

INTELLIGENCE FUSION CENTERS:
OPERATIONAL EFFECTIVENESS VS. BUDGET CONSTRAINTS

<student>
<class>
<date>

Table of Contents

1. INTRODUCTION	2
SYNOPSIS OF THE PROBLEM	4
IMPORTANCE OF THE PROBLEM.....	5
STATEMENT OF RESEARCH QUESTION	5
OVERVIEW OF THE STRUCTURE OF THIS REPORT	6
2. REVIEW OF LITERATURE.....	8
SUPPORTING DATA TO SUSTAIN OR EXPAND FUSION CENTERS	9
SUPPORTING DATA TO SPECIALIZE OR REORGANIZE FUSION CENTERS	11
SUPPORTING DATA TO DECREASE AND/OR SHUT DOWN FUSION CENTERS	15
SUMMARY OF LITERATURE REVIEW	21
3. METHODOLOGY AND RESEARCH STRATEGY	23
DESIGN OF RESEARCH PROJECT	23
FOCUS OF THIS RESEARCH.....	25
ROLE OF THE RESEARCHER	25
HYPOTHESIS	26
VARIABLES IDENTIFIED	27
METHODS OF RESEARCH AND ANALYSIS	27
SPECIAL CONSIDERATIONS	28
SUMMARY OF METHODOLOGY.....	29
4. FINDINGS AND ANALYSIS	30
FINDINGS: POLICY MAKER VIEWS ON FUSION CENTERS.....	30
FINDINGS: FUNDING SUPPORT FOR FUSION CENTERS	33
ANALYSIS OF FINDINGS	34
ANALYSIS: DEFINING A FUSION CENTER EFFECTIVENESS METRIC	36
ANALYSIS: EFFECTIVENESS VS. FUSION CENTER FUNDING.....	39
ANALYSIS: EVIDENCE FOR OR AGAINST HYPOTHESIS	40
SUMMARY OF FINDINGS AND ANALYSIS	40
5. CONCLUSIONS	43
RECOMMENDATIONS.....	43
SUGGESTIONS FOR FURTHER STUDY	47
LIMITATIONS OF THIS STUDY.....	47
CONCLUSION	48
REFERENCES.....	49

1. Introduction

Fusion centers were created to resolve many of the issues plaguing the United States Intelligence Community and law enforcement entities as all levels of the government; a majority of them stemming from the failures of the attacks of 9/11 and the immediate recovery efforts after Hurricane Katrina. In theory, the fusion center concept was an ideal model for intelligence and information sharing; a one stop shop. Instead, the utility and cost of the fusion centers have been scrutinized by both the U.S. government (USG) and the local populace for their lack of effectiveness, efficiency, and overall conduct of operations.

The technology to implement such data fusion process is complex and only partially in place. Waterman and Wang (2011) for example, demonstrated the challenges of coordinating multiple data sources from different agencies and using a variety of semantic terms. While some degree of automatic analysis is prevalent, the cost to design and implement these systems, not to mention the need to train fusion center staff in its correct use, is not insignificant. The cost of fusion centers is thus not merely the simple purchase of a few computers and some Internet connections, but instead is a complex mixture of development, design, and training costs, not to mention ongoing upgrades and support as the technology improves. The bottom line is that fusion centers are far from inexpensive to build and operate if they are going to be usable and effective.

Despite having a lack of evidence supporting negative claims against fusion centers and the fact that no definitive metric exists to evaluate the effectiveness and efficiency of fusion centers, claims made for fusion centers are also debatable. The Department of Homeland Security (DHS), in conjunction with its interagency partners, does conduct an annual assessment

on all fusion centers; however, it is merely a tool used by stakeholders to improve operations within their respective fusion center (Department of Homeland Security 2012).

Studies have shown issues with the federal grant-based funding model currently used to fund fusion centers. The major problems are funding allocation, continued availability of funds and USG fiscal issues. States have two options for grant funding: the Homeland Security Grant Program (HSGP) and the Justice Assistance Grant (JAG) Program. An individual review of these two major grant sources for fusion center operations will immediately demonstrate a need to address the more fundamental underlying issue with fusion center sustainability.

The HSGP is actually comprised of three interconnected grant programs: State Homeland Security Program (SHSP), Urban Areas Security Initiative (UASI) and Operation Stonegarden (OPSG). Of the three programs, only the SHSP is distributed to all states and territories. The UASI is only distributed to an urban area identified by DHS and 25 urban areas and the OPSG is primarily used for border protection (DHS 2013). This holds great significance because not all the money received under the HSGP may be allocated to the funding of fusion center operations.

The JAG program faces a similar issue because funds are allocated based on pre-approved program area. Since not all programs fall under the purview of the fusion center i.e. crime victim and witness program and corrections and community corrections, the amount of money available for fusion center operations is significantly less. To further compound the problem, the JAG program funds are allocated based on crime statistics and population further compounding the problem (BJA n.d.). The problem is further compounded by the method of determining funds.

The sustainability of operations is a problem realized by both the DHS and Department of Justice (DoJ), prompting them to state within their guidelines the need for states to move from

the grant funding model towards a sustainable funding source. This puts many fusion centers in a no-win situation. Fusion centers can argue that a lack of grant money may cause their operations to suffer creating the perception of ineffectiveness. This could prevent the fusion center from receiving additional funding and may precipitate its closure or absorption into another fusion center.

The loss of fusion centers and the push from critics to shut down the program creates a major problem. The USG needs to be able to quickly share information and analyze data into actionable intelligence in order to prevent or respond to a threat situation or disaster. Fusion centers meet this need. Given the perceived failures of the program over time, it is easy to lose sight of why the program was conceived in the first place.

SYNOPSIS OF THE PROBLEM

The root of problem with the fusion centers lies in the funding model. Basically, a grant-funding model puts the viability and sustainability of fusion centers in check. The problem is further compounded with decreased funding in U.S. intelligence activities and what appears to be an annual sequestration. Given the significant decrease in overall government spending, previous and expected sequestrations, and a decrease in the intelligence budget, the effectiveness of a less manned and resourced fusion center is in question. How can the effectiveness of fusion centers be improved given the current state of government fiscal issues?

Utilizing a grant-funding model puts the viability and sustainability of fusion centers in check. The problem is further compounded with decreased funding in U.S. intelligence activities and what appears to be an annual sequestration. Given the significant decrease in overall government spending, previous and expected sequestrations, and a decrease in the intelligence budget, the effectiveness of a less manned and resourced fusion center is in question.

IMPORTANCE OF THE PROBLEM

The fundamental reason fusion centers were created was to allow law enforcement and intelligence agencies to share information about threats. While originally put in place for the counterterrorism effort, the utility of fusion centers for law enforcement at all levels is an important issue. The loss of fusion centers, or, alternatively, rendering them ineffective at this fundamental information-sharing goal, may prove to hamper law enforcement efforts. It is important to remember that fusion centers were established at the state level to assist in preparing for and preventing all types of threats, with terrorism being only one of those issues. Thus an important aspect of this problem is whether law enforcement and threat prevention would be significantly damaged or impaired if the fusion centers were disbanded.

Given the difficulty in obtaining consistent funding for fusion centers, their future is certainly in doubt. The key issue is who pays the bill to sustain them, and how reliable is that source of funds. Those questions reach to the nub of the issue with fusion centers: If they're so vital to law enforcement, how do we pay for them?

STATEMENT OF RESEARCH QUESTION

The key research question addressed by this report is one of defining a method for improving and maintaining the effectiveness of fusion centers in a time of serious government fiscal limitations. More specifically, the research question is thus:

How can the effectiveness of fusion centers be improved given the current state of government fiscal issues?

To investigate this question, research will focus on evidence made in support of both positive and negative claims. For example, while supporters claim that fusion centers are essential to modern threat prevention, critics claim the centers are less than effective at preventing or

preparing for any threat. Understanding both aspects of the issue will be important in identifying the critical elements of the research question.

If fusion centers are less than effective, that may be due to the constraints placed on their operation from budgetary restraints. Thus, additional research emphasis will be placed on determining whether or not legitimate warranted criticisms of fusion centers are a result of fusion center budgetary issues. These data will be analyzed to identify potential solutions. Finally a set of conclusions and recommendations will be developed to address this research question.

OVERVIEW OF THE STRUCTURE OF THIS REPORT

This report is divided into a series of chapters. Following this introduction, Chapter 2 presents an in-depth literature review of the subject of fusion centers to identify the issues and arguments regarding their operation. Chapter 3 then presents an overview of the methodology used in the analysis of the results of that literature search. It defines the specifics of the methods used, addresses limitations of that method and presents a discussion of any special considerations arising from this topic. Chapter 4 offers the results of the literature search, before offering an analysis of those results. This analysis presents implications of the findings and provides a cogent overview of the analytical results found in the course of this research. The final chapter, Chapter 5, wraps up the report with a set of conclusions drawn from the analysis, including specific recommendations developed in the course of this project. This final chapter also includes a discussion of potential follow-on studies that could extend and enhance these results and a description of the limitations of this study. Brief final words provide a short summary of the results of this project and this report...

[The body of this paper was cut to protect the content from copying and unregulated distribution]

References

- Abold, Justin Lewis, Ray Guidetti, and Doug Keyer. "Strengthening the Value of the National Network of Fusion Centers by Leveraging Specialization: Defining "Centers of Analytical Excellence," *Homeland Security Affairs*, 8, Article 7 (June 2012): 2-27.
- Bain, Ben. "Confusion over Fusion Centers," *FCW*, (4 October 2007): 3 pp.
<http://fcw.com/articles/2007/10/04/confusion-over-fusion-centers.aspx>
- Barr, Ann Calvaresi. *Testimony Before the Committee on Armed Services, House of Representative: Department of Defense: Observations on the National Industrial Security Program*. Washington D.C.: U.S. General Accounting Office, 16 April 2008.
- Bureau of Justice Assistance (BJA). "Edward Byrne Justice Assistance Grant (JAG) Program Fact Sheet. *U.S. Department of Justice*. (no date): 1 p.
https://www.bja.gov/Publications/JAG_Fact_Sheet.pdf
- Chomik, Andrew. "Making Friends in Dark Shadows: An Examination of the Use of Social Computing Strategy within the United States Intelligence Community Since 9/11," *Global Media Journal—Canadian Edition*, 4, no. 2 (2011): 95-113.
- Coburn, Tim. "Fusion Center Follies," *Training & Simulation*, (1 November 2012), 28.
- Creswell, John W. *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*, 3rd Edition, Los Angeles, CA: Sage, 2013.
- Davis, Lois M., Michael Pollard, Kevin Ward, Jeremy M. Wilson, Danielle M. Varda, Lydia Hansell, and Paul Steinberg. *Long-Term Effects of Law Enforcement's Post-9/11 Focus on Counterterrorism and Homeland Security*. Washington D.C.: U.S. Department of Justice, December 2010.
- Davis, Paul. "Connecting the Dots at the Local Level: Fusion Centers Make Homeland Security a State, City and County Affair," *The Journal of Counterterrorism*, 16, no. 3 (no date): 8-10.
- Department of Homeland Security (DHS). "FY 2013 Homeland Security Grant Program (HSGP)" *FY 2013 HSGP Fact Sheet*. (21 May 2013): 7 pp. <http://www.fema.gov/media-library/assets/documents/32619?id=7516>
- Department of Homeland Security (DHS). "2012 National Network of Fusion Centers Final Report," *Bureau of Justice Assistance, U.S. Department of Justice*, (2012): 105 pp.
<http://www.dhs.gov/sites/default/files/publications/2012%20National%20Network%20of%20Fusion%20Centers%20Final%20Report.pdf>
- Eack, Kevin D. "State and Local Fusion Centers: Emerging Trends and Issues," *Naval Postgraduate School; Center for Homeland Defense and Security* (May 2008): 6 pp.
<http://calhoun.nps.edu/public/bitstream/handle/10945/25111/93.pdf?sequence=1>
- Etherly, Andre D. "Fusion Centers: Trends and Challenges in IT Collaboration and Information Sharing," *Homeland Defense Journal*, (no date): 44-46.
- Federal Bureau of Investigation (FBI). "FBI Releases 2012 Crime Statistics." *The Federal Bureau of Investigation*. (16 September 2013). <http://www.fbi.gov/news/pressrel/press-releases/fbi-releases-2012-crime-statistics>

- Kanable, Rebecca. "Fusion Centers Grow Up," *Law Enforcement Technology* (September 2011): 8, 10-12, 14, 16.
- Lambert, David. "Intelligence-Led Policing in a Fusion Center," *FBI Law Enforcement Bulletin*, (December 2010): 1-6.
- Lenart, Brienne, Joseph Albanese, William Halstead, Jeffrey Schlegelmilch and James Paturas. "Integrating Public Health and Medical Intelligence Gathering into Homeland Security Fusion Centers," *Journal of Business Continuity & Emergency Planning*, 6, no. 2 (August 2013): 174-179.
- Levin, Carl and Tom Coburn, Eds. *Federal Support for an Involvement in State and Local Fusion Centers, Majority and Minority Staff Report, Permanent Subcommittee on Investigations, United States Senate*. Washington D.C.: United States Senate, 3 October 2012.
- Magnuson, Stew. "Funding, Numbers of State Fusion Centers Uncertain," *National Defense Magazine* (February 2007): 1 p.
<http://www.nationaldefensemagazine.org/archive/2007/February/Pages/FundingNumbers27>
- Masse, Todd and John Rollins. *A Summary of Fusion Centers: Core Issues and Options for Congress*. Washington D.C.: Congressional Research Service, 19 September 2007.
- Monahan, Torin. "The Murky World of 'Fusion Centers'" *Centre for Crime and Justice Studies*, no. 75 (March 2009): 20-21.
- Monahan, Torin. "The Future of Security? Surveillance Operations at Homeland Security Fusion Centers," *Social Justice*, 37, nos. 2-3. (2010-2011): 84-98.
- Monahan, Torin and Neal A. Palmer. "The Emerging Politics of DHS Fusion Centers," *Security Dialogue*, 40, no. 6, (2009): 617-636.
- Monahan, Torin and Priscilla M. Regan. "Zones of Opacity: Data Fusion in Post-9/11 Security Organizations," *Canadian Journal of Law and Society*, 27, no. 3 (2012): 301-317.
- Nenneman, Milton. "An Examination of State and Local Fusion Centers and Data Collection Methods," *Naval Postgraduate School* (March 2008): 123 pp.
https://calhoun.nps.edu/public/bitstream/handle/10945/4174/08Mar_Nenneman.pdf?sequence=1
- Newkirk, Anthony B. "The Rise of the Fusion-Intelligence Complex: A Critique of Political Surveillance After 9/11," *Surveillance & Society*, 8, no. 1 (2010): 43-60.
- Ott, Thomas P. "US Law Enforcement Strategies to Combat Organize Crime Threats to Financial Institutions," *Journal of Financial Crime*, 17, no. 4 (2010): 375-386.
- Pfeifer, Joseph W. "Network Fusion: Information and Intelligence Sharing for a Networked World," *Naval Postgraduate School: Center for Homeland Defense and Security*, (01 October 2012): 18 pp.
- Ratcliffe, Jerry H., Steven J. Strang and Ralph B. Taylor. "Assessing the Success Factors of Organized Crime Groups: Intelligence Challenges for Strategic Thinking." *Policing: An International Journal of Police Strategies & Management*, 37, no. 1 (11 March 2014): 206- 227.

- Rollins, J. *Fusion Centers: Issues and Options for Congress*. Washington D.C.: Congressional Research Service, 18 January 2008.
- Rollins, John and Timothy Connors. "State Fusion Center Processes and Procedures: Best Practices and Recommendations." *Center for Policing Terrorism at the Manhattan Institute*. (September 2007): 20 pp. http://www.manhattan-institute.org/pdf/ptr_02.pdf
- Saari, Shane C. "Fusion Centers Securing America's Heartland from Threats," *Naval Postgraduate School*, (December 2010): 59 pp.
http://calhoun.nps.edu/public/bitstream/handle/10945/5053/10Dec_Saari.pdf?sequence=1
- Serluco, Paul. "Fusion Centers," *Homestead Defense Journal*, 1, no. 2 (2008): 16, 18-19.
- Schnobrich-Davis, Julie and William Terrill. "Interagency Collaboration: An Administrative and Operational Assessment of the Metro-LEC Approach" *Policing: An International Journal of Police Strategies & Management*, 33, no. 3. (22 August 2010): 506-530.
- Shepherd, Dave. "The Role of the Private Sector in Fusion Centers." *Security Magazine*. (January 2011): 36, 39.
- Starks, Tim. "Post-9/11 Security Centers Now Face Budget Threats," *CQ Weekly—In Focus* (30 July 2011): 4 pp. <http://public.cq.com/docs/weeklyreport/weeklyreport-000003920651.html>
- Taylor, Robert W. and Amanda L. Russell. "The Failure of Police 'Fusion' Centers and the Concept of a National Intelligence Sharing Plan," *Police Practice and Research*, 13, no. 2 (April 2012): 184-200.
- Waterman, K. Krasnow and Samuel Wang. "Prototyping Fusion Center Information Sharing: Implementing Policy Reasoning over Cross-Jurisdictional Data Transactions Occurring in a Decentralized Environment," *Homeland Security Affairs, Supplement 3* (March 2011): 1-10.
- Weiss, Jim and Mickey Davis. "Information Sharing: The Northeast Ohio Regional Fusion Center," *The Journal of Counterterrorism & Homeland Security International*, 17, no. 4 (no date): 14-19.