

## Cover Story - On Guard, But How Well?

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On the morning of June 6, 2002, as FBI whistle-blower Coleen Rowley testified on Capitol Hill about her agency's failure to connect the proverbial warning dots in time to prevent the 9/11 terrorist attacks, word leaked out that President Bush had decided to propose a Department of Homeland Security. For months, several members of Congress had strongly advocated for the creation of a Cabinet-level department explicitly dedicated to protecting the nation from terrorism. And the Bush administration had resisted just as strongly.

Cynics reacted to Bush's change of direction by saying that he was merely trying to upstage a bad news day for his administration. Others applauded the announcement, saying that Bush was responding correctly to the beating that he'd taken from Congress for not having given Tom Ridge, then director of the White House Office of Homeland Security, a "real job," as Rep. Jane Harman, D-Calif., had indelicately phrased it.

A real job he most definitely got. As secretary of the department that marked its first birthday on March 1, Ridge is responsible for -- as Bush described the duties -- "securing the homeland of America and protecting the American people." But the department, the rest of the executive branch, Congress, and, for that matter, the American public still have only the sketchiest idea of what those tasks entail. The department has yet to determine precisely where the nation is most vulnerable to terror attacks or to make protecting those Achilles' heels the department's top priority.

Ridge, in an interview with National Journal, focused on momentum. "We're picking up speed and moving fast," he said. "We are about change, and change hopefully not only to make us safer and more secure, but also a better country."

In a speech marking the department's first anniversary, Bush, flanked by dozens of department workers in uniform, told employees, "You've passed every single test." And he awarded the department "a gold star for a job well done."

To be sure, the 180,000-employee department with a \$29.4 billion budget for fiscal 2004 can point to first-year successes. They include the creation of the US-VISIT border-security system, which registers all foreigners as they enter the United States. Shortly before celebrating its first anniversary, the department, created by melding

22 federal agencies, spotlighted what it considers the major successes of its inaugural year. Among them were strengthening border and port security checks, improving the analysis of threats, educating the public about emergency precautions, requiring a background check on every prospective U.S. citizen, directing a record amount of federal aid to state and local "first responders," posting sensors in major cities in an effort to detect bioterror attacks, and seizing 68 tons of cocaine.

And the department recently spelled out seven priorities for its second year: fully integrating border and port security; ensuring that the emergency radios of police and fire departments can communicate with each other; improving the quality of local emergency preparedness; creating a better mechanism for state and local officials to send information to the department; coordinating the efforts of private industry, such as chemical companies, to secure their portion of the nation's infrastructure; moving to a merit-pay system for Homeland Security employees; and speeding the processing of immigration applications. In his February 23 speech announcing those priorities, Ridge said, "A year from now, I invite you to come back. Grade us. See if performance met the goals."

Still, progress aside, a lingering challenge for the department is to figure out how to define success. Right now, in the absence of a more sophisticated equation, there is a sort of binary calculation: Attacked equals failure; not attacked equals success. But does the absence of another 9/11 necessarily mean that the billions of tax dollars spent in the name of homeland security have actually averted attacks? And is it realistic to expect the new department to keep the United States from ever being hit by another major terror strike?

Ridge is perhaps best known as the official now responsible for raising and lowering the level of the nation's color-coded terrorism alert system, which now stands at yellow, or "elevated." According to him, "The public will measure our success generally by that very visible notion that we either have been attacked or not." He said he also hopes that Americans will judge his department in part on their personal experiences with it through, say, airport security or when crossing back into this country from Canada or Mexico.

Still, with no agreed-upon way to gauge whether the department's efforts are actually making the nation safer, and if so, by how much, assessments of its initial progress could be expected to vary widely - and they do. "I'm exceptionally impressed at how much has been accomplished and how much has been built in such a short period of time," declared Rep. Christopher Cox, R-Calif., who chairs the House Select Committee on Homeland Security. But Sen. Joe Lieberman, D-Conn., who pushed for a new department long before the president was keen on the idea, expressed disappointment: "Is the country safer

today than it was before September 11? Yes. Is the country as safe as we had hoped it would be at this point? No.

"The fact is," Lieberman added, "we have not yet seen the kind of focused leadership, nor the resources, needed to fulfill the promise of the Homeland Security Act as we envisioned it two years ago."

For their part, House Democrats celebrated the department's birthday with a 135-page report chronicling America's "security gaps" in 13 areas, including intelligence analysis, the securing of nuclear material, biodefense, port security, and chemical plant security. "I think that we should have seen greater progress in closing some of these security gaps," said Rep. Jim Turner of Texas, the ranking Democrat on Cox's committee.

National Journal took a look back at Bush's June 6, 2002, announcement and, after interviewing administration officials and lawmakers involved in Homeland Security's creation, came up with a list of the top five goals for the department at its inception. We then attempted to assess the department's progress in each of those areas. The goals: 1) establish adult supervision and accountability for homeland security; 2) connect the so-called dots; 3) orchestrate all relevant federal agencies, so that they begin to sing from the same security song sheet; 4) cajole state, local, and private entities into coordinating with the federal effort; and 5) create a smart, svelte, cost-effective 21st-century bureaucracy.

As Homeland Security advances from Version 1.0 to Version 2.0, this progress report highlights areas that are in need of some re-engineering. Though bumpy, the department's trajectory is favorable for achieving federal harmony as well as better coordination with state and local government and private industry. But both insiders and outside experts raise serious questions about the department's direction in terms of creating true accountability, connecting the dots, and being a model bureaucracy.

In its first year, Homeland Security succeeded in keeping much of the nation, including congressional appropriators, focused on improving the nation's ability to protect itself from terrorism. But the department still struggles to put its stamp on the domestic side of national security while simultaneously responding to crises -- such as whether a given international flight ought to be canceled again today -- and attempting to develop long-term strategies for safeguarding a society whose hallmark is its openness.

One of Homeland Security's greatest challenges is managing the public's expectations. Created when a grief-stricken nation was in shock over the nearly 3,000 people killed on American soil on 9/11, the department was seen -- and sold -- as a cure-all for the country's vulnerabilities. Policy makers were wringing their hands over why potentially lifesaving information (such as a memo from an FBI agent

in Phoenix warning of would-be terrorists taking flying lessons) had failed to work its way up the chain of command, and why no single department was responsible for securing our borders, skies, and ports. Before anyone could even diagnose all of the security problems, adding a new department to the Cabinet was expected to somehow magically fix them. "Instead of saying, 'Ready, aim, fire,' we said, 'Ready, fire, aim,' " Rep. Christopher Shays, R-Conn., said of the department's creation. "We still need to aim."

#### Adult Supervision

Convinced at the outset that a giant new bureaucracy was most certainly not the answer to America's post-9/11 security woes, Bush had instead created an Office of Homeland Security within the White House, appointed Ridge to head it, and charged him with gathering the right people around the table to ensure domestic security. But eventually, the table became overcrowded and the lines of authority hopelessly tangled. With lawmakers shouting for the president to give someone real authority over domestic efforts to avert a repeat of 9/11, the White House reluctantly handed Ridge his own department, built largely out of standing agencies, such as the old Immigration and Naturalization Service -- long the butt of jokes because of its unresponsiveness.

So it's not surprising that Homeland Security's efforts at accountability have produced mixed results. While some lines of authority are clearer, Ridge can't reasonably be held responsible for the elements of homeland security that he doesn't control. When sworn in as secretary of the fledgling department, Ridge, by law, became accountable for preventing, protecting against, and responding to terrorist attacks. "Tom is the operational commander for the homeland security of the country," said John Gordon, who holds Ridge's former job at the White House. Yet only 60 percent of the federal government's homeland-security budget goes to the department.

Ridge, nevertheless, has unquestionably established himself as the national face of homeland security, especially in times of crisis. "I don't think we would have focused our attention on homeland security but for [the existence of] a department like the Department of Homeland Security," said Randall Yim, managing director for national preparedness at the General Accounting Office, the investigative arm of Congress. "It's like a punching bag. At least you're focused on a target."

But Ridge doesn't command all of the assets involved in preventing, protecting, and responding -- especially preventing. By his own admission, Ridge is merely a "consumer" of intelligence and must depend on the intelligence-gathering arms of the FBI, the CIA, and the Defense Department to serve as his earliest-warning network about potential terrorist strikes. What's more, the new intelligence-

analyzing operations that have sprung up since 9/11 -- the Terrorist Threat Integration Center and the Terrorist Screening Center -- are based outside Ridge's department, too.

"How could Ridge be accountable?" asks James Carafano, a security analyst at the Heritage Foundation. "There's never going to be one guy you can point to and say, 'That's Mr. Homeland Security.' "

This issue of true accountability is not theoretical. After 9/11, Congress pilloried the State Department for having given visas to the 19 terrorists involved in that day's attacks. The State Department, in turn, pointed a finger at the CIA for not having shared information about those men until after they had entered the country.

The Department of Homeland Security now sets the rules governing eligibility for visas. But the State Department still vets visa applicants. Authority over the federal government's bioterrorism program is similarly divided. Homeland Security is in charge of Project BioShield, a program intended to encourage new research into mitigating various bioterror threats, but Health and Human Services manages it day to day.

And, in Ridge's view, the burden of accountability also ought to extend beyond his department: "Our primary responsibility is to lead the country, but that doesn't mean we have exclusive responsibility to prevent an attack."

#### Connecting the Dots

One legacy of 9/11 is America's quest for "dots" -- bits and pieces of information that, properly linked, might enable federal agents to save a skyscraper or a jetliner or a city. Collecting and connecting suspicious information became the focus of all terrorism-thwarting efforts in the wake of that day. In the months leading up to 9/11, the FBI and CIA had failed to piece together and share with other agencies crucial bits of terrorist information that might have prevented the attacks. In the FBI's Phoenix office, analyst Kenneth Williams had written a memo expressing concern about Islamic fundamentalists taking flying lessons, but the memo never reached the FBI director's desk. And as whistle-blower Rowley, who worked in the Minneapolis office, later testified, bureau officials had blocked efforts to search the computer of alleged Qaeda operative Zacarias Moussaoui, who'd been arrested in August 2001 while a flight student in Minnesota.

When Bush announced the creation of the Homeland Security Department, he designated it as the pre-eminent connector of all homeland-threat-related dots. The hope was that the new department would be able to force the hyperterritorial FBI and CIA to cooperate more with one another and other agencies. That message was clear at departments such as Justice, home of the FBI, former Assistant

Attorney General Viet Dinh recalled. "The Homeland Security Department promised to be a bridge between traditional law enforcement, counter-terrorism [efforts], and the traditional foreign-intelligence [operations]," he said.

But that bridge has yet to be built. In fact, instead of fusing intelligence efforts now that Homeland Security exists, the government has scattered its capabilities more than ever before. And that scattering inadvertently dilutes the government's already limited pool of first-rate analysts. "We tell each other it's working, but it's not," said one of Homeland Security's dot connectors.

Knowledgeable sources complain that the president's new Terrorist Threat Integration Center, which reports to CIA Director George Tenet rather than to Ridge, has created more of a moat than a bridge. TTIC, as the 10-month-old center is called, pulled together representatives from the CIA, the FBI, and Homeland Security and housed them beside the counter-terrorism units at the CIA and the FBI -- far from the Homeland Security Department. TTIC now produces a top-secret daily report on threats to the nation but isn't required to share with Ridge and his key lieutenants the intelligence on which its conclusions are based.

So, how is Ridge really supposed to know whether a flight needs to be canceled, a nuclear reactor ought to temporarily double its guards, or the national threat level should rise back to Code Orange? His department's Information Analysis and Infrastructure Protection Division was expected to merge threat and vulnerability information to answer such questions and close security gaps. But last September, Bob Liscouski, assistant secretary for infrastructure protection, admitted to Congress that the IAIP might not complete a threat-and-vulnerability assessment for another five years.

The ability to spot the nation's weakest points was going to make Homeland Security different, recalled one person involved in the decision to set up TTIC. But now, the person said, "that whole effort has been gutted by the White House creation of TTIC, [which] has served little more than to give the appearance of progress."

Similarly, the Terrorist Screening Center, which was originally envisioned as an effort to combine terrorist watch lists across government agencies, was established within the FBI. And there, the TSC is developing not one unified watch list, but a complicated system in which agents from various parts of the government check only their own agency's database when a query comes in about a possible terrorist. If the search produces a "hit," that information stays within the agency rather than producing a government-wide alert. So, for example, the FBI could be told to be on the lookout for a suspected terrorist, but Homeland Security border-control agents

wouldn't necessarily be told that person had been trying to enter the country.

"You're still not getting all the data in one place," complained a Homeland Security source. "It's not happening. It's not even slated to happen." That is because members of the law enforcement intelligence community still don't trust each other's agencies, much less the new Homeland Security Department. And Ridge is in no position to force them to behave in trusting ways.

Chairman Cox insists that he's not too concerned about current shortcomings, because he sees TTIC and the TSC as ways to incubate new intelligence capabilities that in the future can be tucked under the wing of the secretary of Homeland Security. Yet even within the department, intelligence is fragmented. At least seven divisions each have an intelligence office, none of which is connected to the others. The IAIP, which ought to be the department's premier intelligence unit, is skeletal, with a mere 60 employees in its information-analysis wing and 300 employees total -- less than two-tenths of 1 percent of the department's gigantic workforce. And insiders say IAIP's analytical tools are no more sophisticated than a basic Internet search engine.

When interviewed for this story, Ridge said, "We accept the notion that we're not where we need to be. I'm not sure I accept the criticism that we could do it faster." He added that it is "better to do it right than quickly," and he cited IAIP as a division to watch for progress over the next six months, as hiring expands and vulnerability assessments improve. (The president's 2005 budget request includes funding for 750 employees in the whole division.) Ridge said that his department is also building a system that should allow state and local officials, as well as the private sector, to more easily share tips with Homeland Security, and vice versa.

Frank Cilluffo, who was an aide to Ridge at the White House, contends that considerable progress has already been made in gathering and analyzing specific threat information. So instead of tying the national threat level to the volume of "chatter" being picked up, the department now links the level to information involving, say, specific flights or plans for "dirty-bomb" attacks in specific cities or on specific days.

By May 2004, the department plans to unveil its National Infrastructure Coordination Center, which will allow companies to share strategies for securing plants or pipelines and to tell the government their weakest spots. But that will contribute only a small piece to an overall national threat and vulnerability assessment, which the department now promises to complete in its second year.

The Same Song Sheet

The Immigration and Naturalization Service was Washington's poster child for dysfunctionality long before 19 foreign terrorists attacked the United States on 9/11. Soon afterward, Congress overflowed with proposals to reform or dismantle the beleaguered agency. Ridge was eventually given the dubious honor of turning the unloved INS and 21 other federal stepchildren into a makeshift orchestra playing a single tune: Protect the United States from terrorism. Notably, the department appears to have made the most progress in the area of merging border-security duties.

The clearest sign of the department's success on this front is the creation of the directorate of Border and Transportation Security. Within that directorate, the former employees of the INS and the Customs Service -- both now defunct -- as well as some former Agriculture officials and, later, air marshals, have been reorganized by duties, not uniforms: They were split into those responsible for border security and those assigned to internal law enforcement. While the transition has not been entirely smooth, and some insiders report low morale in the internal-enforcement bureau, those problems appear to be relatively minor.

A less visible example of the department's maturation was its response to warnings that in December led to the most recent orange alert. When the CIA told Homeland Security that terrorists might be interested in hijacking a European airliner, the department demanded more information from the FBI and then designated a single team to work on both protective and investigative measures, all while the department made disaster preparations in case an attack couldn't be staved off. "You could really see the department step up, take the reins, call the shots, and get real tactical control of what we were trying to do," said the White House's Gordon.

But gaping holes still mar Homeland Security's efforts to merge the nation's emergency-response squads. Many of the deaths of the firefighters trapped inside the World Trade Center have been blamed on the inability of New York City's police and fire two-way radios to communicate with each other. More than two years later, Homeland Security has yet to coordinate radio-interoperability initiatives -- three within the department and one at Justice -- into one project. The department predicts that the merger will happen within the next year, when it establishes national standards for "first-responder" radio equipment and ties federal assistance to meeting those standards.

#### Reaching Out

The department, Ridge said, has "redefined a new federalism" by reaching out to state, local, and private-sector officials. Those efforts seem to be progressing, though haltingly. When the federal government decided to lower the alert level to yellow on January 9,

state homeland-security directors heard about it in stereo: from CNN and from Josh Filler, director of the department's Office of State and Local Government Coordination. The state directors were on a conference call as they watched the same news unfold on television. They pressed for details about which industries or regions would remain at a heightened alert level, but, according to one director who was on the call, Filler refused to say more than that the national level was being lowered. He wouldn't confirm or deny the added specifics that CNN was reporting.

The department's regular conference calls with state directors are clearly evidence of progress. Yet, Arizona Homeland-Security Director Frank Navarette has mixed emotions: "At least we now have a single focal point. There's still a sense that we're not getting information in a timely fashion or as much information as we could get, in some cases."

Ideally, Navarette said, he would get strategic guidance, information about potential threats, and a sense of the reliability of the intelligence supporting it, so that he could make prudent decisions for his state. Much of the information he gets now isn't specific enough to be useful, he said.

One state homeland-security adviser reports that state officials are becoming so frustrated with how little information they are getting that their regularly scheduled conference calls with Filler have degenerated into squabbling with the federal department over whether it is being too secretive.

Local officials, such as Seattle Police Chief Gil Kerlikowske, give the department higher marks. "They have worked closely to try to get the money into the hands of cities, particularly ones that have threat and vulnerability issues," he said. His main complaint is that cities don't yet play a real advisory role to Homeland Security. The department does, however, plan to set up a program called the Homeland Security Information Network, which will allow state and local officials to feed information to the department.

The private sector has shown considerable satisfaction with the department's new private-sector advisory groups. Still, insiders say that Alfonso Martinez-Fonts, special assistant for the private sector, has little internal clout. And critics such as Rep. Turner contend the reason that companies like the department is that it isn't requiring them to do anything to safeguard their facilities. The department has urged businesses to voluntarily establish security measures, and it now promises to establish standards within the coming year for protecting critical industries.

A 21st-Century Department

Virtually forced to create a new bureaucracy, the Bush White House wanted that bureaucracy to boldly go where no bureaucracy had gone before in terms of efficiency. In his June 6, 2002, address announcing the new department, Bush vowed that Homeland Security would not bloat government but rather "increase its focus and effectiveness." He was adamant that the department would not add to the cost of government, because he believed that combining various agencies' backroom operations -- technology, personnel, and procurement systems -- would improve efficiency. The department has taken small steps toward those management goals, but people familiar with its inner workings say it's nowhere near the finish line and might never get there. Beyond wasting money, the department's tangled information systems and administrative breakdowns continually interfere with its struggle to make the nation more secure.

"There are parts of the department that have made great strides, but management is not one of them," said a source familiar with departmental operations. "The cost savings have yet to be realized, and I don't believe they're on track to realize them."

In a speech at Harvard Business School in mid-February, Ridge declared, "We're building a department that strikes out to create the model agency for the new century. Nothing less will do." The department followed up his remarks by issuing a list of management accomplishments that included folding all 22 agencies into the department without disrupting payroll operations; going from 19 financial-management systems to 10 and from 13 contracting offices to eight; and saving \$96 million through smarter purchasing of software.

But, as one knowledgeable source complained, the department's financial-management systems are still separate and have all just been relocated to 10 different places. And a meaningful analysis of that many management systems is virtually impossible. The insider said that the same logic applied to the contracting offices and called the software savings "quick, low-hanging fruit." The insider then detailed several other management problems plaguing the department. Procurement: "a mess." Information systems: "have not been integrated." Facilities: "stovepipe-managed from Washington." Personnel: "multiple systems with multiple rules."

Calling the information-technology merger "a critical piece of what we do," Ridge said that additional consolidation efforts are already under way, again adding, "I think there's concern that we do it right," as opposed to quickly. The department, which at the White House's insistence does not give its workers the same job protections as other civilian departments, intends to implement a merit-pay system in the coming year and begin transferring employees more freely. Those plans have come under fire from federal employee unions. The department also aims to continue consolidating its technology, financial, and payroll systems. Taking the long view about creating a

streamlined department, Ridge said, "We've made progress, but this could take years."

Yet, the GAO's Yim says, "many of us believed it was unrealistic or overly optimistic to expect that the department's consolidation of agencies would save money in the near term or immediately create new government efficiencies."

#### The Honeymooners

Who said building a Department of Homeland Security would be easy? It's tough to know what color to make the national threat level if your phone lines can't call the CIA because they're not yet secure. Those days, at least, are now over -- mostly, anyway. The 1-year-old department has maintained and in some cases enhanced the effectiveness of its component agencies. The whole is indeed greater than the sum of its original parts. But the problem is that the sum of the component parts wasn't very impressive.

No one could fairly expect the department to reach every goal, or even make significant progress toward them all, in its first year. In fact, the Heritage Foundation's Carafano argues that the nature of homeland security requires the department to do many things well, but none of them perfectly. If one screening mechanism doesn't spot a terrorist, another will, as long as the department layers its host of protections on top of one another. Or, that's the devout hope, anyway.

But progress and new layers of protections are no guarantee of trapping terrorists intent on exploiting the nation's vulnerabilities. And tempering assessments with Year One expectations can't obscure the need for significant improvement in critical areas that experts on the inside and outside are shining warning lights upon -- accountability, intelligence-gathering and analysis, and management.

"They're being given a honeymoon period," Rep. Shays said of the department. "I think they're going to have it until we have another event."

Still, Ridge sounds anything but blissful and content. "I don't think we expected a honeymoon period. Certainly, we haven't been on a honeymoon," he said. "This is a mission that will never end."

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