

DIRECTOR OF NATIONAL INTELLIGENCE  
WASHINGTON, DC 20511

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, D.C. 20510

FEB 26 2013

Dear Senator Reid:

As the potential for sequestration looms larger each day, I am reaching out to notify the committees with intelligence oversight of the devastating impact sequestration will have on the National Intelligence Program (NIP). The sheer size of the budget cut, along with the requirement to spread it proportionally to every intelligence activity and function will impair the Intelligence Community's (IC) ability to perform its mission. Moreover, imposing spending cuts so late in the fiscal year magnifies their detrimental impact. In my judgment, sequestration will put the nation's safety and security in jeopardy. We will do less with less, and will accordingly accept greater risk.

The IC's highest priorities are to keep the workforce focused on the threat and to support overseas operations. However, because the NIP must use a restrictive definition of a Program, Project, and Activity (PPA) for the purpose of sequestration, our ability to manage these cuts in a rational and risk balanced manner is severely limited. While it is difficult to share the full scope of the impact of sequestration in an unclassified letter, the following are some major concerns:

- The most valuable resource in the IC is its workforce. Working 24/7 around the world, the IC provides the United States a strategic advantage. Under the rules for sequestration, we will be forced to cut back mission-critical activities. To make matters worse, furloughs would be applied unevenly within and among IC organizations – regardless of the impact on mission. For example, based on the PPA definition for the NIP, some employees within an organization would not be subject to furlough, while others would be furloughed up to 22 days. Hardest hit would be workforce intensive functions such as analysis, counterintelligence, and security. A furlough will not only harm the mission, it will cause financial hardship, damage morale, and increase the possibility that talented members of the workforce will leave government service. At this juncture, we estimate we will be cutting at least 7,000 full time contract positions; contractors are an integral part of our workforce. But, it is our judgment that we must protect our government workforce above all.
- Support to overseas contingency and military operations will be affected because the majority of funding in some of our PPAs is focused on these activities.
- Critical intelligence analysis, including enabling tools such as advanced visualization techniques, forward deployed analysts, and service to customers – from the President to the foxhole – will be substantially cut back and far less responsive. The IC will manage some of the cuts by reducing our efforts against lower tier priorities. However, events over the past few years have shown that a low priority region or topic can quickly escalate into a crisis. Reducing coverage in these areas increases our risk of missing the early signs of a threat.

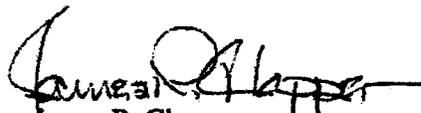
- Human intelligence global operations will be scaled back. This could have a profound impact on our ability to respond to world events, risking strategic and tactical surprise, eroding important gains achieved over the past decade, and putting future collection in jeopardy. These operations provide the nation with many sources of sensitive information, but they require a robust and steady effort.
- Technical collection operations will be curtailed against denied areas and some of our hardest targets, thus limiting our knowledge of, and response to, world events.
- In addition, our collection architecture will be adversely impacted. The IC will decommission useful, but older, systems and delay the development and fielding of replenishment capabilities. This may yield immediate savings but increases risk, is neither cost effective nor efficient, hurts the industrial base, and consequently could lead to the long-term loss of U.S. technical advantage.
- Fewer security professionals will be on the job, limiting our ability to detect and investigate suspected espionage by insiders, foreign services, or bad actors.
- Plans to shift information technology and data services to a cloud computing environment and to adopt common business services will be slowed. This will delay improvements leading to information sharing, efficiencies, and future savings.
- Investment in leading edge research and next generation technology will be scaled back, increasing the possibility that the U.S. will be late to meet emerging threats.

The IC plans to use all possible means, including reprogramming actions, to mitigate some of these impacts, but it will not be enough to reverse the damage of sequestration. The IC has already taken prudent steps to:

- Prioritize critical mission capabilities and ongoing support to overseas operations
- Protect the workforce, our most valuable asset, to the greatest extent possible
- Slow or stop lower priority spending
- Delay contract awards where feasible, and
- Freeze hiring

Today, threats to our national security are more diverse than at any time in my professional memory. I urge the Congress to work with the Administration to forge an agreement on a balanced debt reduction plan to avoid the devastating impact of indiscriminate sequestration.

Sincerely,



James R. Clapper