speaking and interacting on the detailed issues critical to moving U.S. Intelligence into a position to deal with the adversary threat challenges of the 21st century. This statement reflects many of those issues and thoughts, and I look forward to continuing to explore these issues with the Congress, the Executive and the IC.

The DoD embarked over five years ago on Departmental Transformation as its driving priority, and it still has a way to go to meet the national security challenges of the this new millennium. The IC is getting a late start on comprehensive transformation and reform, although some preliminary actions had been taken in some parts of the community. The challenges for the new Director of National Intelligence are massive and historic, and while first priority issues need to be addressed immediately (and real measurable progress needed), many issues will take 5-10 years or longer to mature. Naturally, the DNI and the IC cannot be successful if the Congress is not also transformed to better execute its important and key resourcing and oversight roles.

So what are the hot issues for intelligence? I have chosen five, admittedly large issues as primary, as follows:

- Implementation of Strong **Governance** Processes To Create a Truly Functionally **Integrated** combined foreign and domestic Intelligence **Community** for dealing with foreign adversary threats across the full spectrum of conflict, whether strategic (like WMD), transnational or global/regional.
- To Boldly **Improve Target Access/Intelligence Collection Means**, which is the first, main, continuing, differentiated and unique mission and obligation of Intelligence. It would be wrong to build new or adapted sources and methods, only have them compromised by bad national security practices and a continuing pervasive leak environment. Initiatives are required in all INT disciplines, but especially HUMINT, OSINT and MASINT.
- To Dramatically and **Quickly Reform and Re-Professionalize** the value added discipline of **Intelligence Analysis**, and to ensure that resources are properly **balanced between current and in-depth research based analysis**. This means **putting the analyst into the central position** relative to IC processes.
- To Move to **Make the IC, Working with Others, the Premier and Most Innovative and Leading Acquirer of Capabilities, Technology, Programs and Solutions in the Federal Government**, particularly given the IC's unique Congressionally provided Authorities for Acquisition (and the recent record of failed large programs). This is particularly challenging given the need for the high-speed acquisition and most advanced forms of Systems Engineering required to keep pace with today's modern intelligence targets. This area also requires the most advanced form of thinking about managing partnerships with U.S. industry.
- To **Revolutionize Customer Access** to Intelligence and to inculcate a **Strong IC Bias, Culture and Capability to Maximize Information Sharing and Customer Collaboration**, while **simultaneously Protecting New and Adapted Sources and Methods** for Penetrating Modern Threat Targets. This problem will required a major review of Security Policies, Processes and Architectures, and some new thinking about Counter-Intelligence and Leak Management for this new Millennium (this requirement is addressed in the Post Script of the WMD Commission Report).

Within each of these Top Five Issues, there are many subset considerations which I have attempted to outline in the graphics attached to this statement. These issues are broad ranging and complex, and require the highest degree of executive and congressional leadership, oversight/insight, cooperation, processes, policies, resource applications, organizational finesse, fearless application of authorities and the unambiguous willingness to take political, operational and technical risk.

It is important to note that these issues are not necessarily in conflict with the DNI's top three priorities (as I understand them) related to **achieving IC integration, improving analysis and focusing on the budget**, the latter being the lever which drives and enables the objectives which I have outlined above.

There are two transcendent areas which are critical to attaining success in the top five objectives listed above, as follows (will be discussed in more detail later):

- **Security Reform** which creates a 21st Century Security Framework, and comes up with policies for defining how to better protect sources and methods while simultaneously maximizing information sharing. The new Framework must also add to the Security workforce the technical talent to deal with the new security threats associated with modern information systems.
- **Making Optimum Use of Human Capital**, especially efforts to focus on recruiting and hiring, training and education, career development and management, x-detailing and overall professionalizing of the IC.

The key to successful change in the IC is LEADERSHIP. Failure of leadership (in both the Executive and Legislative Branches, but mostly the Executive) and professionalism is what got us to here, and it cannot be stated strongly enough that there are major challenges and opportunities facing the DNI, the SECDEF and USD(I), the Secretary of HLS and his new Intelligence Assistant Secretary nominee, and also most significantly, the Attorney General, FBI and others parts of law enforcement leadership, critical to maximizing cooperation, coordination, communication, integration, and control of the future IC. It is important that the relations between all these important departmental parties are cordial and

constructive, as they generally are, and most important that the DNI and SECDEF and the DNI and Dir FBI and SECHLS learn to live successfully with their respective hands in the other's pockets, and that these critical partnerships extend deeply into their respective organizations.

So what are the current issues requiring the most amount of Congressional focus? Here is a small list:

- Defining how the CIA will play its role in the future, especially related to National HUMINT management (including in S&T), OSINT and Analysis
- Standing up the OSINT Center capability for the future
- Dealing with IC Acquisition Leadership, Management and related Industry relations and Systems Engineering issues
- Re-Professionalizing Analysis, Putting Analysis in the "Central Position", and Better Converging Analysis Resources across the IC
- Preparing for the era of Persistent Surveillance by focusing on Better Space, Air and Ground collection system integration, and defining how the backend of such a system will support customers/users
- Working the many issues at the seams of Domestic and Foreign Intelligence integration, and the culture changes required in domestic intelligence to make it work, especially in the area of improving analysis
- Working the Info Sharing and IT Architectures which will allow customers to "live" in our intelligence data, and intelligence to "live" in their plans and operations
- Standup of the comprehensive and integrated basic entry, mid-career and advanced training, education and professionalization required to make the IC a truly global, integrated and high performing force
- Ensuring we keep focus on the high threat aspects of future Security, CI/CE and related matters, especially the emergent technical threats, and find some way to address the leak problem more comprehensively
- Leading Security Reform, Intel Support to Information Warfare (IW/IO) and other items mentioned in the Post Script of the WMD Commission Report
- Dealing with Problem Programs

It must be said up front that, just as the Executive, the IC and the major Departments and Agencies of Government must work to transform their own Enterprises for the 21st century, so must the Congress to transform/reform

Intelligence Oversight. You demand and ask the Executive Branch to change and reform, but you seem either unable or unwilling to reform, transform and change yourselves. This too is a leadership challenge, and both the 9-11 and WMD Commissions, made up of former and current Members of Congress provided both general and specific roadmaps for Congressional change yet un-acted upon. The Congress must streamline, simplify, professionalize and coherently align the jurisdiction of its oversight and focus its intelligence expertise. The Members and Professional Staff should remain at the strategic level of oversight and resource allocation, become experts in the many-faceted and often arcane aspects of the intelligence (and CI/Security) businesses, and bar its staff from micro-management. You should also be cautious about imposing unduly large budget swings out of peak and without deep examination and consultation, and or allowing the staff to conduct deep dives into lower IC staffs and business that do not also consult with the higher IC chain of command. Worse yet, there are rumors that staffs are becoming more internally partisan and not collaborating across the full committee enterprise openly with each other as they talk to executive branch sources. Seems to me your staff behavior should be fully integrated and collaborative if you expect the IC to be the same. Hearings, both open and closed, need to be highly focused on this issues being addressed, and strive for the maximum level of substantive data exchange and understanding, and minimize partisan posturing and rhetoric. The Congress should find innovative ways to reduce paperwork burdens on the IC, since such burdensome administrative efforts may not be value added, but do require IC resources for research and writing which are perhaps better employed on IC missions. Most importantly, there should perhaps be a class of IC activities and programs where both technical and operational risk-taking (with the known potential for failure) should be encouraged, and when and if such failures occur, the Congress will stand up for the attempting of it. Similarly, and notwithstanding the separation of powers, there are likely also some things which the IC and the Congress can do together to better understand and address some of the IC's critical issues (one example was the joint DCI/SSCI rump group of staff and members which met on weekends to address options for dealing with the exploding espionage cases of the mid-80's).

Since I am not part of the government, I only track from the outside the issues, efforts and progress of the IC and the Congress. I do believe it is important, from the point of view of this hearing, to keep a strategic view. There were days in the 1970's and 80's when the strategic views of

Congressional oversight were powerfully important to successful decisions about resources, programs and direction of the IC. The challenge for the DNI is to lay out his strategy, vision, direction, and to use mandate and the talents of the other IC leaders to drive transformation with speed. The Congress should take the DNI views and contribute its own value-added sense of strategy and direction as reflected in the legislative budget and oversight processes, always taking care to do no harm. The sum of these dynamics should be synergistic for the Nation.

Mike Hayden, in his 28 July appearance provided a first report of ODNI progress in this area, and many of the issues I address above and in the attachments below are similar. It is not the job of the DNI to “do” “intelligence”, rather, it is his job to “have it done” efficiently and effectively. The stakes are high, and “speed” is an important factor. In this regard, all of this is fundamentally about “transformation” and “reform.” Some people do not like these words, but they say what I want to say, and they invoke the image of the need for major changes in this critical intelligence business and the cultures which populate the business, which, after-all, is a critical, first order and major instrument of U.S. national power. Your 2004 Intelligence and Terrorism Act (IRTPA) recognized this when it was entitled a “Reform..... Act.” There are studied and historically relevant paths to successful transformation and seminal reform. I have therefore also included some simple notions about successful transformation in the attachment.

Finally, as you exercise your resource allocation and oversight roles, it is important for the country that you form a partnership with the IC. It is critical that, just as the DoD has moved to “Jointness”, the IC should move to be better integrated and coalesce into a true “Community”. There are Goldwater-Nichols-like analogies which are also contained in the attachments. **The concept of fully integrated intelligence “Community” is a strategic notion**, limited only by the parochial behavior of cultures and activities of the pieces and parts that make up the complex IC of today. We know from historical examples on countless levels of the IC, that 1+1 in an un-integrated community is less than 2, and integrated, 1+1 adds up to 3, 4, 5 or more.

As a citizen and former IC senior worried about my country and the health of the important profession of intelligence in which we have so heavily invested, we all have the collective responsibility to preside over a

“renaissance” for U.S. intelligence. The country and our friends and allies around the globe will expect nothing less.

Very respectfully submitted,

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Note to Staff: Two Related Items Attached and Forwarded Separately

- Resume
- Power Point Attachments for the Statement Above (Will need to be placed behind Statement)

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