

**Statement of Steven Aftergood
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Before the Subcommittee on Oversight of Government Management,
The Federal Workforce, and the District of Columbia
Of the
Committee on Homeland Security and Governmental Affairs
United States Senate

Hearing on
Government-wide Intelligence Community Management Reforms

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Thank you for the opportunity to address the Subcommittee.

My name is Steven Aftergood and I direct the Project on Government Secrecy at the Federation of American Scientists, a non-governmental policy research and advocacy organization. The Project seeks to promote public oversight and government accountability in intelligence and national security policy.

Summary

At a time when the U.S. intelligence community is expanding in size and complexity, it stands to reason that Congress should utilize all of the tools at its disposal to ensure that intelligence activities are conducted in compliance with the law, and are performed efficiently and effectively. Towards this end, the Government Accountability Office (GAO) could make a distinct and valuable contribution, and it should be called upon to do so.

Intelligence Spending Has Doubled in the Past Ten Years

In the past decade, intelligence spending has doubled. But intelligence oversight capacity has not grown at the same rate. For this reason alone, it is appropriate to activate new oversight tools.

In FY 1997 the aggregate total of all U.S. intelligence spending was \$26.6 billion.¹ This figure included the budgets for national, joint military and tactical intelligence.

In FY 2007 the total budget for the national intelligence program alone was \$43.5 billion.² Together with spending for the military intelligence program, which likely exceeds \$10 billion annually, the resulting aggregate figure is more than \$50 billion per year.

This is an extraordinary rate of growth. And it has not been matched by a comparable increase in the size of the oversight committee staffs or a corresponding expansion of other oversight mechanisms. In effect, there has been a net decrease in intelligence oversight. Given the great sensitivity and importance of intelligence activities, this is a problematic development that warrants a response.

Intelligence Contracting Has Also Doubled in the Past Ten Years

An additional challenge to intelligence oversight arises from the steady increase in the use of intelligence contractors, which is a development that existing oversight practices may be ill-suited to meet.

An astonishing 70% of the intelligence community budget is now spent on contracts with commercial entities, according to one estimate from the Office of the

¹ This figure was declassified by DCI George J. Tenet on October 15, 1997 in response to a Freedom of Information Act lawsuit filed by the Federation of American Scientists.

² This figure was disclosed by DNI J. Michael McConnell on October 30, 2007 in compliance with section 601 of the "Implementing Recommendations of the 9/11 Commission Act of 2007," Public Law 110-53.

Director of National Intelligence.³ This represents a doubling of spending on intelligence contractors from 1996 to 2006, according to the same ODNI account.⁴

Unlike intelligence agencies, intelligence contractors are not directly answerable to the congressional intelligence oversight committees. Contractors have their own commercial motivations and Congress is not their "customer." Congress has yet to adapt to the new landscape of intelligence contracting. Yet oversight of contractor management is an area where the Government Accountability Office has experience and a proven track record.⁵

For that reason, it would be useful to employ the GAO's core auditing function here, so as to ensure that the many billions of intelligence contracting dollars are in fact going where they are intended to go, and are being expended properly and productively. That is more than the intelligence oversight committees can assure the public today.

The Quality of Intelligence Oversight is Strained

Regardless of one's views on particular questions of intelligence policy, there is reason to doubt that current intelligence oversight arrangements are adequate to fulfill their important task. Intelligence oversight lacks the personnel, the full range of expertise, the requisite information, and other resources needed to do the job.

"In toto, we are perhaps one dozen or so full-time budget staff supporting the Intelligence Authorization and Appropriations Committees of both the House and the

³ "Procuring the Future": 21st Century IC Acquisition" by Terry Everett, DNI Procurement Executive, 2007, Power Point presentation, at page 10. This document was first reported by Tim Shorrock, "The Corporate Takeover of U.S. Intelligence," Salon.com, June 1, 2007. A copy of the document is available at: <http://www.fas.org/irp/dni/everett.ppt> .

⁴ Ibid., see the second bar chart on page 11.

⁵ See, most recently, these GAO products: GAO-08-436T, "Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DoD's Oversight and Management of Contractors in Future Operations," January 24, 2008; and GAO-08-294, "Best Practices: Increased Focus on Requirements and Oversight Needed to Improve DoD's Acquisition Environment and Weapon System Quality," February 2008.

Senate reviewing activities conducted by tens of thousands of civilian and military personnel and programs valued in the multiple billions of dollars," wrote Senate Intelligence Committee staffer Mary K. Sturtevant in 1992 in a revealing internal account of the congressional oversight process at that time.⁶ Despite some growth in staff since then, the fundamental problem persists.

Consider the startling disparity between the enormous size of the U.S. intelligence apparatus and the modest reach of its oversight system. If there are now roughly 50 intelligence committee staff with budget oversight responsibility for an intelligence budget of around \$50 billion, that would mean that each staffer is responsible on average for oversight of a billion dollars worth of intelligence spending. This is not an optimal arrangement.

The comparatively small size of the budget oversight staff inevitably means, as Ms. Sturtevant candidly acknowledged in 1992, that "the great majority of continuing, or 'base,' programs go unscrutinized."⁷

What the GAO Has to Offer

The Government Accountability Office cannot provide an alternative to intelligence committee oversight, but it can provide a useful complement to it.

Committee oversight will always be required to assess new initiatives, review fundamental policy choices, and evaluate points of controversy. But the particular expertise of intelligence committee staff is not required for oversight of many of the more mundane programs that make up the infrastructure of U.S. intelligence, including many of the "base" programs that routinely get overlooked.

⁶ Mary K. Sturtevant, "Congressional Oversight of Intelligence: One Perspective," American Intelligence Journal, Summer 1992. Available at: <http://www.fas.org/irp/eprint/sturtevant.html> .

⁷ Ibid. It should be noted that due to classification restrictions, intelligence oversight, unlike other areas of congressional oversight, is largely isolated and deprived of support from intensive news coverage, public interest advocacy, and other independent sources.

In addition to its longstanding financial auditing function, the GAO has experience in many disciplines that are of current relevance to management of U.S. intelligence.

One example is personnel security policy and the granting of security clearances. GAO has been conducting oversight and investigations of security clearance policy for several decades and has aided Congress considerably in coming to grips with this perennially challenging area.⁸

Another example is information sharing, a critical post-9/11 agenda item, where GAO has also contributed significant insights on obstacles to information sharing and potential remedies.⁹

These and other areas of GAO expertise can enable GAO to shoulder some of the oversight burden so that the intelligence oversight committees can focus their efforts where they are most needed.¹⁰

Security Concerns

It has been objected that any increased role for GAO in intelligence oversight could pose an unacceptable threat to the security of intelligence programs. “Pursuant to obligations to protect intelligence sources and methods, the IC [intelligence community] has traditionally declined to participate in GAO inquiries that evaluate intelligence

⁸ See, most recently, GAO-08-470T, "DoD Personnel Clearances: DoD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel," February 13, 2008.

⁹ See, for example, GAO-06-383, "Information Sharing: DHS Should Take Steps to Encourage More Widespread Use of Its Program to Protect and Share Critical Infrastructure Information," April 2006.

¹⁰ The resources that GAO could bring to bear on intelligence oversight were discussed further by the Comptroller General in a March 1, 2007 letter to the Senate Intelligence Committee at pp. 7-8. Copy available at: <http://www.fas.org/irp/gao/walker030107.pdf>.

activities, programs, capabilities, and operations,” Director of National Intelligence J. Michael McConnell wrote last year.¹¹ But this statement is incomplete and misleading.

GAO has long had access to some of the most sensitive and highly compartmented programs in the U.S. government.¹² While it is true that the Central Intelligence Agency has historically opposed GAO oversight, other members of the U.S. intelligence community have successfully demonstrated varying degrees of cooperation with GAO.

“In practice, defense [intelligence] agencies do not adopt the ‘hard line’ CIA approach but generally seek to cooperate with GAO representatives,” according to a 1994 CIA memorandum prepared for the Director of Central Intelligence.¹³

In fact, the same 1994 memorandum explained, “NSA [the National Security Agency] advises that the GAO maintains a team permanently in residence at NSA, resulting in nearly continuous contact between the two organizations. NSA's practice has been to cooperate with GAO audits and investigations to the extent possible in accordance with DOD regulations.”¹⁴

Likewise, long before the existence of the National Reconnaissance Office was declassified and publicly acknowledged (in 1992), GAO produced a classified "Review of DoD's Reconnaissance Intelligence Assets" (in or around 1978).¹⁵

Thus the feasibility of a role for GAO in intelligence audits and investigations with no adverse security consequences has already been demonstrated in practice.

¹¹ Letter to the Chairman and Vice Chairman of the Senate Intelligence Committee, March 7, 2007. Copy available at: <http://www.fas.org/irp/gao/mcconnell030707.pdf> .

¹² See, for example, “Auditing Highly Classified Air Force Programs” by Rae Ann Sapp and Robert L. Repasky, *The GAO Review*, Winter 1987.

¹³ “DCI Affirmation of Policy for Dealing with the General Accounting Office (GAO),” by Stanley M. Moskowitz, CIA Director of Public Affairs, 7 July 1994, paragraph 13, copy available at: <http://www.fas.org/sgp/gao/ciapolicy.html> .

¹⁴ *Ibid.*, paragraph 14.

¹⁵ GAO Code 951357. The GAO document was cited in a declassified NRO memorandum dated 3 February 1978. My thanks to Allen Thomson for this information.

Currently, all Department of Defense components are instructed to “cooperate fully with the GAO” and to provide GAO investigators with classified information after verifying their security clearances.¹⁶

There is no record of a compromise of classified information resulting from GAO oversight.¹⁷

Conclusion

Congressional oversight of intelligence, which has never been robust, has not kept pace with the extraordinary growth of U.S. intelligence in the past decade, and has not yet adapted to the fundamental changes associated with the growing reliance on intelligence contractors.

The Government Accountability Office appears to be ready, able and willing to contribute to the crucial function of intelligence oversight. GAO has a proven track record of adding value to the oversight process, combining competence in the performance of audits and investigations with discretion in the handling of classified information.

I believe that Congress should promptly take advantage of this established resource. Doing so will aid congressional oversight and will ultimately benefit the intelligence agencies themselves.

¹⁶ DoD Instruction 7650.02, "Government Accountability Office (GAO) Reviews and Reports," November 20, 2006. Available at: http://www.fas.org/irp/doddir/dod/i7650_02.pdf .

¹⁷ In the early 1980s, it was alleged that Soviet spies had infiltrated the GAO. But Senate Intelligence Committee “staff investigated these charges and found no substantiation for them,” Committee chairman Sen. Barry Goldwater told the Senate on September 24, 1982. See Frank J. Smist, Jr., Congress Oversees the United States Intelligence Community, Second Edition, (Univ. of Tenn. Press, 1994), page 131; citing *Congressional Record*, September 24, 1982, 512286.