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DIVERSITY AT DHS: KEEPING PACE OR MISSING THE MARK?

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BEFORE THE

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HOUSE OF REPRESENTATIVES

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DIVERSITY AT DHS: KEEPING PACE OR MISSING THE MARK?

Wednesday, May 21, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The committee met, pursuant to call, at 10:10 a.m., in Room 311, Cannon House Office Building, Hon. Bennie G. Thompson [chairman of the committee] presiding.

Present: Representatives Thompson, Dicks, Norton, Jackson Lee, Etheridge, Cuellar, Pascrell, Rogers, and Dent.

Chairman THOMPSON. The Committee on Homeland Security will come to order.

The committee is meeting today to receive testimony on "Diversity at DHS: Keeping Pace or Missing the Mark?"

I am told that some people may question why this committee is examining the Department's workforce diversity. In response to those concerns, I want to read the following quote: "Research shows that organizations employing an effective diversity strategy based on the concepts of inclusion and respect for differences enhance their creative problem-solving, organizational flexibility and mission effectiveness."

While I agree with those words, they are not my words. The words were contained in a June 2007 report on the Department's Diversity Initiative that was issued by Marta Brito Perez, former chief human capital officer at the Department of Homeland Security. However, within 6 months after issuing the report, Ms. Brito Perez had left the Department.

In March 2008, majority committee staff issued a report examining the diversity in the senior executive and leadership ranks at the Department. With few exceptions, the report found that the Department lagged behind other fellow agencies in its representation of women and minorities in the Senior Executive Service.

In April 2008, the acting chief human capital officer testified at a joint hearing before the Senate Homeland Security and Government Affairs Committee and the House Committee on Government Oversight. He stated that, while DHS had formed a diversity council, it still had not issued a corporate diversity strategy or implemented a diversity action plan for the remainder of fiscal year 2008 through fiscal year 2010.

Since Ms. Brito Perez's report, several disturbing incidents have occurred at the Department. Racially offensive e-mails were sent among 20 supervisors at the Secret Service. A noose was found in the gear of an African American Coast Guard cadet. An ICE em-

ployee wore skin-darkening makeup and prison garb to a Halloween party.

I cannot say that the inclusion of diversity in the upper ranks in the Department would have prevented these incidents, and I cannot say that the lack of diversity caused these incidents. But I can say there is a lack of diversity. I can say that these incidents happened. I can say that, with only one exception, those who carried out these actions were not disciplined.

That leads me to believe that this Department, our newest Federal agency, has a long way to go toward becoming an organization that values inclusion and respects differences. As Chairman of this committee, my concern is that this lack of diversity, coupled with low morale, will hamper this Department's mission effectiveness, and that is too high a price to pay.

So, today, we are meeting to examine workforce diversity at the Department, because, more than anything, we want the Department to be able to tap into the kind of creative problem-solving, organizational flexibility and mission effectiveness that are hallmarks of organizations that employ effective diversity strategies.

The Chair now recognizes the ranking member of the full committee, the gentleman from Alabama, Mr. Rogers, for an opening statement.

Mr. ROGERS. Thank you, Mr. Chairman.

Let me start by thanking Elaine Duke for being back with the committee. I look forward to hearing from you.

I thank the witnesses for taking time to be here with us today.

As you heard the Chairman reference, we are looking at diversity in the Department of Homeland Security. Specifically, we will discuss what steps the Department is taking in this area, from the Senior Executive Service level right down to entry-level employees.

SES employees, in particular, provide the crucial link between the top Presidential appointees and the rest of the Federal workforce. It is these folks who provide executive management for the Government and who will be critical in the transition of Federal agencies to the new administration.

Just last month, the Department's acting personnel director, Mr. Bray Barnes, testified on the actions that DHS is taking to diversify its workforce. Mr. Barnes discussed the creation of the SES-level director of Recruiting and Diversity and the designation of the Department's DHS Diversity Council. These are all encouraging efforts.

Today, we will hear from Ms. Duke about DHS efforts in this area, including outreach to minority-serving institutions like our historically black colleges and universities. In fact, in my district back home in Alabama, we have three HBCUs: Tuskegee University, Alabama State University and Talladega College. These institutions have a distinguished history, and their alumni have a strong record of contributions to Alabama and to our Nation.

Through more vigorous recruiting efforts, better mentoring programs and the Department's SES Candidate Development Program, it seems like DHS is heading in the right direction in working to diversify its workforce.

So, with that, I look forward to hearing from the witnesses. I thank you, Mr. Chairman, and I yield back.

Chairman THOMPSON. Thank you very much, Mr. Rogers.

Other members of the committee are reminded that, under the rules, opening statements may be submitted for the record.

[The statement of Hon. Jackson Lee follows:]

PREPARED STATEMENT OF THE HON. SHEILA JACKSON LEE

WORKING DIVERSITY: THE DEPARTMENT OF HOMELAND SECURITY WORKFORCE

DHS as it exists today is anything but a model of diversity. The data illustrates that few members of racial minority groups rise to senior leadership positions within the DHS. We must ensure that women, ethnic and racial minorities, and disabled Americans are given the opportunity to fully contribute to the Department's mission. When it comes to fighting the war on terror, we simply do not have a person to waste.

In the past few years, press accounts have relayed several disturbing incidents with racial overtones that have taken place at the Department. Most recently, in May 2008, 10 racially insensitive emails written by at least 20 United States Secret Service supervisors were released as part of an ongoing discrimination suit filed by African American employees against the United States Secret Service (USSC). In July 2007, a noose was discovered in the personal belongings of an African-American male cadet aboard the U.S. Coast Guard Cutter Eagle. In August 2007, a second noose was found in the office of a Caucasian officer conducting diversity training at the Coast Guard Academy. Shortly thereafter, in October 2007, during a Halloween party at the Immigration and Customs Enforcement (ICE) headquarters, an ICE employee was awarded a prize for his costume, which consisted of a striped prison suit, dreadlocks and darkened skin makeup.

There are a number of things we can do so that we reasonably accomplish our goal of a diverse and socially conscious Department of Homeland Security. Let us consider creating a multi-cultural affairs office/hiring of diversity affairs officer. Conduct research, perhaps by hiring an independent diversity consultant, to better assess and understand the diversity challenges at HLS for staff, students, and faculty, and to formulate suggestions. Conduct research to find out more about the structural disadvantages at HLS for some groups, including students of color and women, and to determine what HLS administration can do to remedy these disadvantages.

We must ensure that DHS complies with equal opportunity employment and I believe that there are a few provisions that must be implemented before we can do so. First, we must ensure that there is a diverse workforce at the Department of Homeland Security: This provision requires the Chief Human Capital Officer to report to Congress a plan, with performance measures and timelines, to ensure participation rates of employees of all races, national origins, genders, and disabilities are at or above their representation levels in the overall U.S. population in all levels of the Department. Second, we must identify and address obstacles to small business, minority and women-owned procurement: This provision requires the Chief Procurement Officer to report to Congress on the areas in procurement where the Department fails to award at least 5% of the value of its contracts (a Federal-government-wide goal) to businesses that are small, disadvantaged, women-owned, or in historically underutilized zones. The report should identify and describe the barriers leading to this failure and set forth a plan, with performance measures and timelines, to achieve the 5% goal. Third, we must bring diversity to the Centers of Excellence program: This provision would require the Department to select from a pool of Historically-Black Colleges and Universities (HBCUs), Hispanic Serving Institutions, and Tribally-Controlled Colleges in the next round of the Centers of Excellence program. Institutions that participate in the Centers of Excellence program have not been partnering with HBCUs and other minority-serving institutions as urged by the program requirements.

The diversity of the senior career leadership is of significant concern because members of the Federal career Senior Executive Service (SES) serve just below Presidential appointees and provide an important link between political appointees and the rest of the Federal workforce. The Office of Personnel Management recommended that agencies incorporate diversity program activities and objectives into agency workforce and executive succession planning, incorporate diversity into recruitment planning activities and use tools and techniques that are more likely to discover and attract a more diverse field of applicants. As the newest and one of the largest Federal departments, DHS should serve as a model of diversity for all Federal agencies. In order for DHS to realize its potential and become the agency

Congress intended, DHS must actively seek to bring divergent perspectives to bear on every aspect of its operations.

As of March, 2007, African-Americans comprised 14.5% of DHS's overall workforce. Asians represented 4.2% and other races comprised only 1.6% of DHS's overall workforce. African-Americans comprised 8.5% of the Executive Branch SES, but only 6.5% of the DHS career SES. All other racial groups combined together (including Native Americans, Pacific Islanders, and persons of several racial backgrounds) comprised 1.7% of the Executive Branch SES, but only 0.7% of the DHS career SES. In addition, women comprised 28.9% of the Executive Branch SES, but only 25.3% of the career DHS.

In June 2007, the Department's Chief Human Capital Officer, Marta Brita Perez, issued a report on the Department's Diversity Initiative entitled, "Diversity Works!: Finding, Hiring, and Keeping a Qualified Diverse Workforce," which acknowledged and identified a number of diversity problems that the Department has faced. As a result of the report findings, the Department developed a diversification strategy with 3 key aims: developing recommendations on strategic efforts to recruit and hire a qualified and diverse workforce; creating initiatives to ensure qualified and diverse individuals are retained through continuous learning interventions at the entry, mid and senior levels; and providing specific recommendations on how DHS can ensure that Minority Serving Institutions are represented fully in all of the functional homeland security mission areas including research and development. Despite this positive first step in the right direction, only months after issuing the report, Secretary Chertoff announced the resignations of Ms. Perez.

Mr. Chairman, it has been almost a year since the issuing of the report that Secretary Chertoff has ensured will guide the Department through 2009, however, there have been no tangible changes. After almost a year, it appears that several of the diversity initiatives proposed are still in the planning stages. Just last month, the Acting Chief Human Capital Officer testified in a joint hearing before the Senate Subcommittee on Oversight and Government Management and the House Subcommittee on the Federal Workforce that the DHS Diversity Council has yet to issue a Corporate Diversity Strategy or implement a Diversity Plan of Action for the remainder of fiscal year 2008 through fiscal year 2010. This is absolutely unacceptable; if the Department is as dedicated, as they say, to ensuring a diverse and representative workforce, they have done little to substantively translate dedication to reality. There must be some sort of accountability mechanism implemented to ensure that the Department transitions into a diverse workplace where people of all races, ethnicities, and genders, can work productively with one another and consequently produce a more dynamic Department.

I am committed to creating an environment where all Americans can participate, regardless of their gender, race, ethnic origin or disability. This does not just happen. As members of this committee, we must give the Department guidance to create just such an environment and guarantee that all Americans can participate in efforts to secure our Nation. There is much more to be done to translate this goal into a reality, but I am confident that should we work with the Department we can ensure its fruition.

Chairman THOMPSON. I welcome our panel of witnesses.

Our first witness, Ms. Elaine Duke, is Under Secretary for Management at the Department of Homeland Security. She has been with the Department since 2003. As Under Secretary for Management, she oversees all management functions, including personnel and procurement.

Our second witness is Mr. George Stalcup, director of strategic issues at the U.S. Government Accountability Office. Mr. Stalcup has been with GAO for 34 years. In his position, he is responsible for overseeing a range of reviews of management issues across government, including a variety of human capital issues.

Our third witness is Ms. Stacey Stewart. Ms. Stewart is Fannie Mae Corporation's chief diversity officer and senior vice president. Ms. Stewart leads Fannie Mae's diversity and inclusion strategy and the overall corporate-giving strategy and programs. As chief diversity officer, Ms. Stewart is responsible for the development and implementation of strategies that foster a diverse and inclusive workforce and business environment.

Without objection, the witnesses' full statements will be inserted in the record. I now ask each witness to summarize his or her statement for 5 minutes, beginning with Ms. Duke of DHS.

STATEMENT OF ELAINE C. DUKE, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF HOMELAND SECURITY

Ms. DUKE. Good morning, Chairman Thompson, Ranking Member Rogers and members of the committee. It is an honor to appear before you again today to discuss diversity issues within the Department of Homeland Security.

When the President and Congress called for the integration of 22 disparate agencies 5 years ago, we answered the call and stood up a Department that today is nearly 210,000 employees strong. I have had the opportunity to be with these employees, dedicated, working across the Department to meet our mission. I also have seen that, as a Department, we do have to improve our diversity.

Expanding diversity such as gender, geographic, economic, ethnic and veteran representation of this workforce will increase the Department's success and bring better benefit to the American public, and we are committed to doing this.

We are approaching diversity in two ways: how we recruit externally and how we grow our employees internally.

On finding the right people for the right job, our external focus, we are casting the widest net possible in a very competitive labor market. We have focused resources to actively reach out to candidates more than ever before. We are recruiting for qualified applicants at career fairs; historically black colleges and universities such as Texas Southern University, Jackson State University and Tougaloo College; and have a robust on-campus recruiting schedule for this fall at other colleges and universities.

We are expanding our internship program to include the Delta Regional Homeland Security Intern Partnership. We are providing grants to minorities-serving institutions to develop needed research and analysis capabilities to service our homeland security mission.

We are building a partnership with the Urban League's Black Executive Program, where 150 DHS employees have volunteered to work with recruiting in this Urban League program. We are establishing similar partnerships with the National Association of Hispanic Federal Executives, the African American Federal Executive Association, and Asian American Executive Network, where DHS employees participate on panels and provide SES preparatory workshops on how to compete for the Federal Senior Executive Service.

We are also expanding our veterans outreach strategy, which was launched in the fall of 2007 and cited as one of our best practices.

Once we have recruited top talent from our diverse pool of candidates, we want to make sure we provide them with the right tools and environment to succeed. This is where training and development is important to our success.

We are preparing qualified and diverse GS–14- and GS–15-level employees for SES positions through new programs, such as the SES Candidate Development Program. Our most recent class, we had 23 employees selected with great diversity within that, includ-

ing 22 percent African American, 13 percent Hispanic and 30 percent women.

We have our DHS Fellows Program, which focuses on training and rotational assignments across various organizations within DHS. The current Fellows Program is a cohort of 50 participants, including 20 percent minority and 30 percent women.

We are mentoring and coaching our employees to ensure that they are ready for the senior executive positions within the Department.

As we train and develop our employees, we want to make sure they stay and are happy working at the Department. One such way we accomplish employee retention is by identifying early our high-potential candidates, including those from diverse groups, so that they can be placed in the leadership development programs I just mentioned. We want to create an environment where our employees can perform and be promoted and succeed to their fullest potential.

We are also applying the best practices that mirror the nine GAO recommendations. We are managing diversity under a council I recently formed called the DHS Diversity Council. This council consists of senior management officials throughout the Department, where each member of the council signed a charter and pledged their commitment to diversity at DHS. The council is issuing a corporate diversity strategy and implementing a diversity action plan for the remainder of 2008, going out through 2010.

We recently designated an SES-level director of recruiting and diversity within our Chief Human Capital Office. This individual is responsible for implementing strategic programs to recruit a more diverse talent pool for all jobs, including the SES corps. These efforts are critical given that 26 percent of our career executives are eligible to retire in 2008, 34 percent in 2009, and 41 percent will be eligible in 2010.

We believe this sustained and continuing focus on diversity will yield the results that both the Department and this committee need and demand.

I have observed that our ability to achieve our mission is critical on having the best workforce, and we think diversity is one of those elements.

I am pleased to answer your questions in this hearing. Thank you.

[The statement of Ms. Duke follows:]

PREPARED STATEMENT OF ELAINE C. DUKE

MAY 21, 2008

Chairman Thompson, Ranking Member King, and Members of the committee, it is an honor to appear before you today to discuss diversity issues within the Department of Homeland Security (DHS).

When the President and Congress called for the integration of 22 disparate agencies, we answered the call and stood up an agency that today is nearly 210,000 employees strong. I have had the opportunity to meet with and observe the hard work and dedication of employees from across the Department. I have observed how our ability to achieve critical mission objectives depends upon the experience, knowledge, diligence, and training of our employees. Expanding diversity such as gender, geographic, economic, ethnic, and veteran representation of this workforce will increase the variety of available skills and knowledge that can be employed in pursuit of the Department's success, thereby bringing greater benefit to American public.

COMMITMENT

DHS is committed to improving current diversity efforts and creating better solutions to areas in need of attention. The Department maintains this commitment with good cause as we recognize diversity as a management and mission imperative for success.

- Better business decisions are made when diverse points of view are considered.
- Diversity improves problem solving capabilities by bringing more diverse viewpoints to the table.
- Teams perform better when their members represent diverse backgrounds and experiences that can expand the knowledge of all participants.
- Embracing differences is vital to making DHS stronger and more productive by helping it to better understand mission environments and how to better serve the public.
- Creating an organizational culture of inclusion that leverages diversity, leads to higher employee morale—improving retention and productivity.

CURRENTLY

At present, the Department of Homeland Security recognizes the need to achieve a qualified diverse workforce, particularly in its senior executive service (SES) appointments. DHS is below the Federal Government's percent representation of minority populations in its SES cadre. We also recognize the need for ensuring diversity across the DHS workforce. In light of our recent Human Capital survey, I wish to inform you today of current and future efforts within DHS to improve the range of skills and expertise that can be put into action in support of the Department's mission.

With strong encouragement from Secretary Chertoff and Acting Deputy Secretary Schneider, I am leading the design and have begun the implementation of a new strategy to increase diversity across our workforce with particular attention on the leadership and executive ranks. This strategy includes initiatives to identify, train, and promote high performing employees and is coupled with external efforts to attract, recruit, and hire diverse applicants and potential leaders. This strategy incorporates a multifaceted approach to recruitment, training and development and retention of high performing employees. It is our aim that these efforts will bring diversity to the forefront of organizational development.

RECRUITMENT

DHS has focused resources and is actively reaching out to candidates more than ever before. We are expanding our networks with local associations and universities to inform them of DHS employment opportunities beyond the USAjobs website. Expansion of this network provides us broader opportunities to introduce our new branding efforts, our "Proud to Protect" campaign. In seeking applicants with mission critical skills, our talent experts demonstrate the importance of and a respect for the benefits of diversity, while recognizing that all applicants will be evaluated only on their qualifications for each position. However, initiatives aimed at increasing DHS' diversity by expanding our applicant pool through targeted, out-reach efforts is imperative. Our efforts include:

- Recruiting for qualified applicants at career fairs, historically black colleges and universities (HBCUs). We established relationships with "Minority Serving Institutions," in particular: Texas Southern University, Jackson State University and Tougaloo College. In addition, we also have a robust on-campus recruiting schedule for this fall at other colleges and universities.
- Working with the academic community through Science and Technology's (S&T) Office of University Programs to develop needed research and analysis, and providing education and training to enhance DHS homeland security capabilities. We are supporting this initiative through three primary programmatic areas including university-based system of DHS Centers of Excellence, DHS Science, Technology, Engineering and Mathematics Education Programs, and Minority Serving Institutions, such as Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions, Tribal Colleges and Universities, and Native Alaskan/Hawaiian/Pacific Islander serving institutions. Homeland Security S&T is striving to build a homeland security scientific community that reflects the face of America and has a strong stake in preserving its institutions and way of life.
- Expanding internship programs such as the Delta Region Homeland Security Internship Program. The Department's mission is national in scope and requires many levels of strategic cooperation and communication between Fed-

eral, State, local, and private interests. These multi-level partnerships have become critical for coordinating and maintaining regional emergency prevention and response efforts. The primary goal of the Delta Region Homeland Security Internship Program is to expose talented college students in southern Delta regional locations to the various DHS component agencies in the area and provide opportunities to learn about and support critical mission efforts.

- Participating in panels on careers in Federal Government and providing SES preparatory workshops hosted by minority associations such as the African American Federal Executive Association, the National Association of Hispanic Federal Executives and the Asian American Executive Network.
- Expanding upon our robust Veterans Outreach strategy which was launched in October 2007 and cited as a best practice. The strategy includes a one-stop web site for Veterans seeking to continue their service to America by working for DHS. The establishment of a Veterans Outreach Advisory forum is composed of various Veterans Services Organizations (VSOs) which advises on our veterans outreach efforts. As a result of this forum's input, we developed a new recruitment brochure targeted to Veterans with the marketing theme of "Proud to Protect. Continue Your Service to America with DHS." Currently, 40,468 veterans are employed at DHS or 24.2 percent of the total permanent civilian workforce. Of this veteran population at DHS, 6,407 are disabled. Later this year, we plan to establish a DHS speakers cadre that will train veterans working in DHS to speak to veterans groups. This will greatly expand our capacity for outreach.

TRAINING/DEVELOPMENT

A crucial factor in the recruitment and retention of a diverse workforce is the development of current supervisors within the Department who have the skills to manage and mentor diverse populations. We are increasing our efforts to develop a qualified and diverse pool of applicants that focuses on preparing current GS–14 and GS–15 for our SES positions through new programs, such as:

- *The SES Candidate Development Program (CDP)*.—Of the 23 DHS employees recently selected for the next SES Candidate Development Program which is approved by Office of Personnel Management (OPM), 22 percent are African American, 13 percent are Hispanic, and 30 percent are women.
- *The DHS Fellows Program and Follow on Rotational Assignments*.—Managing diversity within the workplace means creating an environment where each employee is empowered to contribute to the work of the unit, being sensitive and alert to the interactions among and between leadership and staff. Our DHS Fellows program highlights the value of rotational assignments to learning important skills for managing a diverse workforce across various organizational environments. The current Fellows cohort of 50 participants ending next October is 20 percent minority and 30 percent women. Rotational assignments are key elements of the Fellows and CDP programs. In addition, more than 200 employees are currently on ad hoc rotational assignments beyond these two programs.
- *Career Development for Women*.—In April 2008, DHS headquarters held a forum on career development for women. This forum consisted of panel discussions, and speakers focused on mentoring current DHS employees interested in SES positions.
- *Growth of Mentoring and Coaching Initiatives*.—An important part of our development programs is to offer mentoring and coaching. Effective mentoring in a multicultural setting means understanding diverse learning styles and approaches to problem-solving. Most important, mentoring in a diverse workplace requires providing appropriate feedback by supervisors to employees of their contributions to accomplishing the mission. Our mentoring and coaching initiatives emphasize the practice and teaching of these skills.

Other elements of career development include:

- Career Pathing Program. This program seeks to ensure that DHS employees have the opportunities to advance within the Department. For example, this past year, 480 Transportation Security Officers applied for and were hired into positions with Customs and Border Protection.
- Identifying critical jobs within the Department where success qualifies employees for promotion and encouraging minorities to compete for such positions thereby further developing the leadership pipeline.
- Offering on-line training via our web-enabled learning management system to continue development of personal, professional and technical skills related to the numerous homeland security positions within the Department.

- Prototyping diversity management training for managers and executives and diversity awareness training for all DHS employees.

RETENTION

Early identification of high-potential employees, including those from diverse groups such as minorities, women, and people with disabilities, is critical to their retention. Early identification allows them to be placed in leadership development programs, which can lead to continued performance and the potential for promotion to their next job. Our other strategies to retain high-performing employees include:

- Continuing to use Human Capital employee surveys to study what makes employees stay, to try to understand work-life issues, and what can be done to enhance retention and attract new talent.
- Continuing to sponsor Human Capital focus groups allowing for responses and the submission of ideas for improvement to occur on a confidential basis.
- Work to broadly announce job opportunities internally to allow individuals to consider lateral/upward moves across business units, thereby expanding their background and experience and increasing overall employee satisfaction and retention.
- Establishing an external Diversity Outreach Advisory Forum of interested stakeholders to assist in DHS' diversity outreach plans and efforts;
- Analyzing departure of employees for weaknesses in diversity strategy through exit interviews. We have begun this within the headquarter components and plan to expand it throughout the Department.

These efforts will contribute to be proactive, strategic approach to recruiting, developing, retaining and promoting a high-performing and diverse workforce and we will continue to adapt best practice recommendations that are applicable to DHS' military and civilian workforce.

ACCOUNTABILITY AND LOOKING AHEAD

I look forward to reporting improvements in diversity to our employees, and the Committee that result from increasing accountability in substantial ways. Recent developments demonstrating our commitment include:

- I recently formed the DHS Diversity Council which consists of senior management officials from the major operating components and headquarter offices. Each member of the council signed the charter pledging their commitment to diversity at DHS. Among the Council's most pressing actions will be issuing a DHS Corporate Diversity Strategy and implementing a Diversity Action Plan for the remainder of fiscal year 2008 through fiscal year 2010.
- DHS has one of the largest law enforcement populations with the Federal agencies and as such created the Law Enforcement Council. To further recruit and retain a diverse workforce, this Council meets to discuss three things: (1) Best practices—the Council is an open forum for the different law enforcement components to share information; (2) Discuss quality of life issues; and (3) Training opportunities. With respect to training, DHS is currently developing a Law Enforcement Professional program. The program identifies eligible participants to take certain training courses as well as complete rotations and meet with a mentor to further help them prepare for other law enforcement positions throughout the Department.
- We recently created a SES-level Director of Recruiting and Diversity within our Chief Human Capital Office. This position is responsible for implementing strategic programs to recruit a more diverse talent pool for all jobs within DHS, including the SES corps. These efforts are critical given that 26 percent of our career executives are eligible to retire in 2008, 34 percent in 2009, and 41 percent will be eligible for retirement in 2010.
- We are reviewing our SES hiring procedures to identify potential best practices that would integrate attention to diversity in our current processes.
- Issuing specific guidance to hold executives accountable for the "Diversity Advocate" competency in their performance plans.
- Determining the feasibility and return on investment in using the services of an executive search firm with a proven record in attracting high caliber diverse candidates for executive positions.

In the very near future DHS will execute other elements of our diversity strategy such as:

- Continuing our formal partnership with the Urban League's Black Executive Program (BEEP) whereby 150 DHS employees have volunteered, with management endorsement, to serve as presenters and speakers at BEEP events at HBCUs. Since entering into this vital partnership this year, DHS speakers have

participated at 11 events at such HBCUs as Mississippi Valley State University, Tennessee State University, Florida A&M University, Hampton University, and others.

- Establishing similar partnerships with the National Association of Hispanic Federal Executives and the African American Federal Executive Association, and the Asian American Executive Network. We will be providing our SES vacancy listings to these organizations for distributing amongst their memberships, and we will provide them with speakers, presenters, and other similar support.

We are pleased with your interest and support in ensuring that DHS continues to increase the diversity of its workforce and we look forward to collaborations that will ensure success.

Chairman THOMPSON. Thank you for your testimony.

I now recognize Mr. Stalcup to summarize his statement for 5 minutes.

STATEMENT OF GEORGE H. STALCUP, DIRECTOR OF STRATEGIC ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. STALCUP. Chairman Thompson, Ranking Member King and members of the committee, I, too, appreciate the opportunity to be here today to provide the committee with information on diversity in the Federal workforce and at DHS.

The Federal Government is facing new and more complex challenges in the 21st century, and Federal agencies must transform their organizations to meet these challenges. Given the significant challenges related to protecting the Nation while organizing 22 predecessor agencies into a coherent and integrated department, GAO designated the implementation and transformation of DHS as a high-risk area in 2003.

From its inception in 2003, one key challenge DHS has faced is managing its sizable workforce. Strategic human capital management must be the centerpiece of any serious change in management strategy. Given the changing demographics of our society, diversity management is a key ingredient.

Today, as requested, my remarks will focus on the workforce demographic data for career employees, both Government-wide and at DHS, including the changes between 2003 and 2007.

Over that span, there were slight increases in representation for nearly all of the minority groups within DHS. Comparing Government-wide data to DHS data, the biggest differences were among Hispanic men. In both 2003 and 2007, their representation within DHS was more than 10 percentage points higher than representation Government-wide. For white women, in both years of their representation within DHS, it was nearly 10 points lower. For both 2003 and 2007, the representation of women in all DHS minority groups, with the exception of Hispanic women, was below the Government level.

My full statement also provides data on career representation within DHS by pay plan and grade and by organizational component, again, for 2003 and 2007.

We also focused on career representation within the SES. Generally the most experienced segment of the Federal workforce, these leadership positions are critical. Having a diverse SES corps can be an organizational strength by bringing a wider variety of perspectives and approaches to bear on policy development and im-

plementation, strategic planning, problem-solving and decision-making.

Representation of nearly all minority groups within the career SES Government-wide increased slightly between 2003 and 2007. The exception was for African American males, whose representation declined from 5.6 to 5.0 percent.

At DHS, changes in representation within the SES over the same time were generally greater than those Government-wide. The percentage of white women was 23.1 percent in 2007, 5.8 percent points above the 2003 rate of 17.3. The percentage of white men dropped by 3.1 points—66.8 to 63.7—while the percentage of African American men dropped by 2.3 points—6.3 to 4.0. Overall, minorities within the SES decreased by 2.7 points—15.9 to 13.2.

My full statement also provides demographic data on GS–14 and GS–15 levels, considered the developmental pool for the SES over the same 4-year span. While Government-wide developmental pool numbers declined slightly between 2003 and 2007, the number in DHS's developmental pool increased by about 55 percent, from 6,500 to over 10,000. Both Government-wide and at DHS, the minority representation within the developmental pool is generally higher than within the SES.

We did not analyze the factors that contributed to these changes in representation within the DHS workforce over that 4-year span. However, OPM and EEOC, in their oversight roles, require Federal agencies, including DHS, to analyze their workforces and report annually. Both the EEOC and OPM, in turn, report annually on Government-wide representation levels.

An agency's human capital planning should address demographic trends that the agency faces with its workforce, especially anticipated turnover. We recently reported that about 20 percent of DHS's career workforce will be retirement-eligible by 2012, and overall rates for other attrition of permanent DHS employees are nearly twice the average rates for other agencies.

Although most employees do not retire immediately upon becoming eligible, turnover resulting from retirements and from other attrition presents both a need for effective planning and an opportunity to effect workforce diversity.

DHS officials have cited several actions taken, under way to create and to manage a diverse workforce. We have not assessed these efforts. However, the actions as described by Department officials are consistent with some of the leading diversity management practices in areas such as recruitment and succession planning identified in an earlier study we conducted.

That concludes my remarks, and I would be happy to answer any questions.

[The statement of Mr. Stalcup follows:]

PREPARED STATEMENT OF GEORGE H. STALCUP

MAY 21, 2008

GAO HIGHLIGHTS

Highlights of GAO–08–815T, a testimony before the Committee on Homeland Security, House of Representatives.

Why GAO Did This Study

The Department of Homeland Security (DHS) was created from a disparate group of agencies with multiple missions, values, and cultures into a cabinet department whose goals are to, among other things, protect U.S. borders and infrastructure, improve intelligence and information sharing, and prevent and respond to potential terrorist attacks. GAO designated the implementation and transformation of DHS as a high-risk area in 2003, and it remains so. While DHS has made progress, it continues to face challenges in transforming into an effective, integrated organization.

In response to a request to provide information on diversity in DHS and steps DHS is taking to create and manage a diverse workforce, GAO is providing demographic data related to the Federal Government as a whole and DHS's workforce. GAO obtained these data from the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF). GAO used its past work on leading diversity management practices (GAO–05–90) and reviewed data from DHS on its diversity management practices.

HUMAN CAPITAL.—WORKFORCE DIVERSITY GOVERNMENTWIDE AND AT THE DEPARTMENT OF HOMELAND SECURITY

What GAO Found

Data in OPM's CPDF show that as of September 2007, the overall percentages of women and minorities have increased in the career SES governmentwide, the highest nonpolitically appointed leaders in the Federal workforce, and the SES developmental pool for potential successors since September 2003.

Governmentwide	September 2003			September 2007		
	Number	Percent		Number	Percent	
		Women	Minorities		Women	Minorities
SES	6,221	26.4	15.2	6,555	29.1	15.8
SES potential developmental pool (GS–15s and GS–14s)	152,123	30.4	18.8	149,149	34.3	22.5

Source: GAO analysis of OPM's CPDF.

As part of GAO's recent analysis of the diversity of the SES and the SES developmental pool, GAO reviewed career, or permanent, SES appointments at DHS and DHS's SES developmental pool.

DHS	September 2003			September 2007		
	Number	Percent		Number	Percent	
		Women	Minorities		Women	Minorities
SES	208	21.2	15.9	325	26.2	13.2
SES potential developmental pool (GS–15s and GS–14s)	6,525	30.2	19.5	10,107	32.5	24.1

Source: GAO analysis of OPM's CPDF.

During this 4-year period, the total number of career SES and those in the SES developmental pool for potential successors increased at DHS. The percentage of women in the SES increased, while the percentage of minorities decreased. For the SES developmental pool, the percentage of women and minorities increased. While GAO did not analyze the factors that contributed to changes in DHS's workforce for this period, OPM and the Equal Employment Opportunity Commission in their oversight roles require Federal agencies, including DHS, to analyze their workforces.

As part of a strategic human capital planning approach, agencies need to develop long-term strategies for acquiring, developing, motivating, and retaining a diverse workforce. An agency's human capital planning should address the demographic trends that the agency faces with its workforce, especially retirements, which provide opportunities for agencies to affect the diversity of their workforces. DHS reported taking steps to affect the diversity of its workforce. These steps are consistent with several leading diversity management practices: (1) A diversity strategy as part of its strategic plan; (2) recruitment; (3) employee involvement; and (4) succession planning. For example, DHS cited its use of intern programs for recruiting and its implementation of two leadership development programs for managing succession. GAO has not conducted a review of DHS's diversity management efforts; therefore, it cannot comment on the effectiveness of DHS's implementation of these practices.

Chairman Thompson, Ranking Member King, and Members of the committee: I am pleased to be here today to provide the committee with information on diversity of the Federal workforce and at the Department of Homeland Security (DHS), which was created from a disparate group of 22 agencies with multiple missions, values, and cultures into a cabinet department whose goals are to, among other things, protect U.S. borders and infrastructure, improve intelligence and information sharing, and prevent and respond to potential terrorist attacks. Since its inception in March 2003, DHS has faced enormous challenges related to protecting the Nation from terrorism while organizing its predecessor agencies—several with existing program and management challenges—into a coherent and integrated department.

Because these challenges could have serious consequences for the security of our country, we designated the Department's implementation and transformation a high-risk area in 2003 and reiterated our concerns in January 2005 and again in January 2007.[1] One key challenge DHS has faced is effectively and strategically managing its sizable workforce of nearly 167,000 employees in order to respond to current and emerging 21st century challenges.[2] Strategic human capital management must be the centerpiece of any serious change management strategy. Also, given the changing demographics of our society, diversity management is a key aspect of strategic human capital management. Developing a workforce that reflects all segments of society and our Nation's diversity is a significant part of an agency's transformation of its organization to meet the challenges of the 21st century.

Today, as requested, my remarks will focus on demographic data related to career positions in the Federal Government as a whole and DHS's workforce as well as actions the Department has reported taking to create and manage a diverse workforce. For our analyses of governmentwide career and DHS career demographic data, we extracted data from the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF) and analyzed these data to identify the extent of changes in the representation of women and minorities in DHS's workforce between September 2003 and September 2007. However, we did not analyze the factors that contributed to changes identified in DHS's workforce over this 4-year period. We believe the CPDF is sufficiently reliable for the informational purpose of this testimony. We previously reported that governmentwide data from the CPDF for the key variables reported in this testimony—agency, gender, race or national origin, and pay plan or grade—were 96 percent or more accurate.[3] We also obtained information from DHS on recruitment and other strategies used to develop and sustain a diverse workforce. We conducted this performance audit in May 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, when comparing DHS-wide data to governmentwide representation data, the greatest differences were among Hispanic men and White women—in both 2003 and 2007 the representation of Hispanic men was more than 10 percentage points higher than the representation governmentwide, and for White women, the representation was nearly 10 percentage points lower. When reviewing representa-

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[1] GAO, *High Risk Series: An Update*, GAO–07–310 (Washington, DC: Jan. 31, 2007).

[2] The 167,000 employees include those that are permanent, or career, and nonpermanent, or noncareer, as of September 2007. In this testimony, we only provide information on career employees.

[3] GAO, *OPM's Central Personnel Data File: Data Appear Sufficiently Reliable to Meet Most Customer Needs,* GAO/GGD–98–199 (Washington, DC: Sept. 30, 1998). Also, in a document dated February 28, 2008, an OPM official confirmed that OPM continues to follow the CPDF data quality standards and procedures contained in our 1998 report.

tion by pay plan/grades, among the higher grades—general schedule (GS) GS–13 to GS–15, Senior Executive Service (SES), and Senior Level/Senior Technical (SL/ST)—minority employees generally represented less than 10 percent of these career employees in 2003 and 2007. The total number of career SES at DHS increased by more than 50 percent between 2003 and 2007—going from 208 to 325. Overall minorities decreased from 15.9 percent of the total SES in 2003 to 13.2 percent in 2007. For the DHS developmental pool of potential SES successors (generally GS–15s and GS–14s), the total number increased by more than 50 percent—going from 6,525 to 10,107. White men decreased by 4.2 percentage points, and minorities increased by 4.6 percentage points. DHS reported taking steps to affect the diversity of its workforce that include establishing an objective in its strategic plan concerning the recruitment and development, among other things, of a diverse workforce; partnering with minority-serving institutions and professional service organizations; and implementing an SES candidate development program. These steps are consistent with several leading diversity management practices.

REPRESENTATION OF WOMEN AND MINORITIES GOVERNMENTWIDE AND AT DHS IN 2003 AND 2007

DHS, one of the 24 Chief Financial Officer (CFO) Act agencies,[4] was formed from 22 agencies, including the following agencies or parts of agencies: the U.S. Customs Service, which was formerly located in the Department of the Treasury; the Federal Emergency Management Agency; the Coast Guard; and most of the Immigration and Naturalization Service, which was formerly located in the Department of Justice.

Representation of Career Employees DHS-wide and Governmentwide

Tables 1 and 2 show the representation of career employees at DHS and governmentwide as of September 2003 and September 2007, respectively.

[4] Pub. L. No. 101–576 (1990), as amended. The CFO Act agencies are 24 major executive agencies that are subject to the CFO Act. In 2007, the CFO Act agencies employed 98 percent of Federal employees.

TABLE 1.—REPRESENTATION OF CAREER EMPLOYEES AT DHS AND GOVERNMENTWIDE AS OF SEPTEMBER 2003

Percent	September 2003											
	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other	
	M	W	M	W	M	W	M	W	M	W	M	W
DHS-wide	6.8	7.1	0.5	0.2	2.7	1.5	14.2	4.8	44.4	17.7	0.1	0.0
Governmentwide	6.6	10.7	0.9	1.0	2.6	2.1	4.1	3.0	41.3	27.5	0.1	0.1

Source: GAO analysis of OPM's CPDF.

Notes: M=Men and W=Women. Governmentwide data include civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

TABLE 2.—REPRESENTATION OF CAREER EMPLOYEES AT DHS AND GOVERNMENTWIDE AS OF SEPTEMBER 2007

Percent	September 2007											
	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other	
	M	W	M	W	M	W	M	W	M	W	M	W
DHS-wide	7.1	7.8	0.5	0.3	3.1	1.6	14.6	4.9	42.5	17.6	0.1	0.0
Governmentwide	6.9	11.1	0.9	1.1	2.9	2.4	3.6	3.1	40.4	27.4	0.2	0.1

Source: GAO analysis of OPM's CPDF.

Notes: M=Men and W=Women. Governmentwide data include civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

There were slight increases in percentage points among nearly all minority groups DHS-wide between 2003 and 2007. The greatest change DHS-wide was a decrease in White men. The greatest differences between the governmentwide data and DHS-wide data were among Hispanic men—in both 2003 and 2007 the representation of Hispanic men was more than 10 percentage points higher than the representation governmentwide, and for White women, the representation was nearly 10 percentage points lower. For both 2003 and 2007, the representation of women at DHS, with the exception of Hispanic women, was below the governmentwide level, the biggest difference being among White and African American women. See appendix I for a breakdown of the DHS-wide representation data by DHS components.

Representation at DHS by Pay Plan/Grade

Taking a closer look at the DHS-wide data, table 3 shows the representation of career employees at DHS by pay plan/grade as of September 2003. Minority employees generally represented less than 10 percent of career employees among all the pay plans and grades. Examples of the exceptions included the representation of Hispanic men in the blue collar pay plan, grades 5 to 8, and grades 9 to 12, where they ranged from 15 to over 21 percent. In grades 1 to 4, African American women represented over 17 percent, and Hispanic women represented nearly 13 percent of employees. Among the higher grades and pay plans—grades GS–13 to GS–15, SES, and SL/ST—the percentage of White women ranged from over 17 to more than 22 percent, and no minority group exceeded 9 percent of career employees.

TABLE 3.—REPRESENTATION AT DHS BY PAY PLAN/GRADE FOR 2003 FOR CAREER EMPLOYEES

Pay Plan/Grade	September 2003											
	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other	
	M	W	M	W	M	W	M	W	M	W	M	W
Blue collar	11.1	0.4	0.8	0.0	3.3	0.1	15.0	0.1	67.3	1.6	0.2	0.0
Grades 1 to 4	6.7	17.2	0.4	0.2	1.7	4.3	9.4	12.8	18.9	28.7	0.0	0.0
Grades 5 to 8	4.8	10.3	0.4	0.4	3.6	2.6	18.0	9.3	28.8	21.7	0.1	0.0
Grades 9 to 12	4.4	5.8	0.4	0.2	2.8	1.5	21.4	5.3	42.7	15.4	0.1	0.0
Grade 13	5.1	5.8	0.6	0.2	2.4	1.3	8.9	3.2	54.6	17.7	0.2	0.0
Grade 14	3.9	5.4	0.5	0.2	1.5	0.9	6.2	2.2	57.2	22.0	0.1	0.0
Grade 15	3.4	3.9	0.6	0.1	1.0	0.8	4.5	1.6	61.8	22.2	0.2	0.1
SES[1]	6.3	2.9	0.0	0.0	1.0	0.5	4.8	0.5	66.8	17.3	0.0	0.0
SL/ST[2]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other/unspecified[3]	11.1	7.7	0.6	0.3	2.5	0.9	7.9	3.0	48.0	17.9	0.0	0.0
DHS-wide	6.8	7.1	0.5	0.2	2.7	1.5	14.2	4.8	44.4	17.7	0.1	0.0

Source: GAO analysis of OPM's CPDF.

Notes: M=Men and W=Women.

[1]The SES consists of permanent or career appointments, paid according to the SES pay schedule and those in the Federal Aviation Administration (FAA) who have equivalent positions. These are the highest nonpolitically appointed leaders in the Federal workforce.

[2]SL/ST includes those in the Senior Level and Senior Technical pay plans and those in FAA who have equivalent positions. These are primarily engineers, scientists, and other top-level professionals. They do not have the leadership role of the SES.

[3]Other/unspecified includes those who could not be placed in one of the above pay plans or grades.

By 2007, the representation of career employees at DHS by pay plan/grade showed only slight increases and decreases. Exceptions, as shown in table 4, were in the percentage of White men in the SL/ST pay plan, which increased from 0 percent in 2003 to more than 65 percent in 2007, and White women, which during this period in the same pay plan increased from 0 percent to almost 28 percent. The representation of minorities was still less than 10 percent in grades GS–13 and above.

TABLE 4.—REPRESENTATION AT DHS BY PAY PLAN/GRADE FOR 2007 FOR CAREER EMPLOYEES

Pay Plan/Grade	September 2007											
	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other	
	M	W	M	W	M	W	M	W	M	W	M	W
Blue collar	10.6	0.3	0.6	0.0	2.6	0.1	14.9	0.2	67.6	2.8	0.4	0.0
Grades 1 to 4	6.4	15.3	0.8	0.0	2.4	2.1	7.2	6.4	30.9	28.5	0.0	0.0
Grades 5 to 8	3.5	8.8	0.4	0.3	2.8	2.4	21.0	7.8	32.1	20.8	0.2	0.1
Grades 9 to 12	4.2	5.3	0.4	0.2	3.3	1.6	23.2	5.5	41.5	14.8	0.1	0.0
Grade 13	5.0	5.6	0.5	0.2	2.3	1.4	9.9	3.4	54.5	17.2	0.2	0.0
Grade 14	4.6	7.6	0.3	0.2	2.2	1.6	7.2	2.6	52.9	20.7	0.1	0.0
Grade 15	4.6	4.8	0.4	0.1	1.5	0.9	4.4	2.0	57.0	24.2	0.0	0.0
SES[1]	4.0	2.2	0.3	0.0	0.3	0.3	5.5	0.6	63.7	23.1	0.0	0.0
SL/ST[2]	0.0	0.0	0.0	0.0	3.5	3.5	0.0	0.0	65.5	27.6	0.0	0.0
Other/unspecified[3]	11.4	10.4	0.7	0.5	3.5	1.5	8.6	4.6	40.3	18.7	0.0	0.0
DHS-wide	7.1	7.8	0.5	0.3	3.1	1.6	14.6	4.9	42.5	17.6	0.1	0.0

Source: GAO analysis of OPM's CPDF.

Notes: M=Men and W=Women.

[1]The SES consists of permanent or career appointments, paid according to the SES pay schedule and those in the Federal Aviation Administration (FAA) who have equivalent positions. These are the highest nonpolitically appointed leaders in the Federal workforce.

[2]SL/ST includes those in the Senior Level and Senior Technical pay plans and those in FAA who have equivalent positions. These are primarily engineers, scientists, and other top-level professionals. They do not have the leadership role of the SES.

[3]Other/unspecified includes those who could not be placed in one of the above pay plans or grades.

Representation in Career SES Governmentwide and at DHS

As we have reported, leadership in agencies across the Federal Government, especially at senior executive levels, is essential to providing accountable, committed, consistent, and sustained attention to human capital and related organizational transformation issues. Having a diverse SES corps, which generally represents the most experienced segment of the Federal workforce, can be an organizational strength that can bring a wider variety of perspectives and approaches to bear on policy development and implementation, strategic planning, problem solving, and decisionmaking.

The members of the career SES are the highest nonpolitically appointed leaders in the Federal workforce, and we recently looked more closely at their representation governmentwide.[5] Table 5 shows the total number of career SES and the percentage of women and minority SES in DHS and at the 23 other CFO Act agencies in 2003 and 2007. Overall at DHS, the total number of SES increased by more than 50 percent between 2003 and 2007 going from 208 to 325. Within that total, the percentage of women increased from 21.2 percent to 26.2 percent. In 2003, the representation of women within individual CFO Act agencies ranged from 15.9 to 40.7 percent, with more than two-thirds of the agencies having at least 25 percent women—DHS had 21.2 percent. The representation of minorities within the CFO Act agencies in 2003 ranged from 7.2 to 42.0 percent with more than two-thirds having at least 15 percent minorities—DHS had 15.9 percent. In 2007, the representation of women at these agencies ranged from 19.9 to 45.5 percent, with more than half of the agencies having 30 percent or more women—DHS had 26.2 percent. For minority representation, CFO Act agency rates ranged from 6.1 to 43.8 percent, with two-thirds having at least 15 percent or more minorities—DHS had 13.2 percent.

TABLE 5.—CAREER SES MEMBERS BY CFO ACT AGENCY FOR 2003 AND 2007

CFO Act Agency	September 2003			September 2007		
	Number of SES	Percent		Number of SES	Percent	
		Women	Minorities		Women	Minorities
Agriculture ...	299	25.1	18.7	318	28.3	18.9
AID	24	25.0	25.0	22	45.5	36.4
Commerce	317	28.1	16.1	317	28.4	14.5
Defense	1,066	20.1	7.2	1,123	22.6	8.3
Education	61	36.1	27.9	66	36.4	15.2
Energy	405	21.0	11.4	421	22.8	14.3
EPA	257	37.0	16.7	261	37.5	17.2
GSA	80	28.8	10.0	80	28.8	15.0
HHS	329	40.7	23.4	356	44.1	20.5
DHS	208	21.2	15.9	325	26.2	13.2
HUD	81	32.1	42.0	89	38.2	43.8
Interior	199	31.2	22.6	221	31.7	25.8
Justice	550	20.5	16.7	645	22.2	17.8
Labor	137	29.2	21.9	133	33.1	21.1
NASA	398	22.9	15.6	431	23.4	14.6
NRC	145	15.9	11.0	146	19.9	13.7
NSF	81	39.5	13.6	79	44.3	16.5
OPM	43	37.2	21.0	42	38.1	16.7
SBA	37	32.4	37.8	36	27.8	38.9
SSA	121	36.4	28.9	134	41.8	27.6
State	120	30.0	7.5	114	32.5	6.1
Transportation	194	32.0	17.5	188	36.2	16.0
Treasury	403	30.8	16.1	386	36.8	18.4
VA	262	18.7	9.5	236	30.9	14.8

[5] Career SES members are individuals with civil service status (permanent) who are appointed competitively to SES positions and serve in positions below the top political appointees in the executive branch of government.

TABLE 5.—CAREER SES MEMBERS BY CFO ACT AGENCY FOR 2003 AND 2007—Continued

CFO Act Agency	September 2003			September 2007		
	Number of SES	Percent		Number of SES	Percent	
		Women	Minorities		Women	Minorities
Governmentwide [1]	6,221	26.4	15.3	6,555	29.1	15.8

Source: GAO analysis of OPM's CPDF.

Notes: AID is the Agency for International Development; EPA is the Environmental Protection Agency; GSA is the General Services Administration; HHS is the Department of Health and Human Services; DHS is the Department of Homeland Security; HUD is the Department of Housing and Urban Development; NASA is the National Aeronautics and Space Administration; NRC is the Nuclear Regulatory Commission; NSF is the National Science Foundation; SSA is the Social Security Administration; and VA is the Department of Veterans Affairs.

[1] Governmentwide data include civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

Minority representation in the career SES governmentwide generally increased by less than 1 percentage point from September 2003 through September 2007 as shown in table 6. During this period, the representation of men in the SES decreased by 2.6 percentage points, and White men by 2.7 percentage points; whereas, the percentage of women increased by 2.7 percentage points.

TABLE 6.—CHANGES IN THE CAREER SES GOVERNMENTWIDE FOR 2003 AND 2007

Career SES Profile	September 2003		September 2007		Change in Career SES Governmentwide	
	Number	Percent	Number	Percent	Number	Percent
African American men	347	5.6	328	5.0	−19	−0.6
African American women	211	3.4	232	3.5	21	0.1
American Indian/Alaska Native men	55	0.9	60	0.9	5	0.0
American Indian/Alaska Native women	21	0.3	28	0.4	7	0.1
Asian/Pacific Islander men	83	1.3	96	1.5	13	0.2
Asian/ Pacific Islander women	44	0.7	57	0.9	13	0.2
Hispanic men	139	2.2	176	2.7	37	0.5
Hispanic women	48	0.8	60	0.9	12	0.1
White men	3,942	63.4	3,976	60.7	34	−2.7
White women	1,319	21.2	1,526	23.3	207	2.1
Unspecified/ other	12	0.2	16	0.2	4	0.0
Total [1]	6,221	100.0	6,555	100.0	334	0.0
Minorities	948	15.2	1,037	15.8	89	0.6
Men	4,575	73.5	4,646	70.9	71	−2.6
Minority men	624	10.0	660	10.1	36	0.1
Women	1,644	26.4	1,909	29.1	265	2.7

TABLE 6.—CHANGES IN THE CAREER SES GOVERNMENTWIDE FOR 2003 AND 2007—Continued

Career SES Profile	September 2003		September 2007		Change in Career SES Governmentwide	
	Number	Percent	Number	Percent	Number	Percent
Minority women	324	5.2	377	5.8	53	0.6

Source: GAO analysis of OPM's CPDF.

Note: Governmentwide data include civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

[1] Percentages may not add to 100 because of rounding. The number of men and women might not sum to the total SES because some employees may have been missing data for race/ethnicity but may have had valid data for gender or some employees may have been missing data for gender but may have had valid data for race/ethnicity.

At DHS, the extent of change in the representation of career SES employees was generally greater than the change that occurred in the governmentwide SES from September 2003 through September 2007. For example, as shown in table 7, the percentage of White women in DHS's career SES was 23.1 percent in 2007, 5.8 percentage points above the 2003 rate of 17.3 percent. White men and African American men experienced the largest decrease in their representation in the career SES by 2007, dropping 3.1 and 2.3 percentage points, respectively. Overall, minorities decreased from 15.9 to 13.2 percent.

TABLE 7.—CHANGES IN CAREER SES AT DHS FOR 2003 AND 2007

DHS Career SES Profile	September 2003		September 2007		Change in DHS Career SES	
	Number	Percent	Number	Percent	Number	Percent
African American men	13	6.3	13	4.0	0	−2.3
African American women	6	2.9	7	2.2	1	−0.7
American Indian/ Alaska Native men	0	0.0	1	0.3	1	0.3
American Indian/ Alaska Native women	0	0.0	0	0.0	0	0.0
Asian/Pacific Islander men	2	1.0	1	0.3	−1	−0.7
Asian/Pacific Islander women	1	0.5	1	0.3	0	–0.2
Hispanic men	10	4.8	18	5.5	8	0.7
Hispanic women	1	0.5	2	0.6	1	0.1
White men	139	66.8	207	63.7	68	−3.1
White women	36	17.3	75	23.1	39	5.8
Unspecified/ other	0	0.0	0	0.0	0	0.0
Total[1]	208	100.0	325	100.0	117	0.0
Minorities	33	15.9	43	13.2	10	−2.7
Men	164	78.9	240	73.8	76	−5.1
Minority men	25	12.0	33	10.2	8	−1.8
Women	44	21.2	85	26.2	41	5.0

TABLE 7.—CHANGES IN CAREER SES AT DHS FOR 2003 AND 2007—Continued

DHS Career SES Profile	September 2003		September 2007		Change in DHS Career SES	
	Number	Percent	Number	Percent	Number	Percent
Minority women	8	3.8	10	3.1	2	−0.7

Source: GAO analysis of OPM's CPDF.
[1] Percentages may not add to 100 because of rounding.

Representation in the Career SES Developmental Pool Governmentwide and at DHS

The vast majority of potential successors for career SES positions will come from the GS pay plan for grades GS–15 and GS–14, the levels that serve as the SES developmental pool.[6] Table 8 shows the changes in the representation of the SES developmental pool governmentwide from September 2003 to September 2007. Governmentwide, the total number of employees in the SES developmental pool decreased slightly from September 2003 to September 2007. The greatest change in representation was a decrease of 5.3 percentage points in the number of White men from 2003 to 2007. The percentage of women in the governmentwide SES developmental pool increased by 3.9 percentage points between 2003 and 2007, but the percentage of men in this developmental pool decreased by this same amount. By 2007, the representation of each of the minority groups in the governmentwide SES developmental pool increased by 1.3 percentage points or fewer, resulting in an overall increase of 3.7 percentage points for minorities.

TABLE 8.—CHANGES IN THE SES DEVELOPMENTAL POOL GOVERNMENTWIDE FOR 2003 AND 2007

Profile of SES Developmental Pool (GS–15s and GS–14s)	September 2003		September 2007		Change in SES Developmental Pool Governmentwide	
	Number	Percent	Number	Percent	Number	Percent
African American men	6,035	4.0	6,439	4.3	404	0.3
African American women	7,276	4.8	9,108	6.1	1,832	1.3
American Indian/Alaska Native men	978	0.6	938	0.6	−40	0.0
American Indian/Alaska Native women	489	0.3	590	0.4	101	0.1
Asian/Pacific Islander men	5,452	3.6	6,305	4.2	853	0.6
Asian/Pacific Islander women	2,546	1.7	3,503	2.3	957	0.6
Hispanic men	4,051	2.7	4,418	3.0	367	0.3
Hispanic women	1,740	1.1	2,193	1.5	453	0.4
White men	89,333	58.7	79,718	53.4	–9,615	–5.3
White women	34,081	22.4	35,650	23.9	1,569	1.5
Unspecified/ other	142	0.1	287	0.2	145	0.1

[6] We included GS–15, GS–14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

TABLE 8.—CHANGES IN THE SES DEVELOPMENTAL POOL GOVERNMENTWIDE FOR 2003 AND 2007—Continued

Profile of SES Developmental Pool (GS–15s and GS–14s)	September 2003		September 2007		Change in SES Developmental Pool Governmentwide	
	Number	Percent	Number	Percent	Number	Percent
Total [1]	152,123	100.0	149,149	100.0	–2,974	0.0
Minorities	28,567	18.8	33,494	22.5	4,927	3.7
Men	105,945	69.6	98,003	65.7	−7,942	−3.9
Minority men	16,516	10.9	18,100	12.1	1,584	1.2
Women	46,178	30.4	51,146	34.3	4,968	3.9
Minority women	12,051	7.9	15,394	10.3	3,343	2.4

Source: GAO analysis of OPM's CPDF.

Note: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007). We included GS–15, GS–14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

[1] Percentages may not add to 100 because of rounding.

Unlike the total number of employees in the governmentwide SES developmental pool, those in DHS's SES developmental pool increased by more than half. The two greatest changes in representation within DHS's career SES developmental pool from September 2003 through September 2007 were for White men, which decreased by 4.2 percentage points, and minorities, which increased by 4.6 percentage points, of which African American women increased by 1.8 percentage points, as shown in table 9.

TABLE 9.—CHANGES IN THE CAREER SES DEVELOPMENTAL POOL AT DHS FOR 2003 AND 2007

Profile of DHS SES Developmental Pool (GS–15s and GS–14s)	September 2003		September 2007		Change in DHS Career SES	
	Number	Percent	Number	Percent	Number	Percent
African American men	245	3.8	467	4.6	222	0.8
African American women	328	5.0	683	6.8	355	1.8
American Indian/Alaska Native men	34	0.5	36	0.4	2	−0.1
American Indian/Alaska Native women	12	0.2	19	0.2	7	0.0
Asian/Pacific Islander men	87	1.3	204	2.0	117	0.7
Asian/Pacific Islander women	56	0.9	138	1.4	82	0.5.
Hispanic men	375	5.8	641	6.3	266	0.5
Hispanic women	133	2.0	245	2.4	112	0.4
White men	3,806	58.3	5,469	54.1	1,663	−4.2
White women	1,439	22.1	2,195	21.7	756	−0.4
Unspecified/other	10	0.2	10	0.1	0	−0.1
Total [1]	6,525	100.0	10,107	100.0	3,582	0.0
Minorities	1,270	19.5	2,433	24.1	1,163	4.6
Men	4,556	69.8	6,824	67.5	2,268	−2.3
Minority men	741	11.4	1,348	13.3	607	1.9
Women	1,969	30.2	3,283	32.5	1,314	2.3
Minority women	529	8.1	1,085	10.7	556	2.6

Source: GAO analysis of OPM's CPDF.
[1] Percentages may not add to 100 because of rounding.

While we did not analyze factors that contributed to changes in DHS workforce from September 2003 through September 2007, OPM and the Equal Employment Opportunity Commission (EEOC) in their oversight roles require Federal agencies, including DHS, to analyze their workforces. Both OPM and EEOC also report on governmentwide representation levels. Under OPM's regulations implementing the Federal Equal Opportunity Recruitment Program (FEORP),[7] agencies are required to determine where representation levels for covered groups are lower than the civilian labor force (CLF) and take steps to address those differences. EEOC's Management Directive 715 (MD–715) provides guidance and standards to Federal agencies for establishing and maintaining effective equal employment opportunity (EEO) programs, including a framework for executive branch agencies to help ensure effective management, accountability, and self-analysis to determine whether barriers to EEO exist and to identify and develop strategies to mitigate or eliminate the barriers to participation.[8] Specifically EEOC's MD–715 states that agency personnel programs and policies should be evaluated regularly to ascertain whether such programs have any barriers that tend to limit or restrict equitable opportunities for open competition in the workplace. The initial step is for agencies to analyze their workforce data with designated benchmarks, including the CLF. If analysis of their workforce profiles identifies potential barriers, agencies are to examine all related policies, procedures, and practices to determine whether an actual barrier exists. EEOC requires agencies to report the results of their analyses annually.

DHS HAS REPORTED TAKING STEPS TO AFFECT THE DIVERSITY OF ITS WORKFORCE THAT ARE CONSISTENT WITH LEADING DIVERSITY MANAGEMENT PRACTICES

A high-performance organization relies on a dynamic workforce with the requisite talents and up-to-date skills to ensure that it is equipped to accomplish its mission and achieve its goals. Such organizations typically foster a work environment in which people are enabled and motivated to contribute to continuous learning and improvement as well as mission accomplishment and which provides both accountability and fairness for all employees. In addition, the approach that a high-performance organization takes toward its workforce is inclusive and draws on the strengths of employees at all levels and of all backgrounds. This approach is consistent with that of diversity management. We have defined diversity management as a process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximize their contributions to an organization's strategic goals and objectives. In our past work, we identified nine leading practices in diversity management that experts agreed should be present in some combination for creating and managing diversity.[9] The leading diversity management practices identified by a majority of experts were as follows:

- *Top leadership commitment*.—A vision of diversity demonstrated and communicated throughout an organization by top-level management.
- *Diversity as part of an organization's strategic plan*.—A diversity strategy and plan that are developed and aligned with the organization's strategic plan.
- *Diversity linked to performance*.—The understanding that a more diverse and inclusive work environment can yield greater productivity and help improve individual and organizational performance.
- *Measurement*.—A set of quantitative and qualitative measures of the effect of various aspects of an overall diversity program.
- *Accountability*.—The means to ensure that leaders are responsible for diversity by linking their performance assessment and compensation to the progress of diversity initiatives.
- *Succession planning*.—An ongoing, strategic process for identifying and developing a diverse pool of talent for an organization's potential future leaders.
- *Recruitment*.—The process of attracting a supply of qualified, diverse applicants for employment.
- *Employee involvement*.—The contribution of employees in driving diversity throughout an organization.
- *Diversity training*.—Organizational efforts to inform and educate management and staff about diversity.

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[7] 5 U.S.C. 7201 and 5 CFR Part 720, Subpart B.

[8] EEOC defines barriers as agency policies, principles, or practices that limit or tend to limit employment opportunities for those of a particular gender, race, or ethnic background or based on an individual's disability status.

[9] See GAO, *Diversity Management: Expert-Identified Leading Practices and Agency Examples,* GAO–05–90 (Washington, DC: Jan. 14, 2005).

DHS's Acting Chief Human Capital Officer (CHCO) testified in April 2008 on actions the Department is taking to create and manage its workforce.[10] These actions are consistent with leading diversity management practices in four areas: (1) A diversity strategy as part of its strategic plan; (2) recruitment; (3) employee involvement; and (4) succession planning. We have not conducted a review of DHS's diversity management efforts; therefore, we cannot comment on the effectiveness of DHS's implementation of these practices. In addition, because we do not highlight a particular practice, it is not meant to imply success or lack of success by DHS in implementing other diversity management practices.

Diversity strategy as part of the strategic plan. DHS established an objective in its 2004 Strategic Plan to "ensure effective recruitment, development, compensation, succession management and leadership of a diverse workforce to provide optimal service at a responsible cost." In an August 2007 progress report on implementation of mission and management functions,[11] we indicated that DHS had taken action to satisfy most of the elements related to developing a results-oriented strategic human capital plan. We noted that in addition to the strategic human capital plan that DHS issued in October 2004, which covers 2004 to 2008, the Department developed a fiscal year 2007 and 2008 Human Capital Operational Plan, which provides measurable goals that the Department is using to gauge the effectiveness of its human capital efforts. DHS officials provided us with a copy of DHS's Corporate Diversity Strategy, issued in March 2008, and stated that the Department has developed a Diversity Action Plan, which it plans to submit to the DHS Diversity Council for approval in May 2008.[12] The Diversity Strategy outlines DHS's policy of encouraging a diverse workforce and the value of a diverse workforce in accomplishing DHS's mission. Among the guiding principles is integrating diversity into the organization culture rather than as a stand-alone program and recognizing that diversity is a matter of equity and fairness. To help ensure accountability, among other things, the strategy calls for establishing a senior-level Diversity Council, which DHS officials reported has been done, integrating diversity strategies into DHS's comprehensive human resource operation, and ensuring that all DHS leaders have access to training, tools, and support needed to serve as de facto diversity champions.

Recruitment. To achieve its strategic plan objective of a diverse workforce, in his April 2008 testimony, DHS's Acting CHCO stated that recruitment strategies have been implemented at the Department and component levels to improve diversity of the DHS talent pool. DHS officials told us that the Department partners with several minority-serving institutions and participates in several intern, scholarship, and fellowship programs; officials provided a recruitment brochure. These officials also indicated that in October 2007, the DHS began a Veterans' Outreach Program as a means of recruiting a diverse workforce. This outreach strategy consists of: (1) A Web site for one-stop employment and other information; (2) an advisory forum of external veterans as stakeholders; and (3) training in veterans' preference and reemployment rights for EEO and human capital specialists. DHS has also created an SES-level Director of Recruiting and Diversity within the Chief Human Capital Office.

Employee Involvement. Employees can make valuable contributions in driving diversity throughout an organization. Our work on leading diversity management practices identified several forms these contributions can take, including mentoring and community outreach with private employers, public schools, and universities. DHS officials described actions the Department is taking to provide opportunities for employees at various levels throughout the Department to receive mentoring. In addition, DHS officials stated that they have developed formal partnerships with minority professional service organizations, including the Urban League's Black Executive Exchange Program, where DHS provides speakers that participate in outreach programs at historically black colleges and universities. DHS officials indicated they are pursuing similar partnerships with the National Association of Hispanic Federal Executives, the African American Federal Executive Association, and the Asian American Executive Network.

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[10] Statement by Bray Barnes, Acting Chief Human Capital Officer, Department of Homeland Security, before the House Subcommittee on the Federal Workforce, Postal Service and the District of Columbia and Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (Apr. 3, 2008).

[11] GAO, *Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions,* GAO–07–454 (Washington, DC: Aug. 17, 2007).

[12] DHS officials stated that the DHS Diversity Council is made up of the second- and third-highest ranking officials from each DHS component.

Succession Planning. Succession planning is a comprehensive, ongoing strategic process that provides for forecasting an organization's senior leadership and other needs; identifying and developing candidates who have the potential to be future leaders; and selecting individuals from among a diverse pool of qualified candidates to meet executive resource needs. Succession planning and management can help an organization become what it needs to be, rather than simply recreate the existing organization. Leading organizations go beyond a "replacement" approach that focuses on identifying particular individuals as possible successors for specific top-ranking positions and engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future capacity. They anticipate the need for leaders and other key employees with the necessary competencies to successfully meet the complex challenges of the 21st century.

For DHS, in addition to the changes that will occur as a result of the upcoming new administration, several factors including recent turnover and expected retirements provide opportunities for DHS to affect the diversity of its workforce and highlight the importance of succession planning. Recently, we reported that the overall attrition rates for permanent DHS employees (excluding SES and Presidential appointees) at 8 percent and 7 percent in 2005 and 2006, respectively, exceeded the 4 percent average rate for all cabinet-level agencies.[13] These higher attrition rates, about 14 to 17 percent, were among transportation security officers in DHS's Transportation Security Administration. The attrition rate for SES and Presidential appointees was also higher than the average senior-level attrition rate for all cabinet-level departments. As for retirements, about 20 percent of career employees at DHS as of fiscal year 2007 are projected to be eligible to retire by 2012, and certain key occupations within the Department are expected to have high retirement eligibility rates, such as customs and border protection agents—about 51 percent.[14]

In 2006, OPM reported that approximately 60 percent of the executive branch's 1.6 million white-collar employees and 90 percent of about 6,000 Federal executives will be eligible for retirement over the next 10 years. Considering retirement eligibility and actual retirement rates of the SES is important because individuals normally do not enter the SES until well into their careers; thus SES retirement eligibility is much higher than for the workforce in general. If a significant number of SES members were to retire, it could result in a loss of leadership continuity, institutional knowledge, and expertise among the SES corps, with the degree of loss varying among agencies and occupations.

Succession planning also is tied to the Federal Government's opportunity to affect the diversity of the executive corps through new appointments. Racial, ethnic, and gender diversity in the SES is an important component for the effective operation of the government. In September 2003, we reported that agencies in other countries use succession planning and management to achieve a more diverse workforce, maintain their leadership capacity, and increase the retention of high-potential staff.[15]

According to the Acting CHCO's April 3, 2008, testimony and discussion with senior level human capital officials, the Department is taking steps to develop a qualified and diverse pool of applicants for SES positions by preparing its mid-career employees through a variety of leadership development programs. These programs include the DHS SES Candidate Development Program (primarily for GS–15s) and the DHS Fellows Program (for GS–13s, GS–14s, and GS–15s). See appendix II for representation data for both programs since their inception. According to DHS officials, the DHS Fellows Program, initiated in 2006, is a competitive developmental program where participants are placed in high-visibility rotational assignments, receive training in such areas as leadership, and form small groups to work on specific projects. After completion of this 11-month program, participants remain in their current assignments but, according to DHS officials, are prepared for advancement when the opportunities arise. Participants in both of the DHS leadership programs receive mentoring and coaching and rotational assignments. However, according to DHS officials, employees at other levels of the organization can also participate in ad hoc mentoring and rotational assignments. Effective training and development programs can enhance the Federal Government's ability to prepare its workforce and thereby achieve results. The efforts that DHS officials described are consistent with these practices.

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[13] GAO, *Homeland Security: DHS's Action to Recruit and Retain Staff and Comply with the Vacancies Reform Act,* GAO–07–758 (Washington, DC: July 16, 2007).

[14] GAO, *Older Workers: Federal Agencies Face Challenges but Have Opportunities to Hire and Retain Experienced Employees,* GAO–08–630T, (Washington, DC: Apr. 30, 2008).

[15] GAO, *Human Capital: Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives,* GAO–03–914 (Washington, DC: Sept. 15, 2003).

Chairman Thompson, Ranking Member King, and Members of the committee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have.

APPENDIX I.—DEPARTMENT OF HOMELAND SECURITY REPRESENTATION DATA BY COMPONENT

Tables 10 and 11 below provide demographic data by race and gender on the Department of Homeland Security's (DHS) career employees by DHS component for September 2003 and September 2007.[16] In 2003 and 2007, the U.S. Customs and Border Protection (USCBP) and the U.S. Immigration Customs Enforcement (USICE) had the highest percentage of Hispanic men, while the Transportation Security Administration (TSA) had the highest percentage of African American men.

[16] We did not analyze whether diversity differences between DHS components corresponded to differences in occupational make-up, educational job requirements, geographic location of jobs, or other relevant factors.

TABLE 10.—PERCENTAGE REPRESENTATION AT DHS BY COMPONENT FOR CAREER EMPLOYEES AS OF SEPTEMBER 2003

Component	September 2003											
	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other	
	M	W	M	W	M	W	M	W	M	W	M	W
DNDO	7.8	17.3	0.6	0.0	2.8	1.7	0.6	1.7	48.0	19.0	0.6	0.0
FEMA	5.1	11.6	0.4	0.3	1.1	0.7	1.4	1.4	52.2	25.9	0.0	0.0
FLETC	4.1	4.7	1.2	0.3	0.7	0.7	1.0	1.2	57.0	29.2	0.0	0.0
HQ [1]	4.4	16.6	0.0	0.3	1.7	1.4	2.8	1.1	42.3	29.6	0.0	0.0
IG	8.2	15.5	1.0	0.0	3.1	1.8	5.9	4.9	41.2	18.3	0.0	0.0
TSA	11.1	7.8	0.6	0.3	2.5	1.0	8.0	3.1	47.5	18.2	0.1	0.0
USCBP	4.5	6.3	0.5	0.2	3.3	1.8	14.9	6.3	43.0	19.2	0.2	0.0
USCG	6.3	10.1	0.4	0.2	2.5	1.6	2.6	1.7	50.2	24.0	0.2	0.1
USCIS	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
USICE	4.3	5.8	0.4	0.2	2.8	1.8	24.1	6.7	39.1	14.6	0.1	0.0
USSS	9.0	9.0	0.6	0.2	1.5	0.9	4.0	2.2	56.7	16.0	0.0	0.0
Other/unspecified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DHS-wide	6.8	7.1	0.5	0.2	2.7	1.5	14.2	4.8	44.4	17.7	0.1	0.0

Source: GAO analysis of the Office of Personnel Management's Central Personnel Data File.

Notes: M=Men and W=Women. DNDO is the Domestic Nuclear Detection Office; FEMA is the Federal Emergency Management Agency; FLETC is the Federal Law Enforcement Training Center; HQ is DHS Headquarters; IG is the Inspector General's Office; TSA is the Transportation Security Administration; USCBP is the U.S. Customs and Border Protection; USCG is the U.S. Coast Guard; USCIS is the U.S. Citizenship and Immigration Services; USICE is the U.S. Immigration Customs Enforcement, and USSS is the U.S. Secret Service. Other/unspecified includes those who could not be placed in one of the above DHS components.

[1] DHS HQ includes several program offices, such as the National Protection and Programs Directorate (NPPD), and staff offices, such as the Office of the Chief Financial Officer, under the Directorate for Management.

[2] USCIS did not report data to the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF) for 2003.

TABLE 11.—PERCENTAGE REPRESENTATION AT DHS BY COMPONENT FOR CAREER EMPLOYEES AS OF SEPTEMBER 2007

Component	September 2007											
	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other	
	M	W	M	W	M	W	M	W	M	W	M	W
DNDO	4.1	9.4	0.2	0.4	2.4	0.9	2.4	1.2	50.8	28.3	0.0	0.0
FEMA	7.3	14.1	0.4	0.4	1.5	0.9	1.4	1.2	49.3	23.6	0.0	0.0
FLETC	3.9	5.1	1.4	0.5	0.6	0.5	2.7	1.9	57.9	25.7	0.0	0.0
HQ [1]	6.6	14.8	0.2	0.2	1.7	1.7	1.2	1.0	46.8	25.8	0.0	0.0
IG	5.8	12.8	0.6	0.2	2.5	2.7	8.3	5.4	41.2	19.6	0.3	0.4
TSA	11.3	10.5	0.7	0.5	3.5	1.5	8.6	4.6	39.8	18.9	0.0	0.0
USCBP	3.1	3.3	0.4	0.1	3.1	1.2	27.6	5.4	42.8	12.9	0.1	0.0
USCG	6.2	9.3	0.4	0.2	2.3	1.8	2.8	1.4	53.4	21.9	0.2	0.1
USCIS	4.3	13.1	0.2	0.4	4.0	5.3	5.0	9.2	26.3	32.0	0.0	0.0
USICE	5.5	5.8	0.5	0.2	2.8	1.3	16.1	5.8	46.3	15.5	0.1	0.0
USSS	9.3	8.4	0.4	0.1	2.0	1.2	4.0	2.1	57.7	14.6	0.2	0.1
Other/unspecified	1.8	5.3	0.0	0.0	3.5	7.0	1.8	0.0	61.4	19.3	0.0	0.0
DHS-wide	7.1	7.8	0.5	0.3	3.1	1.6	14.6	4.9	42.5	17.6	0.1	0.0

Source: GAO analysis of OPM's CPDF.

Notes: M=Men and W=Women. DNDO is the Domestic Nuclear Detection Office; FEMA is the Federal Emergency Management Agency; FLETC is the Federal Law Enforcement Training Center; HQ is DHS Headquarters; IG is the Inspector General's Office; TSA is the Transportation Security Administration; USCBP is the U.S. Customs and Border Protection; USCG is the U.S. Coast Guard; USCIS is the U.S. Citizenship and Immigration Services; USICE is the U.S. Immigration Customs Enforcement, and USSS is the U.S. Secret Service. Other/unspecified includes those who could not be placed in one of the above DHS components.

[1] DHS HQ includes several program offices, such as the National Protection and Programs Directorate (NPPD), and staff offices, such as the Office of the Chief Financial Officer, under the Directorate for Management.

APPENDIX II.—REPRESENTATION DATA FOR DHS LEADERSHIP DEVELOPMENT PROGRAMS

DHS officials stated that they have two formal leadership development programs to prepare future DHS leaders: the DHS Fellows Program for GS–13, GS–14, and GS–15 staff (an 11-month program) and the DHS Senior Executive Service (SES) Candidate Development Program, generally for GS–15s (an 18-month program). Tables 12 and 13 below provide a breakdown of the representation of women and minorities in each of these programs.

TABLE 12.—REPRESENTATION IN DHS FELLOWS PROGRAM FOR GS–13, GS–14, AND GS–15 STAFF

DHS Fellows Program	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other		Total
	M	F	M	F	M	F	M	F	M	F	M	F	
2007 class	1	1	0	1	0	0	4	0	15	8	0	0	30
2008 class	2	2	0	0	2	1	0	1	29	11	2	0	50

Source: DHS.
Note: M=Men and W=Women.

TABLE 13.—REPRESENTATION IN DHS SES CANDIDATE DEVELOPMENT PROGRAM

DHS SES Candidate Development Program	African American		American Indian/ Alaska Native		Asian/Pacific Islander		Hispanic		White		Unspecified/other		Total
	M	F	M	F	M	F	M	F	M	F	M	F	
2007 to 2008 class	1	0	0	0	1	1	0	0	9	2	0	0	14
2008 to 2009 class	2	3	0	0	1	0	3	0	10	4	0	0	23

Source: DHS.
Note: M=Men and W=Women.

Chairman THOMPSON. Thank you for your testimony.

I now recognize Ms. Stewart to summarize her statement for 5 minutes.

STATEMENT OF STACEY D. STEWART, SENIOR VICE PRESIDENT AND CHIEF DIVERSITY OFFICER, FANNIE MAE CORPORATION

Ms. STEWART. Thank you, Chairman Thompson, Ranking Member King and the entire committee, for this opportunity to state the business case for diversity and inclusion from my perspective as Fannie Mae's chief diversity officer.

For Fannie Mae, like many other companies, the moral case for diversity is simple: It is the right thing to do. The business case is also fairly straightforward: To serve the market, we have to be able to see the market and, in a sense, to be the market.

Having a workforce as diverse as the Nation and the marketplace gives us a better intuitive understanding of what people want and need and how to communicate effectively with diverse constituencies. Having a better understanding of the market and how to communicate gives us a competitive edge over companies that do not emphasize diversity.

Take Fannie Mae's market, for example, the home buyers we serve through mortgage lenders. People of color are the fastest-growing segment of the U.S. population and, therefore, potential home buyers. At the same time, there is a nearly 20 percent gap between the national homeownership rate and the homeownership rate in communities of color—67.8 percent versus 50.3 percent.

Take those two factors—a fast-growing market and an underserved segment—and what we see is a distinct opportunity to grow by serving these markets. Fannie Mae wants to help our lender customers get to the growing but underserved segments first. We want to remain as we are today, America's No. 1 source of capital for families and communities of color to buy homes.

So we have a business need to maintain our leadership in diversity. Right now, people of color represent about 49 percent of our total workforce and just over 25 percent of officers and directors. These numbers compare well with most of corporate America, and the financial services and in insurance sectors in particular, where just about 15 percent of officers and directors there are people of color.

We are happy to be recognized for our diversity in places such as Hispanic Magazine's Corporate 100, DiversityBusiness.com's America's Top 50 Corporations for Multicultural Business Opportunities, and in Black Enterprise Magazine's 40 Best Companies for Diversity.

To us, making the numbers and best-of lists, while nice, are not enough. Right now, we are aiming to take it up a notch to the next level of diversity and inclusion. That means creating a company culture and environment where employees of all backgrounds, affiliations, ideologies and circumstances feel connected, engaged and motivated to do their best.

We also want to connect our internal diversity to the external challenges of serving a diverse market in concrete ways. For example, we just joined with Freddie Mac to translate mortgage docu-

ments into Spanish. Fannie Mae employees, diverse employees, participate in foreclosure-preservation workshops to assist consumers at greatest risk of facing foreclosure, often borrowers in communities of color.

We also want to translate our diversity into real bottom-line business results that serve diverse communities all over America, and that means helping our lender customers reach and serve multicultural markets and send us their loans.

Of course, as a company with a $3 trillion book of business that raises tens of billions of dollars in capital every year and that has a $2 billion operating budget, when we have a diverse base of suppliers, we can have a big impact on diversity in the economy.

To close, Mr. Chairman, diversity and inclusion, much like any of our other business operations, is one of those areas where you need to make continuous progress or else fall behind. Fannie Mae is constantly striving to do better. Our commitment to diversity and inclusion remains strong, and we have seen firsthand how a diverse workforce gives us a competitive edge and a better place to work since the inception of our program in 1992.

Thank you very much.

[The statement of Ms. Stewart follows:]

PREPARED STATEMENT OF STACEY D. STEWART

MAY 21, 2008

Thank you, Chairman Thompson, for this opportunity to state the business case for diversity from my perspective as Fannie Mae's chief diversity officer.

For Fannie Mae, like many other companies, the moral case for diversity is simple—it's the right thing to do. The business case is also fairly straightforward. To serve the market, you have to be able to see the market—and, in a sense, to be the market. Having a workforce as diverse as the Nation and the marketplace gives you a better intuitive understanding of what people want and need, and how to communicate effectively with diverse constituencies. That better understanding of the market and how to communicate gives you a competitive edge over companies that don't emphasize diversity.

Take Fannie Mae's market for example—the homebuyers we serve through mortgage lenders. People of color are the fastest growing segment of the U.S. population and therefore, potential homebuyers. At the same time, there is nearly a 20 percent gap between the national homeownership rate and homeownership rates in communities of color—67.8 percent versus 50.3 percent. Take those two factors—fast-growing market and an underserved segment—and what we see is a distinct opportunity to grow by serving these markets. Fannie Mae wants to help our lender customers get to the growing but underserved segments first. We want to remain—as we are today—America's No. 1 source of capital for families and communities of color to buy or rent homes.

So we have a business need to maintain our leadership in diversity. Right now, people of color represent about 49 percent of our total workforce and just over 21 percent of officers and directors. These numbers compare well with most of corporate America and the financial services and insurance sector in particular, where just around 15 percent of officers and directors are people of color. We're happy to be recognized for our diversity in places such as Hispanic magazine's "Corporate 100" . . . DiversityBusiness.com's "America's Top 50 Corporations for Multicultural Business Opportunities" . . . and in Black Enterprise magazine's "40 Best Companies for Diversity."

But to us, "making the numbers" and best-of lists—while nice—are not enough. Right now, we're aiming to take it up a notch to the next level of diversity and inclusion. That means creating a company culture and environment where employees of all backgrounds, affiliations, ideologies, and circumstances feel connected, engaged, and motivated to do their best.

We also want to connect our internal diversity to the external challenges of serving a diverse market in concrete ways—for example, we joined with Freddie Mac to translate mortgage documents into Spanish. Fannie Mae employees participate

in foreclosure prevention workshops to assist consumers at greatest risk of facing foreclosure, often in communities of color. We also want to translate our diversity into real bottom-line business results that serve diverse communities all over America—and that means helping our lender customers reach and serve multicultural markets, and send us their loans. Of course, as a company with a $3 trillion book of business, that raises tens of billions of dollars a year in capital, and has a $2 billion operating budget, when we have a diverse base of suppliers, we can have a big impact on diversity in the economy.

To close, Mr. Chairman, diversity and inclusion, much like any of our business operations, is one of those areas where you need to make continuous progress or else fall behind, and Fannie Mae is constantly striving to do better. Our commitment to diversity and inclusion remains strong and we've seen first-hand how a diverse workforce gives you a competitive edge and a better place to work since the inception of our program in 1992.

Thank you.

Chairman THOMPSON. I thank all of the witnesses for their testimony.

I will remind each member that he or she will have 5 minutes to question the panel.

I will now recognize myself for questions.

Ms. Duke, looking at the departments that make up DHS, in general, which one would you characterize as the one that best represents diversity? Which one would you characterize that represents the opposite?

Ms. DUKE. I think there are so many categories when we talk about diversity. There are African Americans, women, people with diversity, veterans. So I think it depends on what category under "diversity" we are talking about.

Chairman THOMPSON. I will make it simple.

Ms. DUKE. Okay.

Chairman THOMPSON. If I take every group you just talked about, which agency would represent that?

Ms. DUKE. I know that TSA is the best represented in African Americans, and CBP is the best represented with Hispanics. But I do not know, in the aggregate overall, if one is better represented to the other.

What I do know is that we have to act as a Department, and it is not okay for one component to be well-represented. What we need to do is have a balance of diversity throughout the Department.

Chairman THOMPSON. Okay. Well, how do you work at getting the balance?

Ms. DUKE. I think in several ways.

One way is to make sure we have DHS-wide recruiting, so that when we have a job in a specific component it is just not open to that component, that we can do better about advertising our jobs Department-wide.

I think a second way is to make sure that we have career opportunities for existing employees. For instance, we have better diversity at the lower grades. We have a good representation in TSA among the TSOs, the people you see at the airports, but they are capped out at what is equivalent to about the GS–7, GS–9 level. So we have to have opportunities for them, like we just did in having them be recruited by the Border Patrol, where they have better opportunities.

So it is that kind of mixing within the Department to ensure that we have a balance but also career paths.

Chairman THOMPSON. I understand.

I guess I want to hear the agency that is the worst.

Ms. DUKE. Pardon me?

Chairman THOMPSON. I want to hear the agency that does not represent the minority groups you have referenced.

Ms. DUKE. I would have to analyze the data and get back to you for the record on that.

Chairman THOMPSON. Well, okay. I will not say "good answer," but I understand. You know there are some that do not represent America very well.

Ms. DUKE. There are some components that are not doing as well, as demonstrated by their employee diversity.

Chairman THOMPSON. So do you have the authority, when you see a component not representing America well, to correct it?

Ms. DUKE. I think we have the opportunity to make sure that a diverse pool gets to the applicants.

Chairman THOMPSON. Yes, I understand. From an authority, from a direct line, if you see an agency that is not performing relative to your expectations as to diversity, do you have the authority to go in and fix it?

Ms. DUKE. I do not have the authority to select their employees. We do have, in all our SESes, diversity as a performance element. So we would have an opportunity through performance evaluations to reflect that they are not achieving that objective. But in terms of taking the authority and hiring a diverse population, no.

Chairman THOMPSON. You talked about outreach and recruitment fairs and things like this. Can you provide this committee with how many actual hires that have occurred with those recruitment fairs?

Ms. DUKE. There is a system problem with doing that. That is that right now the regulations require applicants to apply via USAJOBS's online site regardless if we recruit them at a fair. We cannot right now meet an applicant at a site and hire them, the way industry can and the way other groups can.

So we have a notional in some areas, but we cannot one-for-one say who we met at a job fair and, of those, who applied for a job was selected, because of that requirement to apply through USAJOBS to an existing announcement.

Chairman THOMPSON. So how do you measure success?

Ms. DUKE. We measure success by looking at the statistics overall of how we are doing in terms of results. Are we getting more hires of minority and women candidates?

Chairman THOMPSON. How dated is that information?

Ms. DUKE. We have information—really, we can pull it by pay periods, so it can be real-time. We are trying to pull it real-time. We are also trying to do an annual look in March of each year.

Chairman THOMPSON. I just don't know how you measure success of your outreach if you can't say how these people came into the system at the end of the day.

We will probably have a second round. I will yield to the ranking member.

Mr. KING. Thank you, Mr. Chairman.

I want to thank all of the witnesses for their testimony.

Ms. Duke, I am sorry I came in near the end of your testimony. I do want to commend you for the tough jobs you have undertaken over the past several years in the Department.

Ms. Duke, I know you said that you are looking at it Department-wide and not by specific agencies or components within the Department. But if we could just go back to looking to specific agencies, do you look into the fact of whether or not, whether it is African Americans, Hispanics or women, there may be an historic reluctance on their part to join a particular component? Is the Department doing anything to encourage recruitment in those areas?

For instance, there are certain parts of the country where African Americans, for historic reasons, may not want to join a police department. A police department makes extra efforts to reach out.

Are there any components within DHS which, for historic reasons, any of these three groups I mentioned have not felt welcome or whatever it is, feel a reluctance? Are you actively recruiting within those communities?

Ms. DUKE. One of the specific job areas that fits that, Mr. King, is law enforcement in general, and do we have the right diversity in law enforcement, which covers many of our components but is a discrete population. So we have formed a law enforcement council to look at how can we get a better representation of diversity in the law enforcement areas, which in Federal civil service are the 1800 series. That would affect Secret Service, ICE and CBP principally. But we do think that we need to look at getting a good representative population in law enforcement.

Mr. KING. Now, would you actively recruit among minority populations for those agencies?

Ms. DUKE. Yes. We are trying to do that through a couple of ways. We are trying to go to historically black colleges and universities; working through some of the groups that tend to advocate or to represent minority populations, such as the Urban League. The third way is advertising for job openings in periodicals and papers that would be in the vicinity of geographic areas that have a higher population to pull from.

Mr. KING. Thank you.

Mr. Stalcup, to the extent that DHS is not measuring up to the standard that might be optimal, do you see any particular actions by DHS to prevent that, or is it just not taking action?

What I am getting at is, have you detected any policy within the Department to keep minority representation down? Or would your criticism of such, as it is, be that they are not doing enough to encourage minorities?

Did I make that clear? Is there any discrimination against minorities?—is what I am saying.

Mr. STALCUP. Well, we have not done work to even approach having that kind of conclusion.

What we have learned through what DHS officials have told us, as we prepared this statement over the last couple weeks, are the initiatives that they have under way. We have made note that those initiatives are consistent with many things that we have recommended in the past.

Several years ago, we did a broad report on diversity management in general that listed nine categories of practices that experts

recommend are key to achieving workforce diversity. A lot of what we have heard from the DHS officials and repeated today is consistent with our—we cite four examples in the testimony that I have delivered for the record, and there are other areas. I mean, clearly demonstrated top management commitment is one of the most key things. Succession planning——

Mr. KING. Is that there?

Mr. STALCUP. Excuse me?

Mr. KING. Is that there?

Mr. STALCUP. Again, we have not done that work to know whether it is there or not, but it appears to be there based on the activities they are doing.

The question is going to be follow-through and whether or not these efforts achieve their stated objectives.

Mr. KING. Thank you, Mr. Chairman.

Chairman THOMPSON. Thank you.

I recognize the gentleman from Washington State, Mr. Dicks, for 5 minutes.

Mr. DICKS. Ms. Duke, explain to me this USAJOBS. What is that? Is that a Web site?

Ms. DUKE. It is a Web site.

Mr. DICKS. Whose Web site is it?

Ms. DUKE. It is a Federal Web site. It is managed by Office of Personnel Management. It is the single——

Mr. DICKS. So you are saying that you can't hire a single employee if they do not go through USAJOBS?

Ms. DUKE. In general, there has to be a published job announcement on USAJOBS, and we have to accept applicants unless, we have a special authority like direct hire.

Mr. DICKS. Do you have direct hire?

Ms. DUKE. No, we don't.

Mr. DICKS. In all of these 22 agencies, we don't have any direct hire?

Ms. DUKE. We do for a few targeted workforces. We have it for our acquisition workforce and for a few areas where we get specific authority—IT people. But, in general, we do not have it.

Chairman THOMPSON. Excuse me.

Can you provide us with who those direct hires are by department and the diversity within that?

Ms. DUKE. Okay. Yes, sir.

Chairman THOMPSON. Thank you.

Mr. PASCRELL. Will the gentleman yield?

Mr. DICKS. Yes, I will.

Mr. PASCRELL. What is the source of this Web site being the only path from which you would hire?

Ms. DUKE. I believe it is regulatory and not statutory. I believe.

Mr. PASCRELL. So we did that?

Ms. DUKE. No. Regulation, not statutory.

Mr. DICKS. OPM.

Let me take back my time, because I have a very short amount of time.

So you can't hire anybody unless they go through this Web site. So how can you have an affirmative-action program or a diversity program? You just have to hope they do it?

Ms. DUKE. We have to, in essence, train them as applicants and teach them the Federal system. So, when we go out to job fairs and we have persons that we are interested in, we have to explain to them the Federal process and encourage them to apply through USAJOBS, through the Federal system.

Mr. DICKS. Okay.

Now, the chairman was trying to get at the point of the rankings. Maybe Mr. Stalcup can help us. Who is strong, who is doing a good job of these 22 agencies? Who is not doing a good job? Where is there a demonstration, as you put it, of leadership and commitment? Where isn't there a leader of that same kind of commitment?

Mr. STALCUP. Well, Congressman Dicks, I apologize, but we have not done that work. So I can't answer that question with specificity. The numbers——

Mr. DICKS. Do you think we should ask you to do that, to look into the 22 agencies so we can get a comparison to see how they are doing?

Mr. STALCUP. That would be a job that could be done.

Mr. DICKS. Well, I would think we should, Mr. Chairman, take a look at that.

So the Office of Personnel Management, they are the ones that manage this Web site; is that correct?

Ms. DUKE. Yes.

Mr. DICKS. So people apply there for a particular job. Then what happens? Let's say there are seven or eight people who apply. What happens then?

Ms. DUKE. The resumes are gathered. It is blind to race. At the time they apply, they can fill out an optional questionnaire about their demographics, but that is not provided. It is a separate process. The resumes are rated and ranked according to criteria. Then the hiring official only gets a subset of the applicants that are considered the best qualified. That rating and ranking is normally done by a personnel specialist.

Mr. DICKS. Is that somebody in the Department or somebody at OPM?

Ms. DUKE. Somebody in the Department, generally.

Mr. DICKS. So the Departments get to make the final decision?

Ms. DUKE. Yes.

Mr. DICKS. Now, is there any way to have an affirmative-action program at the SES level, or do they have to go through the same exact process?

Ms. DUKE. They go through the same process. We cannot, by statute, consider diversity—gender, race—as part of a qualification criteria. So that is why we are so much focusing on casting the net widely. So the way we are going to get to——

Mr. DICKS. In other words, getting more people to apply and then hoping the numbers will materialize but without having an affirmative action-type program.

Ms. DUKE. Yes, because we cannot consider gender——

Mr. DICKS. Mr. Stalcup, it is pretty hard to have leadership if—I mean, is there any other way that you see that there could be leadership here? Or should we change the law and let the Department go out and get these people?

Mr. STALCUP. GAO has done some work in the area of hiring flexibility. Direct hire is one aspect of that. I do know that I have read where certain agencies can have direct hire authority but they still have hurdles they have to overcome regulatory-wise or even legislatively.

There are examples also where agencies are provided flexibilities, and they are not fully utilized.

So, again, we have done work in those areas in the past. I don't believe we have done that work at DHS.

Mr. DICKS. Okay.

Just one final thing. We understand that sometimes in the direct hire thing, they don't take into account veterans preference. Is that correct? Or do you know about that?

Mr. STALCUP. Is that for me?

Mr. DICKS. Either one of you, whoever can answer it.

Mr. STALCUP. As far as I know, that also takes into account veterans preference.

Mr. DICKS. It should, but we understand there may be a problem with that. Anyway, we hope you will look at that.

Thank you, Mr. Chairman.

Chairman THOMPSON. Thank you much.

I guess, for Ms. Duke, from my vantage point, do you know if anyone in the Department has ever been disciplined for not hiring minorities?

Ms. DUKE. No.

Chairman THOMPSON. You talked about evaluations, that people are evaluated. Mr. Stalcup just said that the Department is woefully underrepresented in minority categories. You talked to me about—that we evaluate people who hire. So, now, maybe my term was too strong.

Did people lose their bonus, did they not get promoted or anything like that because they did not meet some expectation?

Ms. DUKE. This is the first year that we have had that in performance plans, and so our rating cycle ends at the end of September. So no one has been evaluated based on the diversity issue.

Chairman THOMPSON. I am glad you told me that, because, if I had taken your earlier comment, I would assume that it was already in place and being done. But now you tell me you just started.

Ms. DUKE. It is in place. It was in place as of October of last year. So it is in place for this fiscal year. We just have not rated people yet. It is not the end of the rating cycle.

Chairman THOMPSON. Right. Before that, what was being used?

Ms. DUKE. There was no formal factor in SES performance appraisals before that consistently throughout the Department, to my knowledge.

Chairman THOMPSON. Well, I think the Department is to be complimented for it now, but—so we really can't evaluate our success until after October of this year?

Ms. DUKE. Yes, sir.

Chairman THOMPSON. Ms. Stewart, can you share with us how Fannie Mae looks at diversity across the board when numbers are not where leadership expect them? What do they do to impact those numbers?

Ms. STEWART. Well, within our recruiting operation, we have a specific team dedicated to diversity recruiting. We probably do not have all of the same regulatory hurdles that exist in the Federal Government to be able to go out and recruit various individuals across a diverse set of communities to attract them to come to Fannie Mae.

But we do reach out across the board to communities based on race, based on gender, and try to create an environment in which people feel comfortable in coming to the company and know that they are being attracted to the company based on their talent, based on their skills. But also, they understand that Fannie Mae creates an environment in which we welcome people of different perspectives, with different backgrounds and experiences to come to the company.

So we have a specific diversity recruiting team. We do some of the same things that I have heard earlier this morning around creating relationships with various organizations that can source top talent and candidates to the organization.

I think one of the things that we do on a regular basis is we also track our levels of representation across the board and try to do more specific outreach when we find that we are probably not comfortable in the levels of representation that we would like to see. So that is a very active part of the company and always has been.

For us, though, we have now 49 percent of our company are people of color. There are certainly other ways to measure diversity, but if you just look at those, we have actually achieved quite a bit in terms of creating a diverse workforce. That has come over a long period of time. We initiated our diversity effort in 1992, so we have spent 15 years working on this, and we have gotten to this point of success.

For us, it is not just about measuring success in terms of representation and how our company looks relative to race or gender or ethnicity. Right now, we are really focusing on how we are measuring the kind of environment that is created once you have that diversity. Are we creating an environment and making sure that we have an environment in which everyone feels that everyone, based on their differences, is valued and respected? That is a different level of diversity inclusion that we are finding ourselves in. But it has been a long, hard road for us to get to this point, and we continue to work at it.

Chairman THOMPSON. Thank you.

The gentleman from North Carolina for 5 minutes.

Mr. ETHERIDGE. Thank you, Mr. Chairman.

You mentioned earlier on your recruiting—and certainly, I would encourage that to continue, because I think if you do the outreach, you are more likely to have a much better opportunity.

In my district, for example, we have seven universities and four community colleges. Of those seven, one is a research university and two are historically black universities, turning out some great students. We also have Fort Bragg, which, obviously, has a lot of opportunities there for our veterans. There is Pope Air Force Base. So, within that contingency, there is a lot of talent and there are a lot of opportunities.

Let me ask Ms. Duke a question.

The EEOC requires a periodic review of agency personnel, programs and policies to determine if there are barriers to open competitiveness in the workplace. Based on your recent analysis, what have you discovered that DHS leadership can improve upon to create more opportunity for advancement within the Department?

You touched on it a little bit in your answer a few minutes ago when you said it was part of the performance appraisal instrument. I guess I am shocked to find out that the Department has been in business this long and they are finally putting it in place. I ran a department that had over 1,100 people and 130,000 people Statewide when I was State superintendent. You normally get what you want.

If the leadership decides what they want, they can get what they want by putting it in a performance appraisal for each one of the managers, because that is how you promote. Is that correct?

Ms. DUKE. Yes.

To answer your question, the report that you are talking about, the analysis, that is actually done by our civil rights and civil liberties union. But we work in partnership with them in the Chief Human Capital Office.

As for some of the top barriers they identified in the last analysis, one was the USAJOBS that I talked about, not only because of the administrative system, but you have to have access to the Internet to be able to apply under that system. So that tends to be a problem when we are dealing with diversity.

Another area that we looked at——

Mr. ETHERIDGE. Let me interrupt there because it seems to me, if it is a problem, we ought to find out what the problem is and fix it. Because if you are only doing it through the Internet and you do not have access to the Internet, it would seem to me that, if I really want to be aggressive, I can find a way to fix that.

Ms. DUKE. I agree. I think both fixing the system and also within the current system——

Mr. ETHERIDGE. Well, I am not so sure it is the system. I don't mean to keep interrupting, but it is not the system; it is an attitude.

Mr. PASCRELL. It is an attitude.

Ms. DUKE. I think it is important that if we are going to have—when I call it the "system," I am talking about the regulations. I think, if we have to fix the regulations, I don't think we should promote a culture where we have the choice of whether we follow regulations. So, when I say "system," I mean the regulations, but in the meantime, we have to try to enable the candidates to work through the existing regulations.

Another area, in all candor—and it is why I started the Diversity Council with senior leadership—is there was a perception in the review by our EEO group that—the visibility of management. Meaning, we had policy statements, we had actions put in place, but there was more of a desire to have a day-to-day—what the chairman mentioned about the sustained and continuous consideration of diversity. That is another big area. That is something that we can totally control within our own culture.

Mr. ETHERIDGE. It is kind of a measurement tool as you go along, which I think is critical.

Very quickly, because I know my time is running out, under the fellowship program, it is designed to help current employees develop into SES positions over a span of time.

According to the GAO study, after a candidate completes the Fellows Program, the fellows remain in their current assignment, but they are prepared for advancement when the opportunity arises. This seems like exactly what you really want to do. It seems to me this is making progress.

Can you tell the committee about the initiative and particularly how many fellows have gone from positions into SES positions and how many of them have been of the background of diversity of women, of various people of color, et cetera?

Ms. DUKE. We just had our first class graduate, and I would have to get you the statistics on if any of them have been placed in the Senior Executive Service. They are considered qualified for it, so that is a big competitive advantage for them.

In terms of the actual makeup of the class, I believe that was in my written testimony, but 23 percent were African Americans. So we have a better representation in that class than we do in the general DHS population.

Mr. ETHERIDGE. Could you supply the committee with numbers? Percentages tend to be somewhat deceptive sometimes. You do not really know what you are getting when you get a percentage. If you would do the numbers, I would appreciate that.

Ms. DUKE. We will do that.

Chairman THOMPSON. Which class was that, Ms. Duke?

Ms. DUKE. We had one class that just graduated, and we have a second class that just started up. I will provide you the numbers for both of those.

Chairman THOMPSON. Is this the fellows class?

Ms. DUKE. Yes.

Mr. ETHERIDGE. Thank you.

Thank you, Mr. Chairman. I yield back.

Chairman THOMPSON. Thank you.

I recognize the gentleman from Texas for 5 minutes, Mr. Cuellar.

Mr. CUELLAR. Thank you, Mr. Chairman.

Ms. Duke, part of your testimony says that part of your new job is to implement a new strategy to increase diversity across the workforce, with particular attention to leadership and executive ranks.

About 2 months ago, on the Judiciary Committee, they asked Secretary Chertoff to have whoever was with him to stand up. I am sure you are better prepared this time. Can I ask you who is with you and ask them to please stand up?

Okay. Power of example is important, especially since that is part of your strategy. When the chairman was asking you the question of what department has the best diverse workforce, I thought you were going to say "mine" because that is your job.

How diverse is your department?

Ms. DUKE. I would have to get the exact——

Mr. CUELLAR. Well, let me ask you: Is your department the most diverse one? I mean, that is your job, is to diversify.

Ms. DUKE. If you look at the numbers across the board, I do not believe it is the most diverse of the organization.

Mr. CUELLAR. It is not?

Ms. DUKE. I do not believe so, no.

Mr. CUELLAR. So how do you, as a leader—I mean, if your job is to say, "I am here to diversify the workforce within the Department of Homeland Security," wouldn't you think that most people would look at what are you doing?

If you are not the top one, which is your main strategy, how do you expect other people to follow what you are trying to tell them if you are not doing the diversification?

Ms. DUKE. I do believe, as the Deputy Under Secretary of Management, that I have to demonstrate that, and I have to demonstrate it through filling the existing jobs, through attrition, and produce the results. It is not going to be instantaneous success, but as I build throughout USM, I agree with you, I have to demonstrate that.

Mr. CUELLAR. Percentage-wise, how many Hispanics and how many blacks do you have?

Ms. DUKE. Like I said earlier, I will provide for the record by component, including——

Mr. CUELLAR. I am sorry. You don't know percentage-wise what your own department is? Do you have a rough estimate?

Ms. DUKE. I have that information. I just am not able to recite it now.

Mr. CUELLAR. Give me a rough estimate.

Ms. DUKE. I don't have that, and I don't want to——

Mr. CUELLAR. Less than 5 percent blacks?

Ms. DUKE. I honestly don't know.

Mr. CUELLAR. Hispanics, more than 5 percent or less?

Ms. DUKE. I don't believe it is more than 5 percent.

Mr. CUELLAR. Blacks are probably not more than 5 percent?

Ms. DUKE. I believe that, if I am recalling the statistics correctly, we have a better representation of black females than black males. I do believe the black females are over 5 percent. But I will have to check for my specific office.

Mr. CUELLAR. Could you provide to the chairman and the committee what it is?

Ms. DUKE. Yes.

Mr. CUELLAR. The other thing is—I think Mr. Pascrell agrees, and I think it was Mr. Norm Dicks also—it is attitude. You know, in Texas, I used to chair the budget for higher ed in Texas, where we went through the Hopwood decision where the 5th Circuit said you cannot use race as a factor in letting kids into—at that time, we were talking about law school, the UT law school.

So what we decided to do was we said, if you can't use race as a factor, then use socioeconomic factors, use other factors. A year later, we saw that certain law schools, if they really wanted to diversify, they would diversify. The ones that said, you know, we are just going to do what we need to do to get along, did that, and kids were not getting in.

Just like with Fannie Mae, if you want to want to diversify, you can diversify. I know there are barriers. I know that there are legal barriers. You know, there are other barriers that you have to look at. But if you really want to look at good, qualified—and I am not

just saying just hire blacks or Hispanics just because—but good, qualified minorities, it can be done.

I was secretary of state, and within a short period of time, I did what I needed to do and diversified. It is an agency that was there for over 100 years and pretty much looked the same for years and years. In 1 year, I did what they couldn't do in 100 years. So there are ways to do this.

With all due respect, Ms. Duke—and I appreciate what you are doing; I know it is a very difficult job—but the power of demonstration is so important. I would ask you to really look, you know, at what you do within your department, because if your strategy is to diversify and if you don't do that within your own house, it is kind of hard to tell the next one, "Hey, diversify," when you are not doing it yourself.

So I am really looking forward to seeing those numbers, Mr. Chairman. I assume that can be done probably by next week. I mean, you can print it out pretty quickly.

Ms. DUKE. Yes. Yes. I do agree with you that, within the existing law, we can have better diversity than what we currently have.

Mr. CUELLAR. Okay. Thank you very much for your time, ma'am.

Chairman THOMPSON. Before I recognize the gentleman from New Jersey, Ms. Duke, you talked about the Diversity Council. Can you provide us, if you know, the number that that council is made up of and the composition of the council?

Ms. DUKE. Yes. Are you talking about the ethnic representation within the council?

Chairman THOMPSON. Yes.

Ms. DUKE. Yes.

Chairman THOMPSON. The number. You don't have it offhand?

Ms. DUKE. There are about—I believe it is about 25. But I can provide you the titles and the people who are on the council. They are basically my counterparts throughout the—the ones responsible for management throughout the Department. As you know, under our functional integration, we have that dotted line, so it is my dotted-line group. I will provide that to you.

Chairman THOMPSON. I guess what I am trying to say is you put a lot of confidence in this council, but at the end of the day, what can they do?

Ms. DUKE. I think what they can do is show the sustained—this isn't a problem or an issue or a challenge that is going to be resolved tomorrow, but we have great opportunity. We are hiring. We have turnover, as was said, 8 percent turnover. So it is a problem that we need a sustained look to, you know, stabilize in the long term. I think that what the council does is it does a monthly look so that diversity isn't something we just do because we have a hearing or that we do because it is annual performance appraisal time, but it is something with a sustained look and focus. I think that is what is going to effect change.

Chairman THOMPSON. How long has it been in existence?

Ms. DUKE. It came into existence—we proposed it in February, and then early March.

Chairman THOMPSON. Do you keep minutes?

Ms. DUKE. Yes.

Chairman THOMPSON. Can you provide the committee with the minutes of the council?

Ms. DUKE. They are notes more than formal minutes, but I will provide them.

Chairman THOMPSON. I guess what I am trying to say is, whatever they are, if that is what you are using to change the Department, I would hope that it goes a little bit more than just notes. Because, otherwise, it is just another council put together for comfort and not real action.

The gentleman from New Jersey.

Mr. PASCRELL. Let's see, where do we begin here?

I have a great deal of respect for, Mr. Chairman, every member under the loyal opposition. As you well know, I know many of them and am close to them. The chairman is usually always here and Mr. Rogers.

But I am concerned—indeed, maybe disturbed—that when we discuss this particular issue there is nobody here. I hope I'm not out of order, but that is the way I think and that is the way I feel.

I have a great deal of respect also for the Under Secretary. I have told her that publicly and privately.

But you still have no diversity action plan, and I think a legitimate question would be—I am not asking it of you; just let it hang out there for a minute—when will you have that plan?

We are not talking about numbers. We are not talking about percentages. We are talking about how we approach a problem if we recognize it.

I don't sense, as with many other things in the Department, Mr. Chairman, a sense of urgency. I don't see a sense of diversity. Because, when you look at the numbers supplied by the GAO, you have minority groups in particular divisions that are, like, shoefitted into specific divisions, be it the TSA, be it border security, et cetera. We don't have across the board.

So I know it may be easier to get someone to check my baggage, but I don't believe that—and I don't believe that we cannot get and recruit minority people in management positions and in senior positions. It is absolutely unacceptable.

I would hold that we should not have the Under Secretary here, because she is doing, I think, a great job. We should have the Secretary here because he does a lot of talking, he does a lot of talking about how wonderful all of these things are shaping up.

Now, we have found out for the first time that a person has to go through the USAJOBS Web site. That is not your fault, Madam Under Secretary, but it is a fact of life. When we are talking about 22 divisions, how in God's name are we going to get diversity that way?

Second of all, if we had a plan that it would, it hasn't. It just hasn't. So let's call it the way it is. Let's call it the way it is.

According to your testimony, the Department of Homeland Security recognizes diversity as a management and mission imperative for success. You said that; it is in your testimony.

You also stated that better business decisions are made when diverse points of view are considered, and teams perform better when their members represent diverse backgrounds. Particularly in Homeland Security, in this area where we are trying to protect bor-

ders and neighborhoods, do we need the folks who live in those neighborhoods represented somehow in protecting themselves, ourselves.

Mr. PASCRELL. Given the recent reports of racially charged occurrences within the Secret Service, Coast Guard, United States Coast Guard, Immigration and Customs Enforcement, what is the Department of Homeland Security doing to ensure that people from diverse backgrounds are placed into senior service positions to help bring more diverse viewpoints to these components? Can you tell us.

Ms. DUKE. Well, a couple of the specific actions we have taken recently and a lot of these are, you are right, on the spot have been this calendar year, so results are going to come over time. One of them is we have just added an equal employment opportunity rep to our senior executive board called the Executive Resources Board——

Mr. PASCRELL. Doesn't that strike you, excuse me for interrupting, doesn't that strike you that 5 years into the Department we are now hiring someone that should have been hired 5 years ago in order to ensure, particularly in this Department, which is the face of the Nation in protecting our neighborhoods, our families, that we should now think of this?

Ms. DUKE. I think it is important that since we don't have the results I want that we take different actions, and that is one of them, yes. We are also looking at both the fellows program and the candidate development program, and that is to put people in a position that they can be competitive for senior executive positions. I think that is very crucial to that because our statistics demonstrate that at the GS–13 and below level we have much better diversity. So we have to somehow give those candidates an opportunity, being position, through vocational opportunities and training development to be competitive for the senior development.

Mr. PASCRELL. Have you looked at this GAO report?

Ms. DUKE. Yes.

Mr. PASCRELL. Did any of the conclusions I come to, are they out of line?

Ms. DUKE. No. I think we have to have a more sustained and systemic focus on diversity.

Mr. PASCRELL. Did it occur to you or did you think about the fact that many of what we would consider minorities have been moved into one or two particular areas in the whole department?

Ms. DUKE. I think we are looking at the TSA initiative. We have moved 400 Transportation Security Administration screeners out of the screener career field into Customs and Border Patrol. So I do agree. We are taking steps more to do. We are also looking at, I mentioned earlier about the law enforcement community, looking at how we can have career paths, cross component among the law enforcement communities within DHS.

Mr. PASCRELL. This is what I hope. I hope when we have this transition, whoever is the next, whatever is the next administration, and I say this with ample thought given to what I am going to say, that they keep you because you are one of the very few people from Homeland Security through the years that I have found give direct answers. The rest of them are a bunch of bull throwers.

This is too important an area if we are really serious about protecting our neighborhoods and our families, that we can play games with reports. The GAO has led us into understanding many of these points. I salute the GAO as usual. I really appreciate the fact that you are coming here this morning.

This is unacceptable. For us to learn 5 years later that the only way to get a job is to go through this Internet, I think we haven't been doing our jobs that we didn't find it out sooner. I apologize. But I don't think you have been doing, your department, and the whole department, has been doing what we say we do. So we pound our chests. We see pictures of officials with minorities in the background, but we are not doing what we are supposed to be doing. We are not doing what we are supposed to be doing. That angers me. It does.

Ms. DUKE. I do believe that a diverse workforce will help us accomplish our mission more effectively. I agree with you on that, Mr. Pascrell.

Mr. PASCRELL. Thank you. Thank you, Mr. Chairman.

Chairman THOMPSON. Thank you, Ms. Duke. For the record I want you to know that Congressman Pascrell doesn't give out positive comments about witnesses. So you are a rare commodity on that one. Trust me.

Ms. DUKE. Thank you, Mr. Thompson.

Chairman THOMPSON. Ms. Jackson Lee, you are recognized for 5 minutes.

Ms. JACKSON LEE. Thank you, Mr. Chairman. I thank you for this hearing. I do want to echo the distinguished gentleman from New Jersey's call for Secretary Chertoff in these waning months to come before us on this singular issue. This is how important I think it is. I think the policy positions of an agency clearly starts at the top.

I want to ask Mr. Stalcup if he would rate DHS, I am sorry if it was in your testimony. Compared to the other Federal agencies, where does DHS fall with respect to diversity, grade of 10 or you can use ABCs, F is failing.

Let me just indicate 14, 15 agencies and the number, where do they relate to the agencies?

Mr. STALCUP. I don't have that information. We have not looked at diversity in depth, as I say in my statement. We present the numbers. The numbers are where they are. We talk about things that we have seen work across government. We have heard from DHS officials both today and——

Ms. JACKSON LEE. Then what grade would you give them?

Mr. STALCUP. It is not GAO's role really to provide grades like that.

Ms. JACKSON LEE. How poorly are they performing? You have your numbers in front of you. What would be your assessment? I don't want to add to the assessment their improvements. I will recognize that. But where are they on the scheme of things? If you have to look at your numbers, black and white, you look at them, my understanding is Homeland Security is the second largest department after DOD. Is that an accurate assessment or is there a larger one?

Mr. STALCUP. I believe that is correct.

Ms. JACKSON LEE. So give me an assessment, just looking at the numbers.

Mr. STALCUP. Looking at the numbers, we have African American, we have Asian Pacific. We have Hispanic. We have American Indian. There are numbers that are a broad range in some components and within some groups, agencies are doing better than average and in many they are doing worse than average. That is what the numbers that we presented in our testimony——

Ms. JACKSON LEE. Do you have them broken down by management?

Mr. STALCUP. We have them broken down by component.

Ms. JACKSON LEE. So what you are looking at, as you indicated, Border Patrol is high and TSA is high, Transportation Security Administration.

Mr. STALCUP. Yes.

Ms. JACKSON LEE. Border Patrol. Do you have any others that are high?

Mr. STALCUP. Those are the best examples of those that are high.

Ms. JACKSON LEE. So if you took those out and looked at your other numbers for the rest of your agency, then where are we?

Mr. STALCUP. It would look worse than it does now.

Ms. JACKSON LEE. Let me indicate that I frankly believe, Mr. Chairman, it is not your jurisdiction. I frankly believe that the Federal Government itself is a poor participant in diversity. We wrote legislation in the Judiciary Committee called the NO FEAR Act which was in direct response to the discriminatory treatment of African Americans, women, Hispanics and others in the Federal Government and the complete—and the insult, not to say that you don't engage in litigation, but the insult of where cases were found to have been proven as discriminatory. The Federal Government took taxpayers' dollars to appeal the cases over and over again. One particular case was a U.S. Marshal who the Federal Government appealed for 21 years. But you have given me a good answer.

Ms. Stewart, let me thank you for your testimony and ask the question, how has Fannie Mae been impacted or how has Fannie Mae generated decisionmakers who happen to be diverse, and what is the positive effect of having a decisionmaker, meaning leadership, Senior Vice President, CEO, through, up your ranks that are a useful or effective business tool?

Ms. STEWART. Well, we started our efforts in diversity inclusions 15 years ago, and it really came as a result of a very strong commitment at the very top of our organization, at the level of our board of directors as well as our CEO, to engage in a serious effort to diversify our workforce and to create an environment within the company that really does appreciate and value the differences among all of our employees. So the success that we have been able to achieve, although we try not to rest on laurels and always recognize that we need to do more, really comes as a result of our senior leadership. There is a tone at the top that is set that sets the stage for successful effort in diversity and inclusion.

So the commitment at our CEO level and our board of directors level and across top management across the company is what has enabled us to attract diversity across the board and to create that culture, that environment that I talked about.

Obviously when you have senior leadership that is diverse, it sends a message to the rest of the organization that we, that that is a level of diversity that we ought to encourage across the organization.

Ms. JACKSON LEE. It sets the tone.

Ms. STEWART. It does set the tone, and tone at the top is really very important to us. I think one of the things that is really, too, is it goes beyond just the tone because words don't mean really much unless actions are there to back them up. So one of the things we have always done is we have had diversity goals that are part of management's goals across the organization. Compensation is tied to whether or not we meet those goals, and so we measure success based on the goals that we set and then pay accordingly.

I also think that we have always tried to make sure that diversity isn't something that is off to the side and the rest of business goes on on a day-to-day basis. What we try to say is diversity is an integral part of what makes us a successful company. If we are a company that is going to provide housing to both on a single family side to multi-family side to all Americans, we need to have a company that reflects America. We need to have a company that acts like America should. So one of the things that we have tried to do is to say that it is important to count the numbers of who you have got in the company and do they reflect the country overall.

But this isn't a numbers game for us. It really is a way of behaving in our company that is reflected outside the company so that we serve the communities that we are here to serve as well as we can.

So there is a piece of this for us that is about making sure that we have got diversity in the workforce, but more importantly, it is about how is our behavior as a company reflected inside the company in terms of valuing and respecting others and also how does that reflect outside with our customers, our stakeholders and the communities that we are serving.

Ms. JACKSON LEE. We might ask you to consult with our Federal agencies.

Let me pose this question to Ms. Duke. You have heard that statement, and I will associate myself with Mr. Pascrell and other Members here, that you have always worked with us and we look forward to working with you. Let me ask some pointed questions to finish up my line of questioning, listening to these two individual witnesses here. First of all, would you tell me, this diversity, DHS diversity initiative is an internal administrative decision? Is that formulated inside the Department?

Ms. DUKE. Yes.

Ms. JACKSON LEE. I would offer to say just as an aside it might be well for the next President to look for a diverse Secretary of Homeland Security being the agency that is really considered, really I believe second to defense and No. 1 in importance in securing this country and protecting America.

But just to put on the record and then ask you two questions, most recently in May 2008, 10 racially insensitive e-mails written by 20 Secret Service were exposed in July 2000 and these were Secret Service supervisors that had these racially insensitive e-mails,

which goes to my point of the intimidation of line employees. In July 2007, a noose was discovered in the personal belongings of an African American male cadet aboard the U.S. Coast Guard Cutter Eagle. October 2007, during a Halloween party at an Immigration Customs headquarters the ICE employee was awarded a prize for his costume, which consisted of a striped prison suit, dreadlocks and darkened skin. So we know we have some problems. So my question to you is the two large agencies are TSA and Border Patrol, interestingly enough probably Hispanics and African Americans. The question there is why since you have that pool of individuals, and we know that we have merged Secret Service, Air Marshals, this is the biggest conglomeration and we have to make it work. We all may have a second thought of what we did but we have to make it work. Where is the initiative to pierce down into those entities? Bright, comfortable people probably went there because they felt comfortable maybe they lived in the Southwest for Border Patrol, maybe, as I know, African Americans. This was a first line opportunity and, by the way, Mr. Chairman, recruitment process was horrible. I had to intervene in Houston. They were sitting at a hotel talking about trying to recruit TSA people at the airport. I said, do you come into our neighborhoods? Are you going to leave the hotel and the airport and come into the city of Houston? But neither here nor there, and pierce down to give those people professional development, one.

Two, what are you doing about getting management, assistant secretaries, and, last, what are you doing about attrition?

Ms. DUKE. In terms of attrition, start with your last question, we are slightly higher than the government average. We have about a 7 percent attrition rate. It is down from 8 percent, but it is still higher than the government average. We recently completed our employee survey, as you know, and we have corrective focus groups talking to the employees more about that and also corrective action plans in place by each component that are addressing what were the trends of the employees surveyed, both this first annual DHS one and the one we did at OPM last year. So I think the key to retention or the data we have now is that employee survey and the actions we take to address the employees' concerns.

I will note, since this hearing is on diversity, that two of the key indices—the contractor that ran a survey indicated that on two of the key indices minorities were more satisfied in key questions than nonminorities. So that is a hopeful prospect for us.

Chairman THOMPSON. Satisfied with what?

Ms. JACKSON LEE. I'm sorry. What did you say? What did you say?

Ms. DUKE. There were three questions under talent management, three questions under performance out of say 8 or so, where statistics showed that minority employees were more satisfied. Some of the questions were do you have access to training and development? So the good thing about that is how do we take that pocket and make it a systemwide, DHS-wide culture. So I do, I think that——

Ms. JACKSON LEE. I take that answer in the innocence of which you have given it because I know that your intentions were good. But just know how it sounds to us that minorities are happy with

the status quo and happy at the bottom of the ladder. I know that that was not your intent. What we are trying to do is how do we get minorities, you obviously a woman, and we appreciate that and appreciate your service, but how do we get minorities and women at the top level. I have already said that we need to posture the next Secretary for Homeland Security to be a diverse person, without a doubt, but well qualified as we would expect, a diverse person. But you know my point and I hear your answer, but I really want to focus on how do we jump these and why wouldn't you go down to TSA with—I have always been arguing about professional development, there are people probably that have been there since 2001, 2002. They may be FSPs or FDSs, they may be workers that might be willing to be plucked out of somewhere in this country and say why don't you come to Washington and they might even be put on a different track. But you have a pool of minorities from which you can pull from.

Ms. DUKE. We do think that rotational assignments are a key to increasing diversity, and have that in our strategy to increase rotational assignments, especially among the national security professionals, which is a broad piece of our workforce. Both our candidate development and our fellows program also have rotational assignments. So we think both that training, the rotations and the education are going to help, but that is, like I stated earlier, because we know we have better diversity at the GS–13 and below, we have to do exactly what you are saying and find ways to make our existing employees, our 200,000, competitive for the Senior Executive Service.

Ms. JACKSON LEE. I thank the Chairman for his indulgence, and I just want to put this on the table. It is unfortunate that the U.S. Secret Service has had such a long history of issues of discrimination. I would appreciate a report on this case that could be given back to the committee. It may be a report. I am not sure if it is in litigation, but I would appreciate a standard report that does not interfere with the litigation as to the situation and the other issue that I would like to have an assessment—this hearing is talking about personnel but you did diversity as it relates to contractors, and I would just simply want to see some internal policies that deal with the massive numbers of majority contractors and what you are doing for oversight to ensure—I will just call the name like a Boeing that seems to be growing in its opportunities, just cite that as a company—what enforcement internally is there to have Boeing present its diverse subcontractor situation or numbers as well as what are we doing to ensure that there are Boeings that are minorities, African American, women, Asian, Hispanic, et cetera. There must be some Boeings that can be getting prime contracts. I yield back.

Chairman THOMPSON. Yes, ma'am. I thank the gentleman from New Jersey.

Before we close out the hearing, Ms. Duke, can you provide the committee with a copy of this document that you said went into effect last year where you would evaluate employees based on their diversity efforts?

Ms. DUKE. Yes. We can provide you that language. It is part of the performance evaluation form, so there are certain factors that are mandatory, and we can provide that to you, yes.

Chairman THOMPSON. You reference those direct hires. I want to make sure you understand that we need that information from all of the departments as well as the Department's diversity plan. If it exists, please provide it. The Diversity Council, the composition of the Council, the authority and the minutes, whatever they have done since it has become part of this effort to broaden the employment of the Department.

Let me thank all of the witnesses for their valuable testimony and the members for their questions. The members of the committee may have additional questions for the witnesses and we will ask that you respond expeditiously in writing to these questions.

Hearing no further business, the committee stands adjourned.

[Whereupon, at 11:30 a.m., the committee was adjourned.]

APPENDIX

QUESTIONS FROM CHAIRMAN BENNIE G. THOMPSON OF MISSISSIPPI FOR ELAINE C. DUKE, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF HOMELAND SECURITY

Question 1. In June 2007, the Department released the DHS Diversity Initiative, a partnership between the Chief Human Capital Officer, the Officer for Civil Rights and Civil Liberties. Does the partnership between the Chief Human Capital Officer and the Officer for Civil Rights and Civil Liberties still exist? Will the Officer for Civil Rights and Civil Liberties have input in the Department's Diversity Action Plan and/or sit on the Diversity Council?

Answer. Yes. The Department of Homeland Security (DHS) continues to strengthen the partnership between the Office of the Chief Human Capital Officer (CHCO) and the Officer for Civil Rights and Civil Liberties (CRCL) through initiatives such as the Diversity Planning and Policy Sub Council. The Deputy Officer for CRCL in charge of Equal Employment Opportunity (EEO) serves along with the Director, Recruiting and Diversity CHCO as the co-chair of the Diversity Planning and Policy Sub Council. This Sub Council develops recommendations for the DHS Diversity Council. The Sub Council recently drafted a fiscal year 2008 Diversity Action Plan, which was reviewed and approved by the Diversity Council. Further, the Deputy Officer, CRCL (EEO) is a standing member of the DHS Human Capital Council chaired by the CHCO. Likewise, the Director, Recruiting and Diversity is a standing member of the DHS EEO Council, chaired by the Deputy Officer, CRCL (EEO).

Additionally, the Deputy Officer for CRCL in charge of EEO will serve in the future as an ex officio member of the Executive Resources Council, chaired by the Deputy Secretary, in charge of approving the highest level SES selections.

Question 2. The June 2007 DHS Diversity Initiative found that many minority groups are overrepresented in particular DHS components, while underrepresented in others. Have you identified these components, identified the reasons why some minorities are overrepresented or underrepresented, and developed a strategy to create a balance of minority representation throughout the Department's components?

Answer. The Office of the Chief Human Capital Officer (CHCO) has conducted a review as to the representation of various diverse groups in our components vis-à-vis the DHS-wide data. CHCO is using this data to continue to implement our diversity approach; i.e. recruitment, development, retention, and succession planning within the merit system principles and applicable laws, rules and regulations. Please see the attached Diversity Action Plan.

Question 3. The Department released a Diversity Initiative in 2007. At that time, the former Chief Human Capital Officer, Ms. Brito Perez, stated that the Department was participating in the following activities:

- Meeting with DHS Component Heads to reinforce diversity objectives;
- Spearheading corporate participation in job fairs;
- Completing a year-long review of DHS employment policies and practices;
- Expanding scholarship and internship opportunities for Minority Serving Institutions;
- Planning a Department-wide annual Diversity Day event;
- Initiating a formal mentoring program;
- Establishing an Executive Leadership Development Program;
- Ensuring Accountability;
- Continuing expansion of outreach and employment of individuals with disabilities, including veterans.

Is the Department still participating in these activities? Has this 2007 Diversity Initiative been abandoned?

Answer. DHS has continued the activities as stated by Marta Perez in 2007 and has expanded upon them in fiscal year 2008. This is demonstrated in our fiscal year

2008 Diversity Action Plan, which has been approved by the DHS Diversity Council and is attached for your reference.

DHS DIVERSITY ACTION PLAN—FISCAL YEAR 2008

Approved: DHS Diversity Council (5/29/2008)

ACTION	ACTION OFFICIALS/ FUNCTION	PLANNED DUE DATE	CURRENT STATUS	REMARKS
1. Deploy framework for wide distribution of DHS vacancy announcements, including non-traditional outlets.	Recruitment Council ...	7/31/2008.		
2. Implement formal mentoring/coaching policy and program. Deploy a means for mentors and potential mentees to connect.	OCHCO, CLO	9/30/2008.		
3. Convene external Diversity Advisory Forum.	Diversity Council/EEO Council.	8/31/2008.		
4. Develop a Diversity Outreach Media Strategy.	OCHCO/Diversity Sub Council.	7/31/2008.		
5. Hold a DHS Educational Forum for DHS employees to learn about the mission, occupations, and job requirements in other components.	Recruitment Council ...	9/30/2008.		
6. Define clear criteria for the Secretary's Award for Diversity. issue in advance of nominations.	Diversity Council/ OCHCO.	7/31/2008.		
7. Secretary Diversity message and support issued via video and other means.	Diversity Council/ CRCL/OCHCO/OPA.	8/31/2008.		
8. Designate the DHS EEO Officer as an ex officio member of the Employee Resources Council (ERC).	AS2	6/30/2008.		
9. Issue guidance and best practices to components to integrate diverse participation/input into the SES hiring process.	Diversity Council/USM	6/30/2008.		

Question 4. DHS has one of the largest law enforcement populations within the Federal Government. However, components such as U.S. Secret Service, Immigrations and Customs Enforcement, and Customs and Border Patrol do not have Senior Executive Service professionals that reflect the diversity of this Nation. What is DHS doing within these particular components to attract more women and racial minorities to Senior Executive Service positions within these components?

Answer. The Office of the Chief Human Capital Officer (CHCO) has established a Department-wide Law Enforcement Council, composed of high-level law enforcement officials from all components. The Council has begun to coordinate corporate

efforts in training and recruitment of law enforcement personnel and is considering the possible use of a firm which specializes in law enforcement recruitment.

In addition, the Department has a variety of programs to develop a qualified and diverse pool of applicants for SES positions by preparing its mid-career employees. These programs include the DHS Senior Executive Service (SES) Candidate Development Program (primarily GS–15s) and the DHS Fellowship Program (GS–13s, GS–14s, and GS–15s). Attached are the past and present classes for these two programs, which include the participants' race/national origin data. Also, the U.S. Secret Service and Customs and Border Patrol have launched their own SES Candidate Development Programs and are currently accepting applications.

We have also engaged Federal-based minority executive associations to distribute our SES vacancy announcements among their membership, including the African American Federal Executive Association, National Association of Hispanic Federal Executives, and the Asian Pacific Executive Network.

Question 5. In 2006, DHS implemented the DHS Fellows Program for GS 13s, 14s, and 15s. This program is a competitive developmental program where participants are placed in high-visibility rotational assignments and receive training in leadership areas which prepare them for Senior Executive Service. The 2007 class had 30 fellows, 15 of which were white men. There were 2 African Americans, one male and one female, and zero Asian Pacific Islanders. For the 2008 class the number of African Americans increased by 100 percent to 4 and the number of White men increased nearly the same to 29. Please explain how this program will increase diversity at DHS, especially when, out of a class of 50 employees, the 2008 class of DHS Fellows only contains 4 African Americans, 3 Asian Pacific Islanders, and 1 Hispanic American?

Answer. The DHS Diversity Framework is multi-faceted, including areas such as recruitment, retention, succession planning, and development. The DHS Fellows Program is one of several efforts which are part of the diversity framework. Taken together, these programs provide DHS with excellent opportunities and vehicles to enhance diversity. In addition to the Fellows Program, these efforts include the Senior Executive Service Candidate Development Program (CDP), rotational assignments, and various coaching/mentoring programs. These programs are in their earliest stages; for example, both the Fellows and the CDP programs are in their second cohort. The increase in African Americans in the DHS Fellows program to 8 percent of the class of 50 shows promise. The DHS Fellows Program projects providing two cohorts per year for the next 4 years. DHS plans for all of these efforts to be ongoing and continuous, and believes they will contribute to the diversity of DHS's workforce.

Question 6. Succession planning is necessary to ensure that there is a competent, skilled workforce to make up for the number of retiring Federal employees. According to GAO, succession planning is also tied to the Federal Government's opportunity to affect the diversity of the executive corps. Given that 26 percent of your career executives are eligible for retirement in 2008, 34 percent in 2008, and 41 percent in 2010, how does DHS use succession planning to obtain racial, ethnic, and gender diversity?

Answer. In addition to recruitment, development, and retention, succession planning is a key facet of our Diversity Framework. The Office of the Chief Human Capital Officer (CHCO) has undertaken several initiatives to ensure key senior positions are filled timely and to enhance the diversity of our Senior Executive Service (SES) cadre. Specifically, we have:

- Selected our second SES Candidate Development Program class to commence in July 2008. This class has 23 participants, which are 22 percent African American, 13 percent Hispanic, and 30 percent women. This is a significant increase from the first class of 12 participants which were 25 percent women and 8 percent minority.
- Begun exploring the feasibility of engaging an executive search firm with proven experience in attracting minorities and women to executive positions.
- Reviewed our SES recruitment and hiring processes to identify best practices which we can adopt to ensure attention to diversity is included in the processes while still adhering to Government-wide merit principles.
- Engaged Federal-based minority executive associations to distribute our SES vacancy announcements among their membership, including the African American Federal Executive Association, National Association of Hispanic Federal Executives, and the Asian Pacific Executive Network.

QUESTIONS FROM CHAIRMAN BENNIE G. THOMPSON OF MISSISSIPPI FOR GEORGE H. STALCUP, DIRECTOR OF STRATEGIC ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Question 1. Your testimony mentions 4 areas where DHS has reported taking steps that are consistent with leading diversity management practices. In what other areas should DHS place its focus to recruit and manage a diverse workforce?

Answer. As we testified in 1999,[1] perhaps the single most important element of successful management improvement initiatives is the demonstrated commitment of of top leaders to change. As we reported in January 2005,[2] top management commitment is a fundamental element in the implementation of diversity management efforts. According to the literature, leaders and managers within organizations are primarily responsible for the success of diversity management because they must provide the visibility and commit the time and necessary resources. A leader committed to diversity management communicates the organization's support for diversity in newsletters, policy statements, speeches, meetings, and Web sites. Communication of this commitment from senior management throughout the organization sends a clear message to others in the organization about the seriousness and business relevance of diversity management.

Question 2. Are you aware of reports that DHS has submitted to EEOC or OPM on their diversity management efforts? How do OPM and EEOC use these reports?

Answer. Neither EEOC nor OPM requires Federal agencies to report on their diversity management efforts. As we reported in January 2005 (GAO–05–90), diversity management is a process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximize their contributions to an organization's strategic goals and objectives. We cited the nine leading diversity management practices from our January 2005 report in our May 21 testimony (GAO–08–815T). Experts and the literature generally agree that some combination of these indetified practices should be considered when an organization is developing and implementing diversity management.

EEOC and OPM require agencies to annually analyze the diversity of their workforces and report on those analyses as well as on plans or actions to address any known problem areas. We describe the required analyses in our May 21 testimony. We have done no work on how OPM and EEOC use the reports on agencies' annual workforce analyses.

Question 3. In your testimony, you also looked closely at DHS-wide data by pay plan/grade in September 2003 and 2007. Which pay plan/grade represents the largest number of racial minorities and women?

Answer. The pay plan/grade with the largest number of racial minorities in 2003 was "Grade 9 to 12," which had 14,995 racial minorities (including Hispanics). "Grade 9 to 12" had the second-largest number of all employees with 35,919. "Other/unspecified" had the second-largest number of racial minorities (including Hispanics) in 2003 with 12,230 and had the largest number of employees in a pay plan/grade with 35,929.[3] Those in the "Other/unspecified" category are primarily located in TSA.

The pay plan/grade with the largest number of women in 2003 was "Other/unspecified,"which had 10,743 women. "Grade 9 to 12" had the second-largest number of women in 2003 with 10,118.

The pay plan/grade with the largest number of racial minorities in 2007 was "Other/unspecified," which had 23,963 racial minorities (including Hispanics). "Other/unspecified" are located primarily in TSA and had the largest number of all employees with 58,374. "Grade 9 to 12" had the second-largest number of racial minorities (including Hispanics) in 2007 with 20,053 and had the second-largest number of employees in a pay plan/grade with 45,931.

The pay plan/grade with the largest number of women in 2007 was "Other/unspecified,"which had 20,811 women. "Grade 9 to 12" had the second-largest number of women in 2007 with 12,564.

Question 4. Your testimony references the percentage representation at DHS by component for Career Employees. Please tell the committee which component has the highest percentage of a particular racial minority group. Please tell the committee which components have the lowest percentage of minorities.

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[1] GAO, *Management Reform: Elements of Successful Improvements Initiatives,* T–GGD–00–26 (Washington, DC: Oct. 15, 1999).

[2] GAO, Diversity Management: Expert-Identified Leading Practices and Agency Examples, GAO–05–90 (Washington, DC: Jan. 14, 2005).

[3] Other/unspecified includes those who could not be placed in one of the identified pay plans or grades.

Answer. Table 10 in our May 21 testimony (GAO–08–815T) shows that in 2003 the Domestic Nuclear Detection Office with 179 staff had the highest percentage of a particular racial minority group (African Americans at 25.1 percent). The Federal Law Enforcement Training Center (FLETC) with 737 staff in 2003 had the lowest percentage of racial minorities (including Hispanics) with 13.8 percent.

Table 11 in our May 21 testimony shows that in 2007 TSA with 57,468 staff had the highest percentage of a particular racial minority group (African Americans at 21.8 percent.) FLETC with 1,009 staff in 2007 had the lowest percentage of racial minorities (including Hispanics) with 16.5 percent.