

**STATEMENT OF
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BEFORE THE
UNITED STATES SENATE
COMMITTEE ON GOVERNMENTAL AFFAIRS**

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Introduction

Good morning, Madam Chairman, Senator Lieberman and Members of the Committee. I appreciate the opportunity to be here today to provide the FBI's views on intelligence reform. I would also like to express my gratitude for the efforts of so many inside and outside of government, particularly the 9/11 Commission and this Committee, who have worked to ensure that our national intelligence capability is postured for success against the adversaries of the 21st Century. That overarching objective must drive all efforts for reform.

Model for Reform

To understand our views on intelligence community reform, it is important to understand first how we in the FBI believe intelligence should be managed and how it should be produced. We believe that the management of intelligence should be centralized, but that its production should be distributed. For the FBI, that means that the Office of Intelligence provides guidance to ensure that we focus intelligence

collection and production on intelligence priorities and on filling gaps between what we know and what we do not know. This centralized management overlays our headquarters divisions and our field offices, which remain responsible for intelligence collection, operations, analysis and reporting. The result of this approach is that intelligence and operations are integrated -- with the users of intelligence, not the producers, judging its value. These principles have guided the development of our intelligence program at the FBI.

The FBI's Office of Intelligence manages intelligence production based on requirements, apportions resources based on threats, and sets standards for intelligence cadre training, source development and validation, and collection tasking. The actual production of intelligence occurs within our 56 field offices, 400 resident agencies, our four operational headquarters divisions, and perhaps most importantly, by our 800,000 partners in state, local and tribal law enforcement. The Office of Intelligence continually monitors performance through imbedded intelligence elements in the field and headquarters and adjusts tasking and resources based on nationally directed intelligence requirements. The authorities and responsibilities of our Office of Intelligence allow it to carry out two broad areas of responsibilities: management of the FBI intelligence component; and direction to it to ensure that its activities are in keeping with the priorities established by the President and the needs of the users of intelligence.

Turning to the proposals for intelligence reform, widespread agreement exists as to the creation of a National Intelligence Director as the manager of intelligence production across the 15 Intelligence Community components. The NID, however, should not be directly responsible for the conduct of operations. The role of the NID should, instead, be to ensure that appropriate activities and operations are conducted by the constituent elements of the Intelligence Community.

Given the model above, we believe that the NID should have a mechanism by which the principals of the National Security Council and the Homeland Security Council and the Directors of the CIA, FBI and other relevant Departments and agencies, are charged with ensuring the responsiveness to the direction of the NID and managing implementation of that direction. These individuals represent in large measure the users of intelligence and will bring to the NID the views of the users as they set priorities and evaluate intelligence community performance. In reality, the principals would delegate that responsibility to a subordinate -- in our case, the FBI's Executive Assistant Director for Intelligence.

Core Principles to Guide Intelligence Reform

Madam Chairman, the model I have outlined incorporates three core principles for intelligence reform that we think this Committee should consider as it seeks to enact legislation. These three principles are: (1) providing analysts transparency into sourcing, (2) understanding the value of operational chain of command, and (3) protecting civil liberties.

Providing Analysts Transparency into Sourcing

Turning to the first principle, we believe it is important that analysts be provided transparency into intelligence sources. Just as Agents need to question the background, motivation and access of their sources, analysts must also examine the credibility of sources who provide intelligence information. FBI analysts do not blindly receive source information then develop intelligence reports and threat assessments based on that information. Instead, our analysts have transparency to our sources and the result is a high quality intelligence product.

Historically, individual FBI Agents would collect information, analyze that information in the context of their particular case, and then use that analysis to guide their investigation. But the FBI, as an institution, had not elevated that analytical process above the individual case or investigation to an overall effort to analyze intelligence and strategically direct intelligence collection against threats across all of our programs. Today, we have done so and, I believe, done so successfully. Not only does the FBI remain among the best collectors of information in the world, we now have the enhanced capacity to exploit that information for its intelligence value. Ensuring that our analysts, not just our Agents, have access to information about our sources plays an important role in the development of thorough and reliable intelligence products.

In the ongoing debate regarding intelligence reform, some have suggested that a new entity composed of analysts be created, as well as a separate entity for the intelligence collectors. We believe that creating

such "stovepipes" would be a step backward in the progress we have made since 9/11. Our success has been enhanced by co-locating our analysts with those who must act on the intelligence. The physical and logistical proximity of the analysts to the collectors results in increased transparency for the analysts which, in turn, results in better analysis.

Understanding the Value of the Operational Chain of Command

The second core principle to consider in reforming the intelligence community is the value of the operational chain of command. The 9/11 Commission report recommended the establishment of a national counterterrorism center as the logical next step to further enhance the cooperation between intelligence, national security, and law enforcement agencies that was begun by the Terrorist Threat Integration Center (TTIC). As you know, the President recently issued an Executive Order establishing the National Counterterrorism Center (NCTC). Among the provisions of the Executive Order is the directive that the NCTC assign strategic operational responsibilities to lead agencies for counterterrorism activities that are consistent with the law. The Executive Order also explicitly states: "The Center shall not direct the execution of operations." This directive, which comports with the recommendation of the 9/11 Commission, recognizes the importance of leaving operational control in the hands of the agencies.

At least one of the pending legislative proposals for intelligence reform would transfer the Counterterrorism and Counterintelligence

Divisions out of the FBI and into a new entity. We believe that such a proposal fails to recognize the fact that most of the FBI's investigative work is accomplished by its 56 field offices and 400 satellite offices located throughout the country. An interdependent relationship exists between the FBI's Headquarters Divisions and our geographically dispersed field offices both in terms of operational coordination of investigations and the routine exchange of personnel. This interdependent relationship and chain of command between the field offices and headquarters divisions cannot be disrupted and remain effective.

The FBI's components, particularly the Counterterrorism and Counterintelligence Divisions, are not distinct and severable entities. Rather, they are fluid combinations of a variety of personnel. They include long-term professional employees, such as analysts, who spend decades developing a subject area expertise; mid-career field agents serving two or three years tours of duty to expand or hone their counterterrorism or counterintelligence experience before returning to management positions in field offices; and senior FBI executives who have proven themselves in leadership roles in the field or other headquarters components.

If the operational divisions are removed from FBI Headquarters, as some have proposed, a large portion of the FBI's counterterrorism and counterintelligence program will remain within the FBI, in the form of counterterrorism and counterintelligence squads and task forces in field offices, as well as designated counterterrorism and counterintelligence

agents in our satellite offices. Separating our counterterrorism and counterintelligence leaders from the information collectors and investigators would result in less effective coordination and a less safe America.

In addition, it is important to understand that the FBI's intelligence capabilities are enterprise-wide. Intelligence is integrated into all of the Bureau's investigations, not just counterterrorism and counterintelligence. Some of the reform proposals that would carve out sectors of the FBI fail to take into account that our counterterrorism and counterintelligence efforts benefit enormously from the intelligence garnered through our criminal investigations, our cyber crime efforts, the work of the FBI Laboratory, and our other programs. Altering the operational chain of command for any FBI program would impair the integration of intelligence that has proven effective in our national security efforts.

Protecting Civil Liberties

The third and, perhaps most important core principle, is the need to protect civil liberties. As former DCI George Tenet stated in a hearing earlier this year, the way the CIA conducts operations overseas is very different than the way the FBI conducts operations with our own citizens at home. Concentrating domestic and international counterterrorism operations in one organization represents a serious risk to American civil liberties. It is difficult to expect an agent trained in conducting operations overseas to fully appreciate the necessary legal constraints placed on

operations conducted within the United States.

Let me turn to the words of the Commission's report, which stated, "The FBI does need to be able to direct its thousands of agents and other employees to collect intelligence in America's cities and towns—interviewing informants, conducting surveillance and searches, tracking individuals, working collaboratively with local authorities, and doing so with meticulous attention to detail and compliance with the law. The FBI's job in the streets of the United States would thus be a domestic equivalent, operating under the U.S. Constitution and quite different laws and rules, to the job of the CIA's operations officers abroad."

The legal limitations, the oversight mechanisms and self-regulatory practices of the Bureau effectively ensure that our operations are carried out within Constitutional and statutory parameters. A number of outside entities, including the Government Accountability Office and the Department of Justice Office of Inspector General, have studied our operations since 9/11 and have found that we have conducted them with full regard for civil liberties. Moreover, just last month the President issued an Executive Order creating the President's Board on Safeguarding Americans' Civil Liberties, which will be launched this month. Such a board was recommended by the 9/11 Commission and will include FBI participation.

Update on FBI Intelligence Initiatives

Recognizing the “significant progress” the FBI has made in the past three years, the 9/11 Commission recommended that counterterrorism intelligence collection in the United States remain with the Bureau. We are proud of that progress, about which I have testified on numerous occasions since 9/11. Today, I would like to conclude by giving you a brief update on some of our most recent efforts:

- We are moving forward with the creation of an FBI Directorate of Intelligence – a “service-within-a-service” – as recommended by the Commission and some Members of Congress.
- We have established Field Intelligence Groups, or FIGS, in each FBI field office to integrate analysts, Agents, linguists, and surveillance personnel in the field to bring a dedicated team focus to intelligence operations.
- We have set unified standards, policies, and training for intelligence analysts. As part of a new recruiting program, veteran analysts are attending events at colleges and universities throughout the country, and we are offering hiring bonuses to analysts for the first time in FBI history.
- Since FY 2002, 264 analysts have graduated from the College of Analytic Studies' six-week Basic Intelligence Analyst Course. More than 650 field and headquarters analysts have attended specialty courses on a variety of analytical topics. Nearly 1,400 field and

headquarters employees have attended specialized counterterrorism courses offered in conjunction with the CIA University, and more than 1,000 New Agent Trainees have received a two-hour instructional block on intelligence.

- We are establishing an Intelligence Officer certification program for Agents, Analysts, Surveillance Specialists and Language Analysts. We are also in the process of changing the criteria on which Agents are evaluated to place more emphasis on intelligence-related functions. Once established, Intelligence Officer certification will be a pre-requisite for advancement, thus ensuring that all FBI senior managers will be fully trained and experienced intelligence officers.
- We are working to incorporate elements of our basic intelligence training course into the New Agents Class curriculum. We expect that work to be completed this month. A key element of this concept is that agents in New Agents Training and analysts in the College of Analytic Studies will conduct joint training exercises in tradecraft. The first offerings to contain these joint exercises are expected in December of this year.
- In March, we established a career path in which new Special Agents are initially assigned to a small field office and exposed to a wide range of field experiences. After approximately three years, agents will be transferred to a large field office where they will specialize in one of four program areas: Intelligence, Counterterrorism/

Counterintelligence, Cyber, or Criminal, and will receive advanced training tailored to their area of specialization. In our Special Agent hiring, we have changed the list of "critical skills" we are seeking in candidates to include intelligence experience and expertise, foreign languages, and technology.

- Our language specialists are critical to our intelligence cadre as well. The FBI's approximately 1,200 language specialists are stationed across 52 field offices and headquarters, and are now connected via secure networks that allow language specialists in one FBI office to work on projects for any other office. Since the beginning of FY 2001, the FBI has hired nearly 700 new linguists out of a pool of 30,000 applicants. In addition, the FBI formed a Language Services Translation Center to act as a command and control center to coordinate translator assignments and maximize its capacity to render immediate translation assistance.
- We have placed reports officers in our Joint Terrorism Task Forces (JTTFs) to ensure vital information is flowing to those who need it. Since 9/11, we have expanded the total number of JTTFs from 34 to 100.
- We have issued the first-ever FBI requirements and collection tasking documents. These documents are fully aligned with the DCI's National Intelligence Priorities Framework and we have published unclassified versions for our partners in state, local, and tribal law

enforcement.

- We have created a collection capabilities database that tells us what sources we can bring to bear on intelligence issues across the FBI.
- And, this year, we are on course to triple the volume of intelligence reporting that we disseminate to the intelligence community.

Conclusion

Madam Chairman, the FBI's combined mission as an intelligence, counterterrorism, and law enforcement agency gives us the singular ability to exploit the connections between terrorism and criminal activity. Now that the USA PATRIOT Act has removed the wall between intelligence and law enforcement investigations, the FBI has a unique capacity to handle both the criminal aspects and intelligence gathering opportunities presented by any terrorism case, giving us a full range of investigative tools. We are concerned that some pending proposals would erect new walls between our law enforcement and intelligence missions. We also urge Congress to renew all provisions of the PATRIOT ACT -- because no matter how the organizational charts are drawn, we will continue to need these vital tools to prevent acts of terrorism against the American people.

Over the past three years, the FBI has made great strides yet we acknowledge that much work remains to be done. We have a plan in place to get where we need to be and we have the hard-working, dedicated men

and women of the FBI to take us there.

Madam Chairman, I want to thank you and the members of this Committee for your support and advice. I look forward to working with you as you develop legislation to strengthen our intelligence apparatus and better ensure the protection of the American people. I welcome any suggestions you have for improving our counterterrorism efforts and strengthening our nation's security. Thank you again for the opportunity to appear before you today. I am happy to answer any questions you may have.

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