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THE FISCAL YEAR 2010 BUDGET FOR DEPARTMENTAL MANAGEMENT AND OPERATIONS AT DHS

HEARING

BEFORE THE

SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS, AND OVERSIGHT

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

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THE FISCAL YEAR 2010 BUDGET FOR DEPARTMENTAL MANAGEMENT AND OPERATIONS AT DHS

Thursday, June 4, 2009

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS,
AND OVERSIGHT,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 10:03 a.m., in Room 311, Cannon House Office Building, Hon. Christopher Carney [chairman of the subcommittee] presiding.

Present: Representatives Carney, Green, Bilirakis, and Cao.

Mr. CARNEY. [Presiding.] The Subcommittee on Management, Investigations, and Oversight will come to order. The subcommittee is meeting today to receive testimony on the fiscal year 2010 budget for the departmental management and operations of DHS.

On May 7, 2009, President Obama delivered his fiscal year 2010 budget request to Congress. His vision for the Department of Homeland Security was clear: The safety and security of our nation is a top priority, and we must achieve this goal through our spending of scarce homeland security dollars in a fiscally responsible manner.

Since its inception, the department has struggled with management and operational challenges that include integrating 22 separate and distinct agencies into one, managing one of the largest workforces in the federal government, ensuring that the department's acquisition policies are sound, economical and fair, and creating one unified DHS culture.

The committee has continually taken the position that the department's low morale, lack of common culture, and the lack of diversity stem from a series of flawed policy approaches to establish an internally consistent human resources architecture for the department as a whole.

While the department recently moved up one spot from the prior year in a recently released 2009 best places to work rankings, it was still ranked 28th out of 30. There is much work to be done to bring the department up to the same standards of morale expected of its federal peers.

The department continues to face acquisition and procurement challenges. Currently, there are more than 200 vacant positions in DHS contracting. And within the next 5 years, more than 25 percent of the DHS contracting workforce will retire or will be eligible for retirement.

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Although the department has been disjointed and lacks a common culture, we are now seeing efforts to consolidate its operations both physically to the St. Elizabeths project and systemically through its data centers and financial management integration efforts.

As we recently saw with the release of the right-wing extremism report, mistakes are still being made by the department. However, we witnessed a swift response, which indicates that the privacy, civil rights, and civil liberties of those it seeks to protect are an important aspect of the department's work. I will be interested today in hearing how the department's budget reflects the need to ensure that such an incident never happens again.

As we move forward with the new departmental leadership, new priorities, and a new budget, unfortunately, some things remain the same. Our nation is still at risk from terrorist attacks, both homegrown and abroad, and the Department of Homeland Security must be ready to fulfill its mission to protect the American people from threats both foreign and domestic, both natural and manmade.

The president's fiscal year 2010 budget requests for the department in general and the management and operations directorates in particular recognize these realities and provide us with a financial framework for addressing them. Last month, Secretary Napolitano testified before the full committee about how she plans to implement the president's proposed budget department-wide.

Today, we will hear how the undersecretary for management intends to work with the secretary to incorporate the budget's priorities into the department's operational and management functions, including its human capital, procurement, security, financial and information technology missions.

What I would like today is an honest assessment of the department's needs. If more resources are needed, I expect the undersecretary to tell us that.

I look forward to hearing today's testimony regarding the president's budget and how the department intends to use proposed funds to build a stronger and more secure America.

[The statement of Mr. Carney follows:]

PREPARED OPENING STATEMENT OF THE HONORABLE CHRISTOPHER P. CARNEY, CHAIRMAN, SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS, AND OVERSIGHT

- On May 7, 2009, President Obama delivered his Fiscal Year 2010 Budget Request to Congress.
- His vision for the Department of Homeland Security was clear: the safety and security of our Nation is a top priority and we must achieve this goal through spending our scarce homeland security dollars in a fiscally responsible manner.
- Since its inception, a short six years ago, the Department has struggled with management and operational challenges that include integrating 22 separate and distinct agencies into one; managing one of the largest workforces in the federal government; ensuring that the Department's acquisition polices are sound, economical and fair; and creating one unified DHS culture.
- Having said that, the Department has also come a long way, in a very short period of time.
- Although the Department is not ranked where it wants to be in federal government employee satisfaction surveys, it is moving upward.
- Although the Department continues to face acquisition and procurement challenges, it is attempting to expand its acquisition workforce to better confront it needs.

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• Although the Department has been disjointed and lacking of a common culture, we now see its efforts to consolidates its operations, both physically through the St. Elizabeths project and systematically through its data center and financial management integration efforts.
• Although, as we recently saw with the release of the Rightwing Extremism Report, things still fall through the cracks; however, we also witnessed a swift and effective response, which indicates that the privacy, civil rights and civil liberties of those it seeks to protect are an important aspect of the Department's work.
• As we move forward with new Departmental leadership, new priorities, and a new budget, unfortunately, some things remain the same.
• Our Nation is still at risk from terrorist attacks both homegrown and abroad and the Department of Homeland Security must be ready to fulfill its mission to protect the American people from threats both foreign and domestic, both natural and manmade.
• The President's FY 2010 requests for the Department in general, and the Management and Operations Directorates in particular, recognize these realities—and provides us with a financial framework for addressing them.
• Last month, Secretary Napolitano testified before the Full Committee about how she plans to implement the President's proposed budget Department-wide.
• Today, we will hear how the Under Secretary for Management intends to work with the Secretary to incorporate the budget's priorities into the Department's operational and management functions, including its human capital, procurement, security, financial and information technology missions.
• I look forward to hearing today's testimony regarding the President's budget request and how the Department intends use the proposed funds to build a stronger and more secure America.

Mr. CARNEY. The chair now recognizes the ranking member for the subcommittee, the gentleman from Florida, Mr. Bilirakis, for an opening statement.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it.

Madam Secretary, I am pleased you could appear before us today to discuss the president's 2010 budget request for the department's Management Directorate and your plans for the coming fiscal year. I look forward to your testimony.

I am particularly interested in hearing about efforts at the department to become more efficient and effective in both achieving the department's vital mission and using taxpayer resources.

There are a number of very necessary, but costly projects underway at the department, including the St. Elizabeths project and SBInet. And I look forward to working with you to highlight areas in which we can ensure the department is as nimble and efficient as possible and avoids cost and time overruns.

I am also interested to hear your plans to address the concerns of the more than 200,000 employees who work at the department. The 2008 Federal Human Capital Survey showed improved results for DHS, but I am sure that you and I will agree that more work needs to be done to recruit qualified candidates and retain them once they are on board, including better training programs and defined career paths.

You indicate in your written testimony that you are striving to make DHS a place where people want to work. And I am interested to hear how you plan to work with the department's new chief human capital officer to achieve this important goal.

As the newest federal department and one with a very challenging and critical mission, there is much work to be done to ensure that the "One" one, DHS culture, advocated by both Secretaries Chertoff and Napolitano, is achieved. I look forward to work-

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ing with you and the members of this committee to ensure you have the resources and authorities you need to get the job done.

To that end, I hope the committee will consider a comprehensive authorization bill for the department this year. Thank you again for being here, Secretary Duke, and I look forward to your testimony.

Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. CARNEY. Thank you.

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

FOR THE RECORD

PREPARED STATEMENT OF THE HONORABLE BENNIE G. THOMPSON, CHAIRMAN, COMMITTEE ON HOMELAND SECURITY

I want to thank Chairman Carney for conducting this hearing on the President's Fiscal Year 2010 Budget Request for the Management and Operational functions of the Department of Homeland Security.

I would also like to thank Under Secretary Duke for being here today to testify in support of the President's request.

This hearing is the first in a series of hearings that each Subcommittee will conduct, in an effort to further explore how the President's proposed requests will be used to further the Department's mission.

As I stated during the Full committee Budget Hearing with Secretary Napolitano, the President submitted a very comprehensive budget that answers a lot of the questions we've had about where the Department wants to go.

In particular, the budget includes a number of critical programmatic changes that I support and would like to highlight.

The transfer of the Office of Intergovernmental Programs to the Office of the Secretary makes sense and will surely enhance DHS' ability to coordinate with State, local, and tribal governments.

I also support the requested increase for the Office of Procurement. The acquisition workforce **must** be expanded in order to meet the Department's needs. In previous years, over 40% of DHS' budget went out the door to contractors to perform a host of functions, including policymaking. This over-reliance on contractors has undermined DHS' ability to execute its missions and the hiring of new acquisition professionals should help stem that tide.

Furthermore, I fully expect, the Human Capital Office to use its allocation to increase diversity among the Department's workforce so that it will be more reflective of the public it serves.

In these tough economic times, I am committed to working to help secure a budget for the Department that keeps on our commitment to fiscal responsibility while strengthening the security of our Nation.

Thank you and I look forward to your testimony today.

Mr. CARNEY. I now welcome the undersecretary for management, Elaine Duke. Elaine C. Duke currently serves as the Department of Homeland Security's undersecretary for management. In this role, Ms. Duke is responsible for the management and administration of the Department of Homeland Security.

She oversees management of the department's $47 billion budget, appropriations, expenditures of funds, accounting, and finance. It is quite a plateful.

Ms. Duke also administers control over the department's $17 billion in acquisition and procurement. She is responsible for directing human capital resources and personnel programs for the department's 216,000 employees.

She administers control of the department's enterprise architecture through strategic use of information technology and communications systems. And she is responsible for oversight of the de-

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partment's facilities, property, equipment, and other material resources.

Prior to her appointment as the undersecretary for management, Ms. Duke served as the deputy undersecretary for management. She was the department's chief procurement officer from January 2006 until her appointment as deputy undersecretary for management in October of 2007.

Ms. Duke was the department's deputy chief procurement officer from October 2004 to December of 2005, when she championed the creation of the Acquisition Professional Career Program to rebuild the federal acquisition workforce for the 21st century.

Ms. Duke assisted in the standup of the Department of Homeland Security while at the Transportation Security Administration, where she served as the deputy assistant administrator beginning in August of 2002.

Ms. Duke spent a great deal of her career with the U.S. Navy, where she held various acquisition positions of progressive responsibility. She began her career as a contracting officer for the U.S. Air Force. Ms. Duke holds a bachelor of science degree in business management from New Hampshire College and a master's degree in business administration from Chaminade University in Honolulu, Hawaii.

We welcome you and look forward to your testimony.

STATEMENT OF THE HONORABLE MELAINE C. DUKE, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF HOMELAND SECURITY

Ms. DUKE. Good morning, Mr. Chairman, Ranking Member Bilirakis, and members of the committee. Thank you for the opportunity to come and talk to you about the fiscal year 2010 management directive budget.

DHS and its many component agencies fulfill a broad mandate and conduct many different activities but with a single, unified security mission. In order to meet its priorities and support the department, the management directive has delineated six lines of business that are responsible for significant enterprise-wide functions. These six lines of business produce integration and standardization and efficiencies throughout the department.

Allow me to highlight just a few of Management Directorate's recent accomplishments. In competition of federal acquisition contracts within DHS, we were able to increase our percentage of competed contracts from 69 percent in 2007 to 75 percent in fiscal year 2008. That surpassed our competition goal of 68 percent, and we are on target in 2009 to keep that level of competition up.

We have exceeded all our small business contracting goals. We have began to actively and aggressively manage the Working Capital Fund within the CFO's office. We have established a program review board to look at our major acquisition programs. We are on target to review 17 programs this year.

Additionally, with the start-up of the acquisition program management division, we have been able to increase the number of certified program managers running acquisition programs, level one, from 20 percent a few years ago up to near 90 percent this year. That is a significant step in getting a handle on our requirements

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of our acquisition programs, which I have talked with this committee before about how important that is to successful procurements.

While we still have vacancies within the contracting career field, through our acquisition intern program and other efforts have nearly doubled the size of the 1102, the contract specialist workforce, from about 700 about 4 years ago to over 1,100 now, with about 200 vacancies remaining.

When we can get those filled, we will have doubled our workforce in 4 years, which, given the challenging recruiting of that market, we were really proud of that. And thank you for your support of the intern program. That has contributed significantly to that.

Our fiscal year 2010 budget really is focused on two areas. One is integration, one DHS, and the second is oversight and control. We are not building a management budget that seeks to build a big bureaucracy. In fact, my budget from my immediate office is staying flat, at 13 full-time equivalents, 13 people.

What we are trying to do is use the offices of management to build the building blocks that a new department like DHS has to have to successfully move forward in implementing its initiatives. Some of the initiatives we have in the president's 2010 budget on the integration front include the DHS headquarters consolidation, which includes St. E's and the other consolidation in the D.C. area.

A DHS-wide enterprise records management system, which is critical to moving forward in terms of our appropriate records and retention policy, this is very important in light of the president's transparency initiatives.

Right-sizing human capital, focused on getting better diversity, better staffing processes within the department. And within this chief information officer, several initiatives, including continuing the data center, development and migration, using single sign-on, putting all our—we have a huge emphasis on security in this budget, including moving a lot of our initiatives behind the trusted Internet connections to really improve DHS's security.

On the oversight and control initiatives, we have under Homeland Security Presidential Directive 12, which talks about managing of employees and contractors. We have a centralized $25 million for that to be able to issue cards to about half our employees in fiscal year 2010.

We continue our acquisition workforce. And we have a new initiative on selective acquisitions, which is really our attempt to get a handle on highly classified programs within DHS. This is a new initiative, very much needed.

So I look forward to talking with you about these initiatives and answering your questions. And I do truly appreciate this opportunity.

[The statement of Ms. Duke follows:]

PREPARED STATEMENT OF HON. ELAINE DUKE

Chairman Carney, Ranking Member Bilirakis, thank you for the opportunity to come before you today to discuss the fiscal year 2010 budget for the Management Directorate within the Department of Homeland Security (DHS).

DHS and its many component agencies fulfill a broad mandate and conduct many different activities within a single, unified security mission. DHS performs critical tasks from protecting transportation hubs to conducting maritime rescues, from aid-

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ing disaster victims to securing the borders and enforcing immigration laws. Within this broad portfolio, the Department aims to secure the American people from all hazards—including terrorist threats and natural or accidental disasters—and to work effectively with its many Federal, State, local, tribal, and private sector partners to lead the collaborative effort to secure the Nation. DHS undertakes the mission of securing the United States against all threats through five main action areas, each of which is strengthened by this budget:

Guarding Against Terrorism—Protecting the American people from terrorist threats is the founding purpose of the Department and DHS' highest priority. Our budget expands DHS efforts to battle terrorism, including detecting explosives in public spaces and transportation networks, helping protect critical infrastructure and cyber networks from attack, detecting agents of biological warfare, and building information-sharing partnerships with State and local law enforcement to mitigate threats.

Securing Our Borders—DHS prevents and investigates illegal movements across our borders, including the smuggling of people, drugs, cash, and weapons. In March, the Department announced a new initiative to strengthen security on the southwest border in order to disrupt the drug, cash, and weapon smuggling that fuels cartel violence in Mexico. Our budget strengthens those efforts by adding manpower and technology to the southwest border. This budget also funds smart security on the northern border and facilitates international travel and trade.

Smart and Tough Enforcement of Immigration Laws and Improving Immigration Services—DHS welcomes legal immigrants, protects against dangerous people entering the country, and pursues tough, effective enforcement against those who violate the Nation's immigration laws. Our budget contains funding to strengthen our employment eligibility verification systems, target and crack down on criminal aliens, and expedite the application process for new legal immigrants.

Preparing for, Responding to, and Recovering from Natural Disasters—The Department must aid local and State first responders in all stages of a natural disaster—preparing for the worst, responding to a disaster that has occurred, and recovering in the long run. This budget contains funding to strengthen DHS assistance for local first responders and the communities and families affected by disasters.

Unifying and Maturing DHS—DHS must continue to evolve in order to operate in unity and with maximum effectiveness across the wide range of the Department's security and other missions. This budget contains funding to initiate consolidation of mission support activities that will remain off-site from the St. Elizabeths campus, reducing the many small and widely scattered leased locations and supporting the goal to build "One DHS."

The Management Directorate provides the business framework that enables the Department to achieve its mission. It does so by providing policy, guidance, operational oversight and support, and innovative solutions for the management needs throughout DHS. While the Management Directorate does not serve on the frontlines, our role remains critical to the Nation's security. We enable the Department to achieve its mission by ensuring the provision of high quality, efficient, and integrated management services.

In order to meet its priorities and support the Department, the Management Directorate has delineated six lines of business that are responsible for significant enterprise-wide functions. These lines of business achieve management objectives by implementing and integrating functional support and services to DHS Offices and Components. The Management lines of business include:

Office of the Chief Administrative Officer (OCAO)—Responsible for asset management, mail screening and delivery, occupational safety and health, environmental planning and management, historic preservation, energy management, records, directives, forms, printing, library services, and graphics. Priorities include:

- Improving, consolidating, and reducing operating costs for DHS facilities;
- Effective and efficient management of real and personnel property; and
- Providing operational support for all OCAO functions to DHS Headquarters.

The OCAO makes sure that Department employees are fully equipped to work and in the safest conditions possible. The Chief Administrative Officer manages over 86 million square feet of Real Property and $11.8 billion of personal property and ensures that the buildings, vehicles, and equipment employed by DHS are ready to support the mission.

Office of the Chief Financial Officer (OCFO))—Responsible for departmental compliance with Federal budget planning, formulation, and execution practices, accounting, and financial reporting. The Chief Financial Officer also reports directly to the Secretary on financial management matters. Priorities include:

- Integrating financial management systems across the Department;

• Implementing financial internal controls consistent with Federal standards; and
• Facilitating departmental authorization and appropriation efforts.

The OCFO works with partners throughout the Department to determine how funding will be allocated and prioritize budgetary needs. The OCFO attempts to ensure that every dollar spent is accounted for and that it is tracked according to Federal standards.

Office of the Chief Human Capital Officer (OCHCO)—Responsible for Department-wide human capital policy development, planning and implementation functions. Priorities include:

• Proud to Protect—Becoming a premier employer that attracts and retains high-quality, diverse talent.
• Reflecting the Nation We Serve—Increasing diversity at all levels throughout DHS to better reflect the composition of the Nation.
• Leading Through Learning—Building Department-wide capabilities and systems that provide employee training,
• Capturing and Sharing Human Capital Resources, Best Practices and Innovation—Implementing consistent, but flexible, human capital policies, programs and practices.

A critical task faced by the Department today is to build, sustain and develop a world-class workforce that keeps the Nation safe. The Department recognizes that advancing our critical mission clearly depends on our most valuable asset—our people. If you work at DHS, the Chief Human Capital Officer affects many aspects of your daily life and is dedicated to ensure that you and your colleagues meet your full potential as employees and, collectively across the DHS human capital community, realize the DHS human capital vision—Unparalleled Mission, Unparalleled Talent, Where People Want to Work.

Office of the Chief Information Officer (OCIO)—Responsible for information technology operations and infrastructure, enterprise software applications, and information security. Priorities Include:

• Improving information sharing across DHS and its external partners,
• Ensuring the security of our IT systems and information through a comprehensive defense-in-depth IT security strategy, and
• Expanding citizen access to DHS through e-Gov initiatives.

The Chief Information Officer is responsible for the oversight and management of information technology used throughout the Department. The OCIO contributes directly and substantially to the operational missions of the Department, by ensuring that information is shared reliably, rapidly, and securely throughout the Department, as well as with the broader Homeland Security Community.

Office of the Chief Procurement Officer (OCPO)—Responsible for acquisition and procurement policy, strategic sourcing, and investment oversight. Priorities include:

• Implementing a unified DHS acquisition support program,
• Maintaining best practices for major program acquisition and management, and
• Ensuring compliance with all Federal laws and regulations governing procurements.

To deliver mission operations capabilities, the OCPO establishes contracts for critical goods and services required for the men and women of DHS to do their jobs. Each year the OCPO ensures sound DHS business deals through thorough investment review and program management practices. Their efforts facilitate the decisive execution of dollars in support of major mission areas attempting to avert threats to the Nation's border and citizens.

Office of the Chief Security Officer (OCSO)—Responsible for protection of the Department's personnel, property, and facilities. Priorities include:

• Developing and implementing comprehensive DHS security policies, procedures and programs;
• Conducting defensive activities to identify espionage or terrorist collection efforts; and
• Overseeing employee suitability operations, background investigations, and security training briefs.

The Homeland Security mission requires the Department to possess and work with extremely sensitive information. The OCSO works to ensure that the Department's buildings and physical security systems are worthy of the trust and confidence of the American people who rely on them.

Some of Management's 2008 fiscal year accomplishments include:

Our Chief Procurement Office implemented a centrally funded and managed Acquisition Professional Career Program modeled after the highly successful Navy In-

tern Program. This program features three, single year rotations through various Components and provides the participants with all the experience and training they need to become journeyman-level acquisition professionals.

The percentage of DHS obligations awarded through competitive contract actions increased from 69 percent in FY 2007 to 75 percent in FY 2008. This surpassed the FY 2008 competition goal of 68 percent by seven percentage points, allowing us to realize a 75 percent level of competition two years ahead of a FY 2010 target.

Management's Office of Security reduced vulnerabilities to DHS facilities by bolstering personnel assigned to the Technical Security Counter-Measures Program, allowing increased capacity for critical security sweeps. We increased training for State and local government as well as private-sector personnel who handle classified and sensitive information from the Department.

The Chief Administrative Office collaborated with the General Services Administration (GSA) to expeditiously bring the Master Planning, Environmental Impact Statement and National Historic Preservation Act Section 106 Consultations to a successful conclusion for the DHS Consolidated Headquarters at St. Elizabeths West Campus.

The OCAO achieved milestones with delivery of a Consolidated Remote Delivery Site to provide mail and courier services to DHS Component locations in the Washington, DC metropolitan area thereby improving efficiency, strengthening accountability, and reducing risk to DHS employees by screening for chemical, biological, radiological, nuclear, and explosive threats.

We developed a transition-planning approach for DHS to ensure operational continuity before, during, and after the 2009 Presidential administration transition and change in DHS political leadership.

The Office of the Chief Financial Officer developed and implemented a comprehensive, web-based DHS Financial Management Policy Manual with nearly 30 new CFO policies.

Our CFO managed the Working Capital Fund (WCF) to provide cost-effective support services throughout DHS. The CFO successfully implemented a number of key initiatives that have resulted in more effective and efficient management of the WCF, including the establishment of a WCF Governance Board which has resulted in better management of the fund by engaging senior leadership of both customers and service providers in a focused policy and planning process to assess internal controls over financial reporting.

The Management Directorate established the Program Review Board (PRB), chaired by the Deputy Secretary and comprised of senior career leadership of each Component, which institutionalized an analytically-based, open and transparent Program and Budget Review process.

The Office of the Chief Information Officer's Enterprise Architecture governance process resulted in more than $90 million in cost avoidance/savings and achieved "Green" on the OMB scorecard.

The CIO removed 77 percent of DHS third quarter FY 2008 Exhibit 300s from the OMB Management Watch List and achieved 75 percent of Level One investments within 10 percent of planned cost and schedule.

Through the CIO's efforts, the Department received a B+ on the Congressional FISMA Report Card on "Computer Security" for 2007 compliance, the highest grade for compliance since the Department was established in 2003.

The CIO completed the migration of DHS headquarters data center to Stennis Data Center to reduce data center operations cost across the Department.

FY 2010 Budget

In total, the Under Secretary for Management fiscal year 2010 budget request is for 976 positions, 869 FTE, and $741,913,000. A large portion of the USM budget is designed to assist us with integration and to continue to unify into one DHS. This request sets the way forward for:

DHS Headquarters Consolidation—$75 million. The initial phase of this project to consolidate leadership, policy, program, and operations coordination at the St. Elizabeths campus in Washington, DC, has been funded and is underway with the remaining phases in beginning design. In FY 2010, we propose to initiate consolidation of mission support activities that will remain off-campus, reducing the many small and widely scattered leased locations. The on-campus and off-campus parts of this project both support the goals of a consolidated headquarters for DHS.

HSPD–12 Card Issuance—$25 million. Office of the Chief Security Officer is requesting resources for HSPD–12 Card Issuance. The requested funds will be used to provide enterprise Public Key Infrastructure certificates, procure enrollment / card issuance work stations, card stock, and required support for the issuance of

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smartcards. Completion of smartcard issuance efforts will provide the infrastructure and baseline technology to support other DHS security programs.

Enterprise Records Management System—$3.1 million. DHS records are officially maintained through manual, paper-based processes. This includes many records developed or transmitted electronically that must be printed and filed. Implementation of this first phase of an electronic records management system will ensure that DHS personnel have access to timely and accurate information for decision making and to efficiently document government processes while preserving the public interest in the course of normal business and in cases of emergency. This system, once fully implemented, will streamline record retention activities, from creation to disposal and including retrieval for use and responses to FOIA requests.

Right-sizing Human Capital Programs—$3.3 million. The Office of the Chief Human Capital Officer will use these funds to meet the demands and needs of a growing Department and additional funding to pay for Working Capital Fund Shared service costs. The new positions will allow the CHCO to meet the key goals of the FY 2009—2013 Human Capital Strategic Plan, which include becoming a premier employer while attracting and retaining high-quality employees; enhancing diversity at all levels of the organization to reflect the composition of the Nation; enhancing the training, education and professional development of our employees; and implementing flexible yet consistent Department-wide human capital policies, programs, and practices to strengthen and unify departmental operations and management.

DHS-Wide Acquisition Workforce Program. The Office of the Chief Procurement Officer is requesting $7 million and 50 FTE for training, certifying, and retaining an appropriate workforce of acquisition professionals. To address the shortage of contracting professionals, DHS is expanding the Acquisition Workforce Program and adding the Student Career Experience Program positions to form the core of the procurement workforce.

DHS Selective Acquisition Transactions. The Office of the Chief Procurement Officer is requesting $9 million and 12 FTE to establish the initial capacity to provide contract support for all DHS classified acquisitions.

Acquisition Program Management Policy. The Office of the Chief Procurement Officer is requesting $9 million and 10 FTE to expand Department Management Teams that support DHS program offices in delivering timely and effective acquisitions that currently comprise the Division.

Personnel Security Adjudication Team—$3 million. The Office of Chief Security Officer is requesting resources to create a DHS Personnel Security Adjudication Team that will allow DHS the ability and flexibility to adjudicate the sudden increase of completed background investigations in a proactive manner.

Special Access Program Control Office (SAPCO) Staffing—$5 million. The Office of the Chief Security Officer is requesting resources to create a SAPCO and to expand Sensitive Compartmented Information (SCI) Oversight. SAPCO will develop and implement policy and procedures for DHS SAP governance and will serve as the single point of contact for coordinating component requirements. The SCI Oversight expansion will limit the systemic risk to the Department's most critical form of intelligence information.

Improve Financial Accountability—$2.5 million. This program increase provides 20 Positions and $2.495 million for increased staffing and support necessary to meet the demands of reviewing and conducting independent analysis for the majority of programs within DHS along with increased financial and budget support for the Department.

External Evaluations of Programs—$3 million. The requested program increase is for the Office of Program Analysis and Evaluation (PA&E) to support a series of external evaluations of programs to be conducted periodically by Federally Funded Research and Development Centers (or other independent parties outside the Department). These funds will enhance the PA&E mission to provide information on key analytical issues to Department leadership and the Administration.

Data Center Development/Migration—$58.8 million for the CIO and $141.2 million for Components. Increased funding in FY 2010 will focus on further migration activity of Component systems, applications, and disaster recovery to the DHS Enterprise Data Centers for central DHS management. FY 2010 funding will provide essential data center capability enhancements and support services to facilitate Components migrations from legacy Component data centers into the DHS Data Centers. Collocation and consolidation will provide a number of benefits over the environments that currently exist within the disparate Component computing facilities. Reducing the overall computing asset footprint will result in reduced system maintenance, management, and administration costs. Merging of existing operations and maintenance contracts will further reduce overhead and administrative costs as

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well as improve the confidentiality, integrity, and availability for mission critical systems and data.

Network Security Enhancements—$10.4 million. This funding will mitigate high risk areas within the DHS firewall. This request will establish critical Policy Enforcement Points across the DHS Network, improve DHS Security Operation Center capabilities (i.e., remediation forensics), and establish robust classified facilities with highly skilled analysts. Network Security Enhancements will identify all internet connections for remediation by migrating legacy connections behind the DHS Trusted Internet Connections (TICs).

Internet Gateway Enhancements—$8.4 million. Additional funding will diminish elevated threat areas for DHS at the perimeter. This request will implement a High Assurance Guard to support mission requirements for accessing social networking sites and establish the DHS Email Disaster Recovery capability where 100 percent of email traffic will be behind the two DHS TICs.

Single Sign-On (SSO)—$4.2 million. Increased FY 2010 funding will be utilized to initiate the application integration efforts and the Single Sign-On project. This funding will leverage best-of-breed technologies to improve timely, secure operator access to mission applications for DHS employees as well as Federal, State, Local and Private Sector Partners. This implementation will be closely aligned with the Homeland Security Presidential Directive (HPSD) 12: Policy for a Common Identification Standard for Federal Employees and Contractors. Specifically, funding will establish an implementation team to oversee and execute the application integration and establishment of the core infrastructures for the SSO Gateway and Service Oriented Architecture. By implementing SSO, DHS computer users will be able to log-in to their systems with only a single set of credentials in order to access multiple applications, minimizing the need for a user to log-in multiple times for different applications.

COMSEC Modernization—$6.7 million. This funding will replace 100 percent of legacy COMSEC equipment across the DHS enterprise, improving DHS ability to share classified information across the Homeland. Additionally, the request upgrades critical communications nodes to the Federal Government and to the States in support of the Infrastructure Protection Program under HSPD 63. COMSEC support is also essential to the maintenance of secure communications required in NSPD 3–10.

I look forward to working with you to make certain that we have the right resources to protect the homeland and the American people and that we make the most effective and efficient use of those resources. Thank you for inviting me to appear before the Committee today. I look forward to answering your questions and to working with you on the FY 2010 Budget Request and other issues.

Mr. CARNEY. Well, I want to thank you for your testimony.

And I will remind each member that he or she will have 5 minutes to question Ms. Duke. And I will begin with myself for 5 minutes.

Now, last week, the secretary announced the apartment of Jeff Neal as the new human capital officer, and he will be the department's seventh human capital officer in 6 years. This high-rated turnover, obviously, has hindered some of the human capital efforts and caused this subcommittee and, indeed, the full committee a bit of concern here, quite a bit of concern, actually.

What is Mr. Neal going to do to fix this problem? You know, first of all, with the turnover at the leadership, but, you know, I understand you continue to have recruiting problems even in an economic environment like this one. It seems to me that this is a perfect opportunity to get some of the best and brightest available. I hope that is going to be the case.

Ms. DUKE. I think it is a perfect opportunity. As you know, with legislation last year, this administration had the choice of filling this position, again, with a political or a career. Secretary Napolitano chose to fill it with a political appointment, but with someone with federal experience. Mr. Neal has significant federal experience in human capital.

So what he is going to bring to the table is both being able to support the agenda of this administration, which is very much focused on human capital, but also he knows the federal system. I think some of the challenges we have in human resources really are federal challenges.

And how do we work with Office of Personnel Management and really look at, how can we keep the basic tenets of the fairness and transparency of federal hiring, but make it more efficient? So I think he is going to be a great representative to that federal initiative of really looking at—we talk a lot about acquisition reform, and I am looking forward to human resources reform.

Mr. CARNEY. Because as you know, the department has been plagued for the last several years with dissatisfaction and low morale, some people say insufficient training, et cetera. Can you say specifically how he is going to address those issues?

Ms. DUKE. Well, I am going to work with him personally. I chair the diversity council and the recruiting council. I think that one of the basic things we have to do is really fill our vacant positions, because people love the work they do, so we have the basic foundation. We have to get where we have a better—I think a better balance of quality of life, family and work.

And so one of the things we will be working on is recruiting. That is one of my top two priorities for human capital. The second thing is diversity. I believe a more diverse workforce will bring a better representation for this country, and that is, we have targeted recruiting events. And Mr. Neal will be directly involved in that.

And the third thing is a much more tactical, but that is actually improving within DHS how we do hiring, so that for the area—you know, we hire for 3,500 of the headquarters functions, doing that more effectively.

Mr. CARNEY. Good, good. The human capital strategic plan, it is supposed to be from fiscal year 2009. We are all moving into fiscal year 2010 and we haven't seen it implemented. Do you have the budget for it? Do you have the personnel in place to implement the plan? How does it stand?

Ms. DUKE. We do have an increase—it is called right-sizing human capital—that gives us an increase in personnel, in human capital that I think can move forward.

One of the challenges we have in managing the budget is really the systems issues. So in human capital, there is the H.R. I.T., which is looking at reducing the number of systems. And that is funded through the working capital fund, and it is currently in there.

But I think that we really have to have the discipline to put the upfront costs to migrate to systems. For instance, we had eight personnel systems when we started as a department. Now we are down to one. To have that discipline to put the money up front, of course, you know, make sure the components are willing to put the money up front and get to efficient systems.

Mr. CARNEY. Okay. I have just one more for this round.

I was pleased to see that the president's fiscal year 2010 budget creates the new office within the office of procurement, the Office of Selective Acquisitions. I think that is really remarkable, and it

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requests 24 new positions to staff the office. This new office will provide, as you know, contracting support to the department's classified programs.

And given my personal interest and background in management operations in homeland security intelligence issues, I was really happy to see this office created. I believe it fulfills a significant gap the department needs to have filled.

However, do we even have the proper facilities yet to do this? Do we have a skiff even created for the procurement program? Do we have the necessary contracting officials with the necessary clearances to do these programs?

Ms. DUKE. The fiscal year 2010 president's budget has money to get skiff space that will house about 17 people. So that is in the budget. It has the FTEs.

And the FTEs that you see in the CBO budget are contracting people. We were able to recruit a woman that is very qualified. She was doing this for the Navy, and she is with us now and is the head of contracting for this new office. So I feel confident that, with the president's budget, we can stand up that office.

Now, we also in future years will have to build the other business functions around the experienced contracting function.

Mr. CARNEY. Does a skiff exist? I mean, is there physical skiff yet for them?

Ms. DUKE. We are hoping to be able to maybe where DOD has moved out. There are some areas in Crystal City and other places, but we have not secured the space yet.

Mr. CARNEY. Okay. All right. Thank you.

I now recognize Mr. Bilirakis for 5 minutes.

Mr. BILIRAKIS. Thank you, Mr. Chairman.

Madam Secretary, my constituents are rightly concerned about getting the most bang for their buck when it comes to federal spending, especially when it comes to homeland security. They want to know that their tax dollars are being spent wisely.

Will the budget request support efforts or initiatives to ensure that the programs we are funding with their money are operating as efficiently and effectively as possible? And how, if at all, have projects under the Efficiency Review Initiative impacted the fiscal year 2010 budget request? And how will the findings of the initiative inform and guide future budget requests?

Ms. DUKE. I think there are two initiatives in our president's budget that will specifically look at—they all contribute to it, but specifically at spending taxpayer dollars well.

One is the increase of the acquisition program management directorate in the chief procurement office. We want to double the number of acquisition program reviews we do from about 17 to about 40 in fiscal year 2010, and that is important because we spend—our top acquisitions, 50 acquisitions total about $55 billion in costs. So that is a big, high-risk chunk we want to manage.

A second area we are looking at is in the program analysis and evaluation division of the CFO's office. There is about a $3 million request actually to do independent assessments through like a federally funded research development center, someone of our programs to make sure that, before we even put them in the budget,

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they have the right metrics and objectives to actually deserve to be in the budget.

And I think those are two specifically addressed at your question.

Mr. BILIRAKIS. Thank you very much.

I was pleased to read in your written testimony that becoming a premier employer that attracts and retains high-quality talent is a priority for the department. Unfortunately, the department has fallen short of that goal in the eyes of its employees, especially when it comes to employee learning and development, a critical goal of the office of the chief human capital officer.

A May 20th article in the Washington Post noted that, in many cases, federal workers value strong leadership and straight answers from their bosses even more than higher pay and improved benefits. That is very admirable.

The article referenced a study from the Partnership for Public Service that found DHS employees rate the department very poorly in this regard. How would the budget request improve training and learning opportunities for leadership managers, and supervisors within the department to help improve job satisfaction and performance among all department employees?

Ms. DUKE. Well, I think there are two ways. Within the human capital budget, we do have a training budget. And there are several centralized programs, the national security professional program, which trains employees that are in national security professional positions under the executive order, to look at national security from more of a holistic, not just a DHS perspective.

We have our fellows program, which is targeted at 13s, 15s. So we are trying to—those are examples of where we are trying to make sure we have training opportunities for the employees themselves.

The second thing we learned from the employee survey is, some of the dissatisfaction was actually based on a very more fundamental thing of supervisors not knowing how to be a supervisor. When we saw that people were saying that supervisors aren't dealing with problem employees or rewarding employees that do well, we went back to the supervisors and learned that there was a fundamental—they didn't know how to do it.

So we have developed supervisory training, not the real glossy, you know, self-actualization, but how do you deal with federal employees in rewarding and taking care of problems? And this is becoming a mandatory course.

And I actually think knowing the fundamentals is really going to help. And that is a lot of our initiatives. You know, they don't sound really impressive, but if you skip over them, it is kind of a Maslow's hierarchy thing. We have to deal with the basics. And that is what you see in our president's budget.

Mr. BILIRAKIS. Very good. Thank you.

Mr. Chairman, will there be a second round?

Mr. CARNEY. Yes.

Mr. BILIRAKIS. Okay, very good. Thank you. I yield back the balance of my time.

Mr. CARNEY. Okay.

The chair recognizes the gentleman from Louisiana, Mr. Cao, for 5 minutes.

Mr. CAO. Thank you, Mr. Chairman.

Madam Secretary, I am looking through your testimony, and there is a section that states, "Smart and tough enforcement of immigration laws and improving immigration services."

Before coming here to Congress, I was an immigration lawyer. And one of my worst experiences as an immigration lawyer was to come to the New Orleans district office. The people there are rude, and they are downright inefficient. I have not seen a federal office that shuts down at 2 p.m., oftentimes leaving people hanging, waiting, or what have you.

What plans do you have to improve efficiency and to improve, I guess, the quality of the personnel at the district offices, especially in USCIS districts?

Ms. DUKE. Well, to be honest, that is the first that has been brought to me, but I will certainly take it back. The main area we have been focusing on, USCIS, is a business transformation program, where we are in the process right now of actually transforming the processes, with a contract with IBM that we are going to built an I.T. system that will actually manage the processes.

This is going to be good customer service from an efficiency standpoint because we will be able to do case management, meaning an individual will be in the system once, regardless of a number of benefits they are looking for. We will be able to do online payment, online form processing. That does not address the human side that you just brought up. And I will bring that back and look into it.

Mr. CAO. Thank you very much. And I have also noticed that the fees for various applications in recent years have gone up dramatically. And it reaches a point where it might be prohibitively expensive for many of the immigrants to apply.

For instance, an application for a green card now runs close to $1,100. When you factor in application costs, when you factor in fingerprinting fees, on top of that, you have attorney's fees that these people have to pay for. I want to know, what is the rationale behind the increase in the fees so dramatically in the last couple of years?

Ms. DUKE. I believe the last—the CIS is fundamentally fee-funded. And so that the increase in the fees that they had was basically to cover costs.

Now, that doesn't mean we sit back with the current state and say, "We can just keep increasing fees." I think both the last administration and this administration is fully committed to making sure CIS is running for efficiency.

In fact, part of the commitment of getting the last fee increase was that we would move forward with the CIS business transformation program to try to make things more efficient and bring down actual costs.

I know it is a huge initiative of the secretary. And we are just going to continue to try to look through that. And we do realize—we have seen immigration—we are challenged right now in the CIS, because the number of immigration applications is going down, which decreases revenue, so we are faced with that fiscal reality and really is trying to decide what to do with it.

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Mr. CAO. That is the only question I have, Mr. Chairman. I yield back my time.

Mr. CARNEY. Thank you.

The chair now recognizes the gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. I thank you and the ranking member.

This is an important hearing today. And I thank the undersecretary for appearing today.

I am not sure whether this is your first time before the committee, but I welcome you to the committee. And I assure you that my desire is to be as helpful as I can to you, to do all that I can to make your tenure in office and your office a success.

To this end, I would like to have somewhat of a dialogue, but forgive me if it becomes more of a soliloquy.

I would like to acknowledge that we should only employ capable, competent and qualified people. We should only hire for procurement purposes those who are capable, competent and qualified. I understand that big companies can do big things, that big companies can provide great innovation.

But many times the innovation was originated with a small company. Small companies are known for being original, originating new ideas. I think that probably one of the supreme, superb and sterling examples of this would be a very popular phone that we—many of us carry that really innovated technology that was originated by a small company.

I mention these things because I think that we have to look beyond the horizon of the big into the area of the small so as to make sure we capture all of these innovations that are out there.

I was at a meeting not too long ago with the chairman, Chairman Thompson, and we had a large company, big company represented. The president and CEO was in attendance, and we had small companies there, as well.

And this CEO had an opportunity to hear some of these purveyors, these small companies, talk about the innovations that they have produced. And you could see in his demeanor, in his body language that he was pleasantly surprised with what he heard.

It is not unusual for the person at the top to have the vision. But for some reason, many times that vision is not given the opportunity to see the entire horizon because we have policies and procedures and intellectual property that has to be protected so the person at the top is sometimes sheltered to the extent that he doesn't have the opportunity or she will not have the opportunity to see all of these innovations that exist.

These innovations are important to us. So my question and more of an encouragement is, is this, that we try to find new and creative ways to allow small, capable, competent and qualified businesses. Don't want anybody to do business that is not prepared to do business and who is not capable, competent and qualified. But those that are ought to be given opportunities.

And my question, in summary, is, how do you propose to enhance the opportunities for capable, competent, and qualified small businesses to have a marriage, perhaps, with large businesses such that they can produce off-springs of innovation that can make a significant difference for us?

Ms. DUKE. Well, actually, I am glad you brought that up. And I have had many conversations with Chairman Thompson about small business and appreciate his support.

This is one of the areas we are most proud of. DHS continually exceeds the federal goals for all the small business contracting goals, but we are never done. So some of the main areas for small business is in the technology, kind of the emerging technology. The best places are small business innovative research program, where we actually can fund businesses as they develop solutions. This is in the earliest stages.

Within our contracting, what we are doing is always looking—we have a robust small business office in the headquarters that reports via me to the deputy secretary. We do outreach regularly.

We are also looking at setting aside programs. We have often set aside specific contracts, but we are looking at setting aside programs where, for instance, professional services will award only to service-disabled veteran companies so that they can—themselves, because it is sometimes hard for them to compete even against—even within small business program, you have many categories.

So we find like small businesses, some of the service-disabled vets, which is the hardest goal to meet, they can't compete against some of the bigger small businesses. So we are looking for the niche opportunities where then competition would be restricted as we issue task orders among those.

So this is a huge area. And we constantly look for outreach opportunities to help small businesses understand the complicated federal bureaucracy, and we will continue to do that.

Mr. GREEN. Thank you, Mr. Chairman. My time is expired.

Mr. CARNEY. I thank the gentleman from Texas.

I will begin the second round of questions here. Ms. Duke, the department currently is undertaking quite an enormous task, I think, of consolidating its 24 data centers into two locations. The budget request is $200 million for this effort. Can you tell me the status of the project, why it was necessary, and how much you anticipate it ultimately costing?

Ms. DUKE. The project was necessary for two basic reasons. The first is efficiency. We have to get down to—we shouldn't be spending our tax dollars that we receive for maintaining facilities. And so this is just an efficiency from a facilities measure.

The second area that I think is even more important is the security measure. DHS, like other federal agencies, is under constant attack from cyber threat. And it is not just at the high side, the highly classified programs. It is just trying to gather information.

And so by focusing our security efforts on two data centers, a primary and a backup, we can use our limited dollars to keep those at the highest level of security, which is constantly evolving. We all hear about the new threats and really make it a security initiative.

It is actually also a building block to standardizing data and keeping—what we found is, we are keeping the same data multiple times, each program because of our stove-piping. So the third piece of data center consolidation is going to be that we are going to start looking at, where are we keeping data? And let's keep it once and then give access to it from different programs to try to further make things more efficient and consistent.

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In terms of the $200 million, that does do the majority of the migration. We believe the cost of maintaining Stennis is—I think there is about $58 million in the budget. That includes some upgrades. But just the annual operation of maintenance is about $35 million.

Mr. CARNEY. I am concerned about redundancies here and having backup. You know, does one center back up the other and vice versa? You know, going from 24 to 2 is quite a reduction, and we have to be sure we protect that. And can we be assured that we are going to have redundancy?

Ms. DUKE. Yes. And I think that the—it will be about $30 million in power upgrades, and facility upgrades that were planned in the 2010 president's budget will really go a long way to make sure that we have a great primary center. And backup redundancy is absolutely a part of our plan.

Mr. CARNEY. You may know that physically located right next to one of the data centers—you have this picture, too, I imagine—are fuel storage tanks, which causes some concern, obviously. Depending on what kind of fuel is in those things, it can be exceptionally explosive.

How are we mitigating that? I mean, that is really a concern.

Ms. DUKE. I would have to get back to you on that. I do not know specific plans for the fuel tanks. I will get back to the committee.

Mr. CARNEY. Thank you very much.

Look, during the H1N1 outbreak, there was significant controversy regarding what the department's frontline employees at CBP and ICE and TSA could wear personal protective equipment, in order—such as gloves and respirators and masks and things to do their job.

The guidance received was inconsistent and changed actually several times during the course of the outbreak. What has the department done to rectify this situation? Can you share with us the most recent communications, et cetera?

Ms. DUKE. We have continued—the guidance has changed, because the medical evidence has changed, and we have continued to work with CDC and Department of Labor, OSHA.

Our most recent guidance, I personally issued two pieces of guidance. One was on April 30th, and it dealt with mandatory use for persons in high-risk situations. The CDC guidance then was modified based on the change in H1N1. And I issued additional guidance or revised guidance to the component heads on May 29th, last Friday, that addresses both the fact that mandatory use is no longer required per CDC guidance and it addresses the permissive use of personal protective equipment.

Mr. CARNEY. Okay. Now, given what you told us about the supervisors, are you satisfied or comfortable that the supervisors will be giving this directive down to the frontline workers?

Ms. DUKE. I am satisfied with that. I have talked with each of the major component heads, of course, are CBP, ICE and TSA. And I have talked with each of them. And I issued it only to the component heads so that they could deploy it within their components, but they have assured me they are doing that.

Mr. CARNEY. Okay. Thank you.

The chair now recognizes Mr. Bilirakis again.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it.

Madam Secretary, on May 27th, the Director of the Office of Personal Management announced that President Obama plans to institute pay-for-performance throughout the federal government. Please discuss the benefits of pay-for-performance versus the current title five grade and step system. Have you spoken to OPM Director Berry about how this would work at DHS? And would you plan to use the chapter 97 flexibilities provided in the Homeland Security Act of 2002?

Ms. DUKE. The difference between pay-for-performance and step increases is just step increases, if you are performing satisfactorily, you get paid for longevity. And someone performing just satisfactorily and someone performing exceptionally gets the same pay increase based on annual anniversaries.

Pay-for-performance tries to distinguish between just satisfactorily performance and outstanding performance. So it is obviously—it is more akin to what is used in industry.

I think it would address a lot of the—it has the potential to both address or make worse a lot of the issues that were brought up in our employee survey. It has the possibility to make better because employees complaining that they don't get adequate rewards for performing at an exceptional level.

The issue is of fairness. And so as we do pay-for-performance, if we do—and I have not talked to Mr. Berry personally—we are going to have to make sure that it is on clear enough standards, any pay-for-performance, so that it doesn't appear to employees, whether it is reality or just perception, that there is unfairness in the process. And I think that is the biggest thing that has caused pay-for-performance to be kind of controversial, as it appears to be subjective.

So I think the important thing of pay-for-performance, when instituted, is that it has clear objectives so that both the employee, the supervisor, and other people can see that that employee did, indeed, exceed on objectives and in a somewhat either qualitative or quantitative way, not just because a supervisor prefers them.

Mr. BILIRAKIS. Thank you, Madam Secretary. And I would like to keep in touch with you on this issue. Thank you.

Mr. CARNEY. Does the gentleman yield back?

Mr. BILIRAKIS. Yes, I do.

Mr. CARNEY. Okay. That is all right.

The chair now recognizes the gentleman from Louisiana again, Mr. Cao.

Mr. CAO. Thank you very much.

And I apologize, Madam Secretary, for keep beating on USCIS, but my experiences with the agency have not been very positive. And another area of my concern is the length of time that it takes to process some of these applications.

Let me give you some examples. An application for naturalization, at least at the district office in New Orleans, I would say it takes about a year-and-a-half. An application for, I guess, adjustment status between marriages with an immigrant with a U.S. citizen's spouse can take as long as 4 years, especially when the spouse comes from countries that might be suspect, such as the

Middle East, some of those other areas where we might have concerns in regards to terrorism.

You know, I appreciate the agency's concern for our security and possibly to weed out fraud, which I know is a major problem when we are dealing with immigration cases. But to me, it seems that the length of time to process and adjudicate some of these category of cases, you know, is somewhat extensive.

And I am just wondering whether or not it is a particular problem at the district office in New Orleans or whether or not this is a national problem in connection with all district offices. Can you provide me with some insight in that regard?

Ms. DUKE. Well, speed of benefits is always going to be an issue. It is like small business. You know, you are never satisfied. You always want to get better.

Two specific areas that—as undersecretary for management, I am involved in working with CIS to improve, one is lack of feedback. So it is one thing to take 6 months; it is another thing to not know it is going to take 6 months and not know how much longer.

So there are two things that this transformed CIS system is going to deliver. One is more feedback, so that the applicants actually know the status and they know if there is a problem or they know if there is—you know, it is just kind of in the infamous, I guess, federal black hole.

The second thing that is going to be huge, because we find that a lot of people applying for benefits apply for more than one benefit. And under the existing CIS system, every time you enter the immigration system, you are a new case, a new person. And under case management, although it sounds simple, when you apply for a benefit, you will have a number, and that number will stay with you.

So when you apply for a second benefit, you are not going to have to start over with, you know, verifying and doing all the security. All that information will transfer to your next benefit or related immigration benefit. And that is going to be huge so that, if you do need multiple benefits, your information will be stored and they will only start and get the extra information they need for the different benefit.

And that is probably the single most thing that will help, in terms of the time for—and actually be an electronic system that—via a paper-based system, I think is really going to help. It will also add some transparency to it and allow us to better track kind of the notional cases you are talking about or the examples you are talking about from New Orleans through better management information.

Mr. CAO. Thank you very much.

And I yield back my time, Mr. Chairman. Thank you.

Mr. CARNEY. Thank you, Mr. Cao.

We now recognize Mr. Green again for another 5 minutes.

Mr. GREEN. Thank you. One of the great challenges that we face has to do with FEMA and HUD.

But before I go on, let me compliment you on your testimony. You have 13 pages, and it is quite substantive and quite inclusive. And you address our having to prepare for and respond to natural disasters.

I want to go a little bit beyond what you have here. FEMA and HUD, FEMA has as its mission immediate short-term assistance, in as quickly as possible, stay no longer than is necessary, and then HUD, as it relates to housing, HUD becomes the provider of choice.

There has been some question as to when FEMA's aid ends and HUD's begins. There have been, as I understand it, conversations, dialogue has taken place to try to come up with some means by which we can know when FEMA will no longer provide temporary housing and HUD will step in and start to provide the long-term assistance that HUD provides.

Have you looked at this question? And if you have, how are we hopefully going to resolve the question of FEMA temporary, HUD long term, and when they actually end and begin?

Ms. DUKE. Yes, definitely. And Secretary Napolitano is very engaged in this. I mean, the issue—and it was highlighted by Katrina—I mean, FEMA, you talked about having competent in place—FEMA is not in the long-term housing business. It is in the response and recovery, just as you said.

What happened is, temporary housing is only temporary if it is returning to a permanent solution. So if somebody is rebuilding their home, then it is temporary housing.

But in the case of Katrina and some other of the major disasters, there—the people in temporary housing were not returning or had nothing to return to. Either they weren't rebuilding or they didn't have something before the disaster, so there was nothing to return to.

So I think the main thing we are working on is really just—both HUD and DHS agrees there should be a handoff in those cases and really just working out how that can happen seamlessly so that the person needing the housing, the victim of disaster isn't, you know, disadvantaged by the transition.

And how do we define at what point does temporary housing end and when HUD takes over? And it is not necessarily a timeframe. It more has to do with the reasonable expectation?

Mr. GREEN. Conditions.

Ms. DUKE. ——of end to the temporary need versus a more permanent need. And that is what we are working with HUD on now. And I think you will see that continue to be a better relationship.

Mr. GREEN. Well, I thank you for your efforts in this area, because one of the most disenchanting aspects of this is when we find persons who are housed temporarily and they are being told—it always seems to happen this way—right around some significant event or holiday that they are going to have to move and we find ourselves, members, asking for extensions of time.

And to be candid, the FEMA reps have been fairly responsive in granting extensions, but it does create quite a bit of disruption and turmoil in the lives of the people who are trying to gain stability after having suffered a tragedy.

So the appeal, I suppose, is that we do as expeditiously this work as we can so that we don't continue to have people who are uncertain as to what will happen next. If we can just give people a degree of certainty, they will have a degree of confidence. And that degree of confidence will allow them to start to rebuild their lives

in the community that they happen to be in, that the school of choice may be the one that is right nearby, but if you are not going to live in that community very long, then you have to look for another school.

So I thank you for the comments, and my hope is that we can move expeditiously on this point. I sit on, by the way, Financial Services, so I happen to see it from both sides, Homeland dealing with FEMA, Financial Services dealing with HUD.

Ms. DUKE. And I agree. And because every family's situation is unique, Mr. Green, we have added, a little while after Katrina, case services that are almost like social services that we can actually counsel individual families based on their needs and their financial situation and their social situation.

So that, I think, was a huge step on the department's part in terms of the human side of the effects of a disaster on a family.

Mr. GREEN. Mr. Chairman, thank you. My time is expired.

Mr. CARNEY. Thank you, Mr. Green.

Ms. Duke, I had a question on the QHSR. As you know, the review is due in December of this year. And in fiscal year 2009, President Bush's budget requested a total of $1.65 million for the completion of a QHSR. Is the department on target to meet the December completion deadline?

Ms. DUKE. Yes, we are.

Mr. CARNEY. Okay. That is heartening. Is it going to be, from your perspective, a thorough, complete review? Or is it going to be more skeletal, as it was explained to us about a year ago?

Ms. DUKE. I think it is going to be a complete review from purposes of base-lining, mission alignment. What we did choose—there was kind of a two paths to go with variance in both. One is to try to solve world hunger, which would mean working out a lot of interagency-type work. And, you know, the department made the decision that we have—we want to get our own house in order from a mission alignment standpoint first.

So the QHSR is very comprehensive from a DHS perspective, but it does not go out—because it would probably add 2 years to it—to the really broader scope of federal alignment based on, you know, the interactions. So it does do the touch points, but we are looking forward to doing this step of DHS mission alignment and then, in the next one, even broadening it more to the interagency, which I think is critical.

Mr. CARNEY. Well, I agree 100 percent on that. I look forward to reading the report, in any case.

Finally, I do want to return back to the data centers and certainly the physical location of those tanks. It is a huge concern of mine and almost anybody who has seen it. Please—you can do, give us a plan on how we are going to mitigate that. We could have an enormous crisis on our hands if we don't get that taken care of soon.

And if we caught you flat-footed on that one, I apologize. It is just something that has been a concern, and we really have to get that taken care of, either moving the tanks or relocating the center, whatever we have to do to secure that building.

Ms. DUKE. I will get back to you with that. And I apologize, I don't have an answer for you right now.

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Mr. CARNEY. Okay, well, seeing as I am the only one left, and I have no more questions, we will adjourn here in a moment. But we do have more questions, and I imagine we will. We will give them to you and expect an expeditious return in writing.

Thanks for everything you have done. And, you know, we look forward to working with you for years to come.

Ms. DUKE. Thank you, Mr. Chairman.

Mr. CARNEY. The committee stands adjourned.

[Whereupon, at 10:56 a.m., the subcommittee was adjourned.]

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A P P E N D I X

Questions and Responses

Questions from the Honorable Bennie G. Thompson, Chairman, Committee on Homeland Security

Responses from The Honorable Elaine C. Duke, Under Secretary for Management

Question 1.: Last week, Secretary Napolitano announced that the Department reached its second Efficiency Review milestone. According to her announcement, effectively immediately, all of the Department's professional services contracts exceeding one million dollars will undergo a mandatory review before a new contract is awarded or an existing contract is renewed. **When is this review scheduled to be complete and how will the Department use the results of the review to help formulate new acquisition polices?**

Will the Efficiency Review include an assessment of large contracts to determine if they are efficient and consider unbundling large inefficient contracts to provide more opportunities for small, minority, and disadvantaged businesses?

Response: The Workforce Assessment initiative is a focused effort to review the balance between in-house and contract DHS resources. The desired end result of the initiative on Workforce Assessments is to ensure that DHS operates in the most economical and efficient manner possible, seeks the appropriate balance of Federal and contract employees, and ensures that our contracts do not inappropriately include functions that must be performed by Federal employees. This efficiency initiative is not designed to assess large contracts to determine if they are efficient or to consider bundling issues with contracts.

DHS has taken a number of significant actions to ensure competition. This includes putting controls in place for the SBA to review all DHS proposed contract actions over $2 million for bundling; further, for upcoming procurements including those to be re-competed and those reviewed as part of the efficiency initiative, DHS will conduct market research to determine which projects can be set-aside for small, minority, and disadvantaged businesses in accordance with FAR 19.5, 19.8, 19.13, and 19.14 and our small business review policy.

As part of the Department's efforts to achieve that end result, all professional services, as well as administrative and management support contracts with an annual value in excess of $1µmillion are now required to be reviewed by the Head of the Contracting Activity, and such contracts with an annual value in excess of $50 million must be reviewed by the Chief Procurement Officer. The purpose of the review is to assure that these contracts do not include inherently or nearly inherently governmental requirements, personal services, or impact core functions that must be performed by federal employees.

Question 2.: The Department has already received approximately $1.2 billion for its Data Center consolidation and the FY 2010 budget requests an additional $200 million. The Data Centers located in Clarkesville, VA is expected to be contract-owned and contract-run. **Given the sensitive nature of the Data Center's contents and the importance of its upkeep, why did the Department choose to contract out this facility?**

Response: The Department has not received $1.2B for Data Center consolidation. The Department has received a total of $253.4M toward this effort, broken down in the following manner:

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DHS Data Center Migration Funding

Fiscal Year	Total Funding	
	Appropriated to DHS HQ	Appropriated to DHS Components
FY 2007	$53M	$0
FY 2008	$72.3M	$0M
FY 2009	$46.1M	$82M

The conference report accompanying the 2007 DHS appropriation bill (House Report 109–699) offered the following guidance in how DHS should acquire the second data center services

To provide for continuity of operations and fulfill back-up requirements, the conferees direct the secondary facility and infrastructure be at a separate remote location and the site selection be conducted in a fair and open evaluation process."

DHS chose to enter into a contract for a complete data center managed service with a focus on the technology service elements, but also inclusive of necessary hosting support. This strategy places more emphasis on the needed outcomes for data center consolidation and operation. Use of a contract for managed services offered the following benefits

- Entailed a fair, open and competitive process in keeping with Congressional guidance.
- Hosting at a contractor owned and operated facility is provided as an element of the technology service offerings, eliminating the need for traditional and lengthy Federal facility acquisition process through the General Services Administration.
- Decreases financial risk, as DHS pays for managed services only as required.
- Provides for migration services.
- Provides for technology refreshment as an element of the service.
- Provides for "cloud-like" services such as Infrastructure as a Service, Platform as a Service and virtualization.
- Allows for sole occupancy by DHS. Contract terms require the facility to be dedicated to DHS and no other tenants.
- All security features and processes defined by DHS under the terms of the contract.
- Addresses contract exit strategy through an option to negotiate a sale or lease of the facility.

Oversight

Data Center 2 (DC2) is contractor-owned and contractor-operated, however the Government retains sufficient oversight of the Center and its operations through the following processes:

- Government personnel are assigned for onsite oversight of DC2 operations
- Government personnel conduct Quality Assurance Surveillance Plan (QASP) inspections to provide oversight and assurance of all physical and operational areas:
  - Network Services
  - Physical Facilities and Services
  - Security Services
  - Other support areas (e.g. Installation of equipment)

DHS Security Team provide final approval to initiate work at DC2 for all onsite contract support personnel

DHS HQ staff work to verify, track, and monitor all invoices and financial matters relevant to DC2

Question: How will the funds in the budget be allocated?
Response: The funds in the budget will be allocated as follows:

Component	OMB Approved	Elements of Migration
CBP	$38.65	10% of Production System Racks to Migrate..

Component	OMB Approved	Elements of Migration
HQ DC	$58.80	Stennis and EDS Upgrades and O&M..
FEMA	$7.90	All systems out of Denton, Texas and Northern Virginia DC..
FLETC	$6.00	100% Migration..
ICE	$33.85	100% out of Dallas, Rockville, Broomfield & Oak Ridge. 25% out of ICE HQ..
NPPD (NCSD/NCPS)	$10.00	Implement Data Replication and Production Environment at EDS..
NPPD (US—Visit)	$0.00	Migrate 100% of DOJ Dallas; Start migration of DOJ Rockville..
TSA	$11.40	50% of Atlantic City Data Centers, 5% of HQ.
USCG	$22.40	17% of USCG's Operations Center will migrate..
USCIS	$11.00	CIS will migrate 50% out of Dallas and Rockville. 0% of Manassas (Verizon)..
TOTAL	$200.00	.

Question 3.: Unfortunately, the Committee continues to receive complaints regarding the long delays that occur with respect to adjudicating EEO Complaints. **To your knowledge, will any CRCL funds be used to improve the Department's EEO process?**

Response: The President's Budget for FY 2010 includes funding to support DHS EEO Programs and Diversity activities. CRCL intends to dedicate nine positions requested in the President's Budget to support CRCL's expanded efforts to identify and eliminate barriers to EEO, including promoting standardized EEO and Diversity Programs policies and practices throughout the Department. These positions will enable CRCL to more effectively: promote proactive measures throughout the Department to avoid EEO complaints (thereby reducing the EEO complaint inventory and enabling increased efficiency in processing current complaints); improve the processing of EEO complaints prior to adjudication (to lower average processing time of EEO counseling, EEO complaint acceptances, and EEO investigations); and to recruit additional staff to adjudicate EEO complaints.

Question 4.: Although the Department recently received $200 million for the DHS Headquarters Consolidation, that money was part of the American Recovery & Reinvestment Act stimulus funds. The FY 2010 budget, only requests $75 million for the consolidation effort, which is not scheduled for completion until 2016. **If Congress chose to increase funding to accelerate the schedule, what funding amount would be sufficient? Will the Department's capacity allow for an acceleration of the schedule?**

Response: The $75 million requested in the FY 2010 budget is to commence the equally critical mission support consolidation effort for those functions/occupancies that do not relocate to St. Elizabeths. Currently DHS and Component headquarters functions are housed in over 40 locations. Our plan proposes to reduce the total number of locations down to about eight, including federal space at St. Elizabeths, the Nebraska Avenue Complex, the U.S. Secret Service building, and the Ronald Reagan Office Building. Additionally, we plan to retain two long term leases currently housing TSA and ICE. Our remaining requirements for mission support and projected growth would then be accommodated in two long term lease locations. A prospectus to begin this mission support consolidation effort will be submitted to the Congress in the near future. This plan addresses our critical need for a consolidated headquarters and also addresses our future needs for the growth and evolution of the department.

On a macro level, the schedule for the mission support consolidation is tied to the occupancy schedule of functions relocating to St. Elizabeths. As mission execution functions move out of their existing locations to St. Elizabeths, remaining mission

occupancies can be transitioned to a final mission support consolidation location and the existing lease(s) terminated. Accordingly, with the final moves to St. Elizabeths scheduled for FY 2016, the mission support functions would move at that time as well to minimize vacancy risk to the Federal Government and align with lease expirations. On a micro level, it is possible to accelerate the mission support migration unilaterally or in conjunction with an acceleration of the St. Elizabeths development completion.

While it is possible to accelerate the mission support consolidation independent of the St. Elizabeths development, the Federal Government via GSA would assume additional vacancy risk and the lease locations would remain until the mission execution functions moved to St. Elizabeths.

Acceleration of the mission support consolidation in conjunction with an acceleration of the St. Elizabeths development presents additional challenges as well as opportunities.

The amount of funding to accelerate the mission support consolidation is $251 million. If this funding were received in FY2010 DHS would have the capacity to utilize the majority of the accelerated funding within the FY 2010 and the balance within FY2011, which is why we have requested these funds be identified as no year funds as in previous requests.

The Department appreciates the strong support received from the Congress in the FY 2009 appropriation and the American Recovery and Reinvestment Act for the DHS Consolidated Headquarters development at St. Elizabeths. The funds provided will allow construction of Phase 1, U.S. Coast Guard Headquarters to include the new 1.1 million gross square feet office building and the renovation of certain historic buildings for shared use services such as a cafeteria, fitness center, etc. The funding also allows design to commence the follow-on phases (Phases 2 and 3) and GSA is in the process of getting these contracts initiated.

The acceleration of St. Elizabeths funding would have no impact on Phase 1 completion currently planned for FY 2013 as construction funding has already been provided and GSA is poised to achieve an FY 2009 award for a Design-Build Bridging contract. It will take all of FY 2010 to advance the designs for Phase 2 (DHS HQ, FEMA and the NOC/Collocation of Component Operations Centers) and Phase 3 (Remaining components) to a point where GSA will be in a position to award construction contracts for the future phases.

We understand that the funding for this project competes with other priorities within the department and the Administration's overall budget priorities and believe the current phasing provides the right balance of consultation and execution to effectively and efficiently complete the development.

Should construction funding for the remaining phases be provided in FY 2010, it is questionable as to whether a contract could be awarded during FY 2010. However, with the remaining St. Elizabeths funding in hand, it is possible to award a construction contract for the remaining development in FY 2011 that has the potential to reduce the total development by up to one year (FY 2015).

Question 5.: There is a shortage of acquisition personnel throughout the Federal Government and the Department has not been spared from this fate. As a result, the budget for the Office of Procurement seeks to increase FTEs for the DHS Intern program from 100 to 150. However, our Committee oversight has revealed that the greatest need for acquisition personnel is at the mid and senior level.

How will the Department use funds from the budget to address the lack of journeyman level acquisition personnel?

Response: Fifty additional FTE's for FY–2010 was requested for the Acquisition Professional Career Program (APCP) (aka DHS Acquisition Intern Program) to continue the build up to a full compliment of 300 participants (100 annually) required to meet the Department's entry level accession plans.

To address the mid-career recruitment issues, the Office of the Chief Procurement Officer (OCPO) is exploring several courses of actions. The first is building a business case to recruit from non-traditional mid career sources, such as purchasing agents and purchasing clerks that have recently been laid off from private industry due to the economic downturn. The business case looks at the total cost of hiring individuals with purchasing experience outside the federal sector and training them up quickly in the particulars that result from federal processes, laws and regulations. Additionally, the Department has partnered with the Federal Acquisition Institute on a mid-career recruiting initiative that hopes to bring fresh ideas on targeted pools of candidates and resources and flexibilities in hiring available to government agencies. The Department is also attempting to identify mid-career recruits from within the employee ranks in other jobs series and targeting them to "bridge"

into the procurement profession. All programs are in the concept phase but show great promise.

To address the senior level shortages, the Office of the Chief Procurement Officer continues to appropriately encourage the use of the re-employed annuitant authority and will continue to centrally advertise in professional trade magazines for efficiency. Additionally, OCPO has employed a central recruitment strategy for senior level and hard to fill vacancies by hiring a recruitment coordinator dedicated to working with the Heads of Contracting and Level I Program Managers to identify personnel requirements and hard to fill vacancies. In coordination with the human resource specialists, the coordinator will employ innovative techniques and use recruiting technology tools to assist in filling these senior level positions.

Question 6.: The budget includes a $3.1 million request for the implementation of a department-wide contract records management system. The budget requests two FTEs to implement this system Department-wide. I am concerned about whether the requested personnel increase is sufficient. **Please explain how the Department plans to achieve this important goal with such a small staff allocation.**

Response: The additional 2 FTE/3Postions requested for the Electronic Records Management System (ERMS), will provide the Program Office with adequate FTE to support the initial activities of the ERMS project. We anticipate this to be sufficient for the first year, however based on the complexity of the project and the significant change management plan that will be needed, additional FTE's may be requested in future year budget requests.

In addition, DHS HQ is also working with all Components to identify the appropriate number of FTE needed to rollout and sustain the ERMS effort department wide. It is estimated through the synergistic effort of all Components and the DHS HQ office, a total of 25 FTE will be realized through the lifecycle of the ERMS program.

Question 7.: There is an $8 million request for the Privacy Office. This is only $1.2 million over the FY09 enacted amount of $6.8 million. Given the FOIA backlog, amount of training done by the office, and the number of reports the office produces, please explain how this minimal increase will allow the Office meet its obligations?

The budget request for the Privacy Office asks for an increase of 2 FTE. **Please explain why an office that is involved in training throughout each DHS component, drafting quarterly reports, conducting privacy impact assessments, and providing training to fusion centers would only need an increase of 2 full time employees? Please explain why this office was not provided with more than 2 FTEs and how, in light of this allocation, it will adequately complete its mission?**

Response: In FY10, the Privacy Office is requesting $7.9M. This is an increase of nearly 50% above its 2008 expenditures. The Privacy Office is using much of this increase to hire new professional staff: between now and the end of FY10, the Privacy Office anticipates hiring seven additional full-time, Federal employees. This will bring the total complement for the privacy and FOIA functions to 36 FTE, in addition to some minimal contractor support.

I am confident that this budget and workforce level will permit the Privacy Office to complete its statutory responsibilities to the highest standards. The Department has already shown remarkable progress in reducing the FOIA backlog, and the Privacy Office's FOIA staff is adequately staffed to provide the guidance necessary to assist the components to further reduce and ultimately clear the FOIA backlog. The quarterly reporting is now fully integrated into the Privacy Office's routine. The next annual report, moreover, will be both timely and thorough. Finally, the Privacy Office continues to meet all its statutory obligations to provide training. Inside the Department, the Privacy Office coordinates training efforts closely with DHS' component privacy officers and privacy points of contact; while they are not formally part of the Privacy Office budget, they extend the reach of the office throughout the Department. Where appropriate, the office further leverages its relationships with other Federal partners: for the fusion centers, for example, the Privacy Office has partnered with the DHS Office for Civil for Civil Rights and Civil Liberties, the Department of Justice's Bureau of Justice Assistance, and ODNI's Program Manager for the Information Sharing Environment. Together, they are developing and providing training required under the 9/11 Commission Act for both I&A analysts as well as for State and local fusion center representatives.

The Privacy Office currently achieves all these responsibilities while setting the bar within the Federal Government for it comprehensive compliance program. The addition of seven new employees will only increase their performance.

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Question 8.: According to the Department's Inspector General, GSA offers a shared service solution to federal agencies for a significant portion of HSPD–12 implementation, including card issuance. GSA estimated it would cost the Department approximately $17M to issue cards to each employee, and $7.5M in annual maintenance, if the Department chose to utilize the GSA shared service solution. With these numbers in mind please explain:

How does the Department justify the $25 million request when GSA is offering a solution that they estimate will cost only $17 million?

Response: Initial Department estimates were for 150,000 employees and contractors. However, since that time additional workforce populations have been identified and the Department has hired a significant number of new employees and contractors. The most recent DHS workforce estimate is a total of approximately 250,000 employees and contractors nationwide.

Based on the estimated population of 250,000, an initial issuance ($49) and maintenance ($3 per month *59 months) for the population through GSA would total $56.5 million over a five-year period. [GSA Cost = 250,000 * $226/ea = $56.5 million]

Additionally, GSA issuance would not provide the four PKI certificates that are necessary for backend integration, logical access control system (computer login with Personal Identity Verification (PIV)) or physical access control (use of PIV with facility entry reader) integration.

DHS would still need to develop and maintain its backend identity management system (IDMS) in order to support physical access control and logical access control validation and interoperability. Recent OMB guidance recommends that agencies develop backend IDMS in order to support usage and interoperability of the PIV cards.

The GSA cost estimate also does not include reissuance, which would be required for a significant amount of the workforce due to turnover, lost or damaged cards, and renewals.

Question: What metrics/analyses were used by the Department to determine the $25 million included in the budget for HSPD–12 card issuance?

Response: Please see attached cost analysis spreadsheet.

Attachment

		FY2010 Estimate (135,000 Individuals Badged)		FY2011 Estimate (105,000 Individuals Badged)	
	Unit Cost	Number of Units	Cost	Number of Units	Cost
Qty Additional Personnel Credentialed Per Year		135000 Issuances		105000 Issuances	
Qty Reissuance/Renewal/Damaged/Lost		36250 Reissuances		62500 Reissuances	
Initial Issuance Support and Workstations					
Card Issuance Workstation (CIWS) Lease/Installation/Maintenance	15,672.67	192 Workstations	3,444,947	190 Workstations	3,068,598
Surge Labor Support	$70/$74/$77	60 Contractors	8,169,969	57 Contractors	8,169,969
Surge Labor Support Nationwide Travel	4,216,160.72	For Surge Support	4,216,161	For Surge Support	4,015,391
Program Management Office Support	783,064.61	N/A	783,065	N/A	783,065
Training	2,584.24	150 Sessions	387,636	150 Sessions	387,636
Scheduling Software Hosting and Licensing Fee		For up to 200 Locations	144,716	For up to 200 Locations	144,716
Interfaces Development for Connection to Vetted Databases		3 Interfaces	142,853		

		FY2010 Estimate (135,000 Individuals Badged)		FY2011 Estimate (105,000 Individuals Badged)	
	Unit Cost	Number of Units	Cost	Number of Units	Cost
Issuance Consumables					
PIV Card Stock	13.12	171250 Cards	2,246,800	167500 Cards	2,197,600
Badge Holders	3.00	136000 Badge Holders	408,000	130000 Badge Holders	390,000
Lanyards	1.12	136000 Lanyards	152,320	130000 Lanyards	145,600
Printer Consumables	3.68	For 171250 Cards	630,234	For 167500 Cards	616,434
Annual Enterprise Back-End System Costs Required to Support Technical Solution					
Maintenance of Identity Management System (IDMS)	70,000.00	N/A	70,000	N/A	70,000
Card Management System (CMS)/Identity Management System (IDMS) License Fee	800,000.00	N/A	800,000	N/A	800,000
IDMS Server Hosting	16,634.50	N/A	16,635	N/A	16,635
Treasury Certificate Authority Maintenance Fee	350,000.00	N/A	350,000	N/A	350,000
PKI Support (Treasury Liaison, Registration, Technical Support, PKI Engineering, Policy and Oversight)		4 Contractors	1,008,843	4 Contractors	1,008,843
Communications (VPN) to Support PKI	120,000.00	N/A	120,000	N/A	120,000
Maintenance of IDMS Interface to Certificate Authority		N/A	5,550	N/A	5,744
PKI Certificates and Maintenance	3.20	250000 Identities	1,470,000	250000 Identities	220,000
Maintenance of HQ and Component Interfaces		5 Interfaces	83,522	5 Interfaces	85,529
Logical Access Enterprise Middleware	1.40	250000 Identities	348,750	250000 Identities	348,750
TOTAL			**25,000,000**		**22,944,509**

Question 9.: In early March, this subcommittee held a hearing on the DHS workforce. In that hearing, we received testimony about the benefits of a rotation program that assigns employees to other positions within their components and within the Department to further knowledge, collaboration and leadership skills.

For the record, do you believe this kind of program would benefit the employee and the Department?

Response: Yes. To carry out the Department of Homeland Security (DHS) mission effectively, it is imperative that Departmental offices and Components share a common understanding of DHS goals and how Components contribute to achieve those goals. Rotational assignments provide for better understanding of Department-wide perspectives and facilitate successful interoperability.

Rotations are an integral part of the development of future leaders at DHS and as such, have been built into numerous enterprise-wide programs including: the Department's Senior Executive Service Candidate Development Programs, the DHS

Fellows program, and the DHS National Security Professional Development (NSPD) program.

Further, would any portion of your budget request be allocated to furthering such a program?

Response: Yes. Investing in a Rotational Program that spans the Department is an efficient way to develop and retain strong leadership within the organization. The Chief Human Capital Officer has hired a Program Coordinator to manage the DHS Rotations Program throughout the Department. In addition, by the end of the current Fiscal Year the DHS University Learning and Development website will house a Library of Rotational Assignments .

Question—General Background 10.: The Committee is pleased to see that the Department of Homeland Security (DHS) reached its second major Efficiency Review milestone last week. As part of the Efficiency Review process, Secretary Napolitano issued a mandatory review of all new contracts for professional services. However, the budget request does not specifically identify resources for this effort.

Response—General Background. The Secretary's announcement of the efficiency initiative on Workforce Assessments is one of five initiatives launched on May 26. The Workforce Assessment initiative is a focused effort to review the balance between in-house and contract DHS resources, ensure that DHS operates in the most economical and efficient manner possible, improve contract oversight and ensure that our contracts do not inappropriately include functions that must be performed by federal employees.

As a part of that larger efficiency initiative, DHS now requires that all professional services contracts with an annual value in excess of $1 million will be reviewed by the Heads of the Contracting Activity. In addition, professional services contracts with an estimated annual value in excess of $50 million will be reviewed by the Chief Procurement Officer.

What resources will DHS use to conduct this review?

Response: Existing resources within the Office of the Chief Procurement Officer will be used to conduct this review.

What is the desired programmatic outcome of this review?

Response: The overall intent of this initiative is to ensure DHS operates in the most economical and efficient manner possible. Specifically, DHS will conduct a series of comprehensive assessments of organizational resources to determine the most effective balance of contractor and federal employees, while maintaining appropriate oversight.

The specific purpose of the contract reviews is to assure that any new DHS professional services contracts do not include inherently government functions, personal services, or otherwise adversely affect core capabilities that must be performed by federal employees. The reviews will also assure that there is adequate Government contract oversight of contractor employees and sufficient Federal employees to ensure performance in accordance with the terms of the contract. The larger organizational efficiency and manpower management reviews included in the initiative are being designed, consistent with our human capital resource planning process, to seek the most efficient organization and developmental needs and to then transition to that organization, taking into account the total workforce, existing gaps and weaknesses, economies and efficiencies.

Do you anticipate cost savings as a result of the review, and if so, how much?

Response: We do anticipate significant savings. While the Department cannot quantify the exact performance improvements or operational cost savings that will be realized, DHS is working with OMB, as a member of its Multi-Sector Working Group, to develop Workforce Assessment performance and cost metrics and anticipates that the overall Workforce Assessment initiative will yield significant cost savings. These savings will be achieved by employing the most efficient and effective balance of Federal employees and contractor requirements. OMB's June 11, 2009 FY 2011 budget guidance requires agencies to (a) freeze at the FY 2010 request level (if the FY 2010 budget request is lower than the FY 2011 amount in the FY 2010 Budget) and (b) achieve a 5 percent reduction from the FY 2011 level in the FY 2010 Budget. In conjunction with the reviews of contracts included in the DHS Workforce Assessments, the 5 percent reduction should reduce contract spending by ending contracts that are inappropriate, ineffective, wasteful, or not otherwise likely to meet the agency's needs, and by using strengthened acquisition oversight practices and resources.

Question 11.: The Department's HSPD–12 implementation process has been significantly delayed in the past. In fact, the Department has never once met one of the Federal government-mandated deadlines.

Response: The Department has met Federal government-mandated HSPD–12 deadlines set forth by OMB:

Date	Agency Action
8/26/05	Provided list of other potential uses of Standard to OMB.
10/27/05	Complied with FIPS 201, Part 1.
10/27/06	Began compliance with FIPS 201, Part 2.
10/27/07	Verified and/or completed background investigations for current employees and contractors.
10/27/08	Completed background investigations for Federal department or agency employees employed over 15 years.

Additionally, before beginning card issuance, DHS spent the time necessary to develop the technology required to support the DHS PIV cards. This technical solution will enable the DHS PIV cards to be used for physical and logical access and will allow the cards to be electronically validated in real time.

Will the current budget request allow the Department to get back on track?

Response: The current budget request will allow the Department to remain on track to complete issuance of badges to approximately 150,000 by 2010. However, the Department will require additional resources in fiscal year 2011 to complete the badge issuance to the remaining Department personnel, which is currently estimated to be an additional 105,000.

How does establishing a separate line-item request for HSPD–12 assist the Department in its efforts?

Response: The $25 million will provide a unified and collaborative DHS-wide effort through a Component-supported, centrally managed deployment approach to HSPD–12. This will help gain significant economies of scale by reducing overall program cost through the use of shared resources and coordinated planning across components. Central management and execution of this program is expected to save $20M in the initial issuance of HSPD–12 cards. It will also support the establishment of a performance-based acquisition strategy that enables the Department to meet DHS and OMB milestones and timelines.

Question 12.: Has the Department conducted any investigations or analysis of the potential privacy and civil liberties liabilities posed by the implementation of HSPD–12? If so, what steps have the department taken to mitigate privacy-related concerns?

Response: Since the issuance of HSPD–12, the DHS Privacy Office has worked closely with the Office of Security to ensure the directive is implemented in a manner that respects privacy.

On October 13, 2006, the Department published an initial Privacy Impact Assessment (PIA) entitled "Personal Identity Verification," (PIV) which assessed DHS's "role in the collection and management of personally identifiable information (PII) for the purpose of issuing credentials to meet the requirements of HSPD–12." It examined the Department's efforts to comply with credentialing standards created by the National Institute for Standards and Technology related to privacy.

That PIA concluded that substantial "consideration has been given in establishing the DHS HSPD–12 PIV system to ensure that the system is compliant with applicable E-Government of 2002, Privacy Act of 1974 and Freedom of Information Act provisions, and the PIV Program has worked closely with the DHS Privacy Office and the Chief Information Officer to ensure all requirements have been met in a timely manner."

An update to the initial PIA was signed on April 2, 2009, to, among other things, examine the Department's use of a more robust, second-generation Identity management system for HSPD–12. This new PIA contains analysis and steps the Department has taken to enhance privacy related to (1) the System and the Information Collected and Stored within the System; (2) Uses of the System and the Information; (3) Data Retention; (4) Internal Sharing and Disclosure; (4) External Sharing

and Disclosure; (5) Individual Access, Redress, and Correction; (6) Technical Access and Security; and (7) Technology.

Finally, on June 26, 2009, the Department published an update to the System of Records Notice in the Federal Register (74 FR 30301) entitled "DHS Personal Identity Verification Management System SORNDHS/All-026."

The compliance documents discussed in this response are available to the public online on the DHS Privacy Office's website, www.dhs.gov/privacy.

Question 13.: In reviewing the plan to migrate various components from their current locations to the two established Data Centers it appears as if some components will be 100% transferred from where they are now by the end of FY2010. While I appreciate the quick progression of the project, I have some concerns. The DHS IG has reported several additions to the current capabilities including items such as additional telecommunications circuits, computer floor space and redundant equipment.

What measures are the Department taking to ensure that all of the equipment and Data stored at these facilities is appropriate?

Response: This question appears to be directed towards the questions raised in the recent Office of Inspector General (OIG) report, DHS' Progress in Disaster Recovery Planning for Information Systems.

The OIG's report examined disaster recovery, which the data center consolidation effort is designed to improve. The report indicates that establishment of DHS' two enterprise data centers is significant progress towards improvement; however, the report did not portray a fully accurate picture of the DHS enterprise data centers. Of the seven recommendations contained in the OIG's report, three focused on the data centers.

OIG Recommendation # 1—Provide necessary resources to ensure that the DC1 and DC2 have the connectivity, equipment, and computer room floor space to act as alternate processing sites for each other.

Necessary connectivity existed at the time of the OIG examination, and the situation has improved since. Both the Stennis Data Center (DC1) and the EDS Data Center (DC2) have redundant connections to the DHS wide area network, OneNet. Both DC1 and DC2 have redundant connections to the Internet. The two centers have long been interconnected by virtue of their OneNet connections and have ample capacity for current inter-center communications. Nonetheless, DHS has installed a high-speed link between the centers in anticipation of greater center-to-center communications. Installation of that link was ongoing at the time of the OIG's information collection.

Floor space at both centers is adequate for projected needs. During the course of detailed, on-site discovery efforts at older data centers targeted for consolidation, DHS CIO found a much lower use of space than earlier data calls revealed. Two examples of this trend are the space used by several elements of DHS at the Department of Justice data centers and space used by the Transportation Security Agency at their older data center. In both these cases, actual floor space consumed was approximately 25% of original estimates. Consequently, space at DC1 and DC2 is adequate.

OIG report indicates agreement with DHS CIO concerning both the connectivity and space issue. Specifically, "These recommendations will be considered resolved."

OIG Recommendation # 2—Provide redundancy to eliminate reported power and telecommunications single points of failure at DC1

DC1 was constructed with modern backup power systems consisting of an uninterruptible power supply (batteries), diesel generators and automatic switching systems to invoke the backup capability in the event of a failure in utility power. This capability is routinely tested, and was fully and successfully demonstrated during Hurricane Gustav. There are, however, essential power capacity improvements needed at DC1. A large percentage of the funds requested for the DHS CIO under Security Activities are for these power improvements. Thus, support of the President's budget is fully consistent with the OIG report. The NASA Stennis Space Center, on which DC1 resides, did indeed have a telecommunications redundancy shortcoming revealed during Hurricane Katrina. Specifically, both the telecommunications routes serving the facility were impacted by the storm. Subsequently, NASA established a new tertiary northbound telecommunications route that would be impervious to the kinds of disruptions that a worst-case scenario, such as Hurricane Katrina, might present. DHS has made full use of this northbound route for redundant telecommunications services.

Again, OIG report indicates agreement with DHS CIO. Specifically, "These recommendations will be considered resolved."

Recommendation # 6—Re-perform risk assessments at DC1 and DC2 and continue to do so whenever there has been a significant change to the system configuration or the operating environment.

DHS undertook thorough due diligence in examining risk at both DC1 and DC2. Prior to commencing operations at DC1, the Federal Protective Service undertook a risk assessment with positive results. The Navy examined the facility and certified it for processing of sensitive information. DC2, as a contractor owned facility was not subject to an examination by the Federal Protective Service. However, the DHS Office Security had dedicated participation on the evaluation team that reviewed contractor proposals for DC2, fully supporting the selection. Furthermore, the DHS Office of Security conducted a comprehensive on-site review of DC2 security conditions. DC2 received support from the Defense Security Service for processing of sensitive information at the facility.

A number of the specific circumstances cited in the OIG's report were not representative of the full context of industry practices or facility history. For many years, the Stennis Space Center has been home to a number of computer processing centers for other agencies with demonstrable reliability and safety. The facility DHS occupies at the Stennis Space Center did undergo an environmental study with favorable findings. Hurricane Katrina tested the facility's readiness in the most stringent possible way. Only telecommunications was found lacking and that has been resolved as indicated above. Fencing at DC1 is a desired improvement and funds to do so are in the President's budget. DC2 fuel tanks are in proximity to the diesel generators that they serve, which, in turn, are in proximity to the facility to which they provide backup power. This is the common industry practice for data center facility generator installation and the tanks are constructed with a variety of safety features. DC2 fire suppression does use water, which is not an uncommon industry practice. The DC2 fire suppression system is a dry-pipe system that requires two-stage activation. Risk in this regard is further mitigated through a comprehensive smoke detection system.

DHS will undertake renewed risk assessments periodically and as environmental circumstances dictate.

The Department has already entered into two multi-year contracts totaling over $1 billion for Data Center consolidation, shouldn't these items have been dealt with in the initial contract?

Response: As outlined in the text above, telecommunications circuits, computer floor space and redundant equipment issues raised in the OIG report were all considered during the acquisition and implementation phases for data center services. DHS did undertake significant due diligence to verify that these concerns were addressed.

Question 14.: President Obama's budget request for the Department of Homeland Security includes only $75 million for the Headquarters Consolidation Project. According to the budget justification, none of this funding will be used for the St. Elizabeths portion of the project. Instead, this funding will be used to consolidate expiring leases around the National Capital Region. The American Recovery and Reinvestment Act included a sizable amount ($650 million) of funding for the St. Elizabeths project, an amount nearly equaling what would have been the President's Fiscal Year 2010 request.

Please explain why the FY10 budget request does not include additional construction funding for the St. Elizabeths project.

Response: The department is grateful for the generous level of funding provided by the Congress in the Fiscal Year (FY) 2009 appropriation and the American Recovery and Reinvestment Act (ARRA). We understand that the funding for this project competes with other programs within the department and the Administration's overall budget priorities.

The provided funds will be used to construct St. Elizabeths (St. E's) Phase 1, the United States Coast Guard Headquarters (USCG), a new 1.1 million gross square feet office building plus the renovation of selected historic buildings that will be adaptively restored for shared use services such as a cafeteria and fitness center. The funding also allows the design to begin for follow-on phases 2 (DHS HQ, FEMA and the NOC/Collocation of Component Operations Centers) and 3 (Remaining components).

It will take all of FY 2010 to advance the designs for Phase 2 and 3 to a point where the General Services Administration (GSA) can award construction contracts for these phases. Consequently, we did not request construction funding for Phases

2 and 3 in the FY 2010 budget because we will not be in a position to execute these funds in the year they are appropriated.

If the funding in the American Recovery and Reinvestment Act is truly meant to be stimulative, shouldn't the FY10 budget include additional funding for construction at St. Elizabeths?

Response: The ARRA brought the FY 2010 request for St. E's forward into FY 2009 aligning the funding with the planned schedule to produce the stimulating effect the Act intended. Given the time necessary to develop and advance the designs for Phases 2 and 3 to a point where construction contracts can be awarded additional funding can not be used during FY 2010. Since GSA is responsible for construction/renovation of the "warm lit shell" of the buildings and DHS is required to fund the tenant improvements (TI), any additional funding for construction at St. E's would need to be provided to GSA.

By not including additional funding for St. Elizabeths in the FY10 budget, is the President using the stimulus to "rob Peter to pay Paul?"

Response: Not including additional funding for St. E's in the FY 2010 budget is not robbing Peter to pay Paul. The ARRA brought the FY 2010 request for St. E's forward into FY 2009 aligning the funding with the planned schedule. Given the time necessary to develop and advance the designs for Phases 2 and 3 to a point where construction contracts can be awarded additional funding can not be used during FY 2010.

Why is the FY10 request focused solely on lease consolidation?

Response: The $75 million requested in the FY 2010 budget is to commence the equally critical mission support consolidation effort for those functions/occupancies that do not relocate to St. Elizabeths. Currently DHS and Component headquarters functions are housed in over 40 locations. Our plan proposes to reduce the total number of locations to about eight, including federal space at St. Elizabeths, the Nebraska Avenue Complex, the U.S. Secret Service building, and the Ronald Reagan Office Building. Additionally, we plan to retain two long term leases currently housing TSA and ICE. Our remaining requirements for mission support and projected growth would then be accommodated in two long term lease locations. A prospectus to begin this mission support consolidation effort will be submitted to the Congress in the near future. This plan addresses our critical need for a consolidated headquarters and also addresses our future needs for the growth and evolution of the department.

The funds already provided will be used to construct St. Elizabeths (St. E's) Phase 1, the USCG HQ plus the renovation of selected historic buildings that will be adaptively restored for shared use services such as a cafeteria and fitness center. The funding also allows the design to commence for follow-on phases 2 (DHS HQ, FEMA and the NOC/Collocation of Component Operations Centers) and 3 (Remaining components).

It will take all of FY 2010 to advance the designs for Phase 2 and 3 to a point where the General Services Administration (GSA) can award construction contracts for these phases. Consequently, we did not request construction funding for Phases 2 and 3 in the FY 2010 budget because we will not be in a position to execute these funds in the year they are appropriated.

Wouldn't the inclusion of additional money for St. Elizabeths in the FY10 budget accelerate the project by up to one year, saving additional taxpayer dollars in the out years and advancing the priority of fostering a "One DHS" culture?

Response: The inclusion of additional money for St. E's in the FY10 budget will not advance Phase 1 completion which is currently planned for FY 2013 because construction funding has already been provided. GSA will award the Design-Build Bridging contract in FY 2009. It will take all of FY 2010 to advance the designs for Phase 2 (DHS HQ, FEMA and the NOC/Collocation of Component Operations Centers) and Phase 3 (Remaining components) to a point where GSA will be in a position to award construction contracts for these phases.

Should construction funding for the remaining phases be provided in FY 2010, it is questionable as to whether a contract could be awarded during FY 2010. However, with the remaining St. Elizabeths funding in hand, it is possible to award a construction contract for the remaining development in FY 2011 that has the potential to reduce the total development by up to one year (FY 2015).

Given the National Historic Landmark (NHL) status of the campus, the current phasing provides the right balance of consultation and execution to effectively and efficiently complete the development.

Question 15.: Are you comfortable with the level of cooperation between DHS and the General Services Administration on the St. Elizabeths project?

Are there specific areas that need attention or improvement to which Congress should pay particular attention to avoid missteps or cost overruns?

DHS is comfortable with the level of cooperation from the General Services Administration (GSA) for the St. Elizabeths program. When the St. Elizabeths program moved from the planning to the execution phase, GSA National Capital Region (NRC) assigned a Deputy Regional Commissioner to lead the St. Elizabeths development. The individual assigned brings a wealth of experience to this program from his experience as the GSA Project Executive for design and construction of the FDA White Oak Campus development. He demonstrates a keen understanding of the complexities associated with the St. Elizabeths program and displays a customer focused no-nonsense approach toward scope, schedule and budget accountability. The DHS Program Management team and the GSA team, led by the Deputy Regional Commissioner, executed a partnering agreement that ensures both parties agree to work together to achieve a successful program delivering the scope on schedule and within budget.

DHS does not have any specific areas that need attention or improvement from Congress at this juncture and we will provide you with updates and status reports to keep you apprised of the programs progress. We will immediately notify Congress if a situation arises that requires particular attention to avoid missteps or cost overruns.

Question 16.: The budget includes $25 million for the Department to meet the mandate to issue HSPD–12 compliant identification cards by October 2010.

Please discuss the Department's progress to date in meeting this requirement.

Response: The Department has developed a scalable technical solution that will support nationwide deployment. DHS has established a centralized Identity Management System (IDMS) that consolidates PIV-related information and will support interoperable usage of the PIV cards across the Department. This system is required in order to support real-time validation of PIV card information.

To date, the Department is in the process of completing issuance to the approximately 10,000 personnel at DHS Headquarters, and is on track to complete this by September. Additionally, the Department has established several pilot issuance location at Component Headquarters facilities. DHS is continuing to roll-out PIV card capabilities at the Component level and, based on FY10 funding, will be able to continue to do so on a larger scale.

For what will the FY10 funding be used?

Response: The $25 million will provide support for a centralized approach to HSPD–12 implementation to include:

- Initial DHS PIV card issuance effort
- Initial quantities of card stock, badge holders, and consumables
- PKI certificates for the Department
- Managing the back-end IDMS and infrastructure
- Providing guidance and coordination for DHS-wide centralized deployment efforts

Will the Department be able to meet the October 2010 deadline?

Response: The Department will be able to complete PIV card issuance to approximately 150,000 employees and contractors, i.e., the majority of the estimated DHS workforce. The Department will need to complete badging for the remaining estimated 105,000 employees and contractors in fiscal year 2011. It is important to note that the initial estimates for the employee population at DHS were approximately 150,000; however, further data calls and growth of the Department have resulted in larger employee numbers and estimates for contractor numbers.

Question 17.: Through its HR Access Program, the Transportation Security Administration (TSA) has developed an online "Candidate Dashboard" to allow potential Transportation Security Officers to track the status of their application. According to TSA, this has served to give candidates a better understanding and expectation of the hiring timeline while also eliminating frequent calls to TSA's personnel helpdesk and to the airports.

As you work to develop ways to streamline the hiring process at DHS, have you considered implementing a tool such as the "Candidate Dashboard" to make the process a little more user friendly?

What other initiatives do you plan to implement to prevent talented and motivated people from slipping away due to the lengthy and complicated Federal hiring process?

Response: Modernization of our hiring process is one of the top human capital priorities of DHS. The TSA Candidate Dashboard is an interim solution that provides status visibility to many applicants. DHS will deploy an enterprise staffing solution that streamlines the application process, provides real time status, and provides hiring officials more control over the hiring process. This solution will surpass the guidance included in the latest OMB directive regarding modernization of the federal hiring process.

In 2008, DHS began the enterprise-wide implementation of a modern, automated end-to-end hiring system that not only provides applicants real time status of their application, but also allows prospective DHS employees to apply from any commercial job board or social networking site that DHS utilizes, in addition to USAJobs. We call this system "TALENTLink." TALENTLink is part of the DHS enterprise-wide Human Resources Modernization Strategy and was selected by a diverse team of subject matter experts from across the Department.

Rather than focus on one segment of DHS employees, TALENTLink allows all applicants from outside or within the government to easily and quickly apply for DHS jobs via a streamlined process. This approach enables a broad basis from which to attract the best talent to DHS. The TALENTLink system and supporting processes are fully OPM compliant and provide immediate and ongoing communication with the candidate on the status of their application. TALENTLink is interactive and provides visibility, accountability, and comprehensive help desk support throughout the entire hiring process for managers, recruiters, and applicants.

We will eliminate outdated manual HR processes and replace expensive fragmented HR systems across DHS with TALENTLink, the integrated departmental hiring system, which dramatically increases efficiency, improves the quality of hires, elevates the DHS brand as an employer of choice, and reduces operational costs by a minimum of 45%.

DHS has implemented several innovative initiatives to assist applicants and hiring managers in navigating the federal hiring process by:

- Eliminating the requirement for applicants to write cumbersome "essays" on knowledge, skills, and abilities when applying for DHS jobs;
- Streamlining the recruitment and selection process for Senior Executive Service positions;
- Standardizing vacancy announcements by using plain language terminology to the extent possible;
- Allowing Veterans to submit appropriate documentation in lieu of a Form DD–214 when a Veteran is on terminal leave. (A time when they can apply for jobs but have not yet been issued a DD–214);
- Developing a streamlined "EZ" Job Application Form for collecting applications at job fairs; and
- Coordinating DHS wide hiring efforts through Human Capital Council members.

Question 18.: The American Recovery and Reinvestment Act (stimulus) provided more than $2.7 billion to the Department and its components.

Please discuss efforts underway within the Management Directorate, be it through your office, the Office of the Chief Financial Officer, or the Office of the Chief Procurement Officer, to ensure that there is appropriate oversight of how this funding is distributed.

Response: DHS Management, the Office of Inspector General (OIG), and the Government Accountability Office (GAO) have identified management challenges that DHS must mitigate to effectively manage Recovery Act funds. DHS is currently implementing corrective actions to address identified risks across DHS, as outlined in the *FY 2009 DHS Internal Control Playbook.* To mitigate risks and remediate known deficiencies, DHS is implementing the following key strategies:

Acquisition Management:

- The DHS Acquisition Review Board (ARB) is the forum through which Department executives assess a program's progress against defined management criteria throughout the acquisition lifecycle, bring essential issues to the Acquisition Decision Authority (ADA), and recommend decisions and courses of action to the ADA, who exercises final ARB decision authority. All Recovery Act initiatives are undergoing a review by the Under Secretary for Management's Senior Management Council using a "Mini-ARB" format. The purpose of the Mini-ARBs is for the program or Component to provide an accounting of how the ARRA funds are being used independent of or within existing programs and to

provide a briefing on the impact of the influx of ARRA funds to an existing program baseline in terms of cost, schedule, performance and scope changes. The program also reports on the procurement strategy and plan for the ARRA funding and addresses the Accountability Measures as tracked by the Administration. The review, authorizations, and action items are documented in an Acquisition Decision Memorandum (ADM).

• OCPO will perform special procurement oversight reviews of contracts that were awarded using ARRA funds. OCPO will selectively identify approximately ten of the largest DHS contracts funded with ARRA funds for review, and will also include a statistical sample of all other DHS contracts funded with ARRA for review. The reviews will focus on compliance with: (a) all ARRA procurement-related requirements; (b) key requirements of the Federal Acquisition Regulation, Homeland Security Acquisition Regulation, and Homeland Security Acquisition Manual; and (c) good business practices. The first review will be initiated during the first quarter of Fiscal Year 2010, with subsequent review(s) performed based on the findings of the first review as well as the rate of subsequent DHS expenditures of ARRA funds.

• To ensure that DHS contracting personnel understand the special requirements that apply to use of Recovery Act funds, the Chief Procurement Officer issued transmittal memoranda highlighting key aspects of Office of Management and Budget guidance (initial and updated). OCPO also issued Advisories explaining how to implement the unique Federal Acquisition Regulation requirements and provided two training sessions for contracting personnel assigned to Recovery Act procurements.

• In order to track progress on solicitation milestones and accomplishment of the Department's targets for competition and fixed price contract awards, the Senior Accountable Official solicits and compiles information from Component operational offices for each planned Recovery Act solicitation and interagency agreement (IAA). This information includes the contract type, level of competition, estimated dollar value of the solicitation, and whether each contract awarded by the Component or by the servicing agency receiving the IAA will be a fixed-price contract. Upon receipt, the Senior Accountable Official scrutinizes Component input and where discrepancies are discovered, clarification is sought. With respect to competition, anticipated Component sole source awards are questioned to ensure there is sufficient justification to warrant a non-competitive acquisition strategy. Current projections indicate that a minimum of 87% of Recovery Act procurement funds will be awarded competitively. DHS plans to solicit and compile Component information on a monthly basis to track progress against the plan; additional information may be solicited as determined necessary.

Financial Management:

• Develop, implement, and monitor policies and procedures around financial reporting processes. Provide training and communicate new policies and procedures; and

• Improve current processes by implementing internal controls.

• To ensure the accuracy of the data presented on *www.Recovery.gov,* DHS proposes to implement a multi-phased Business Intelligence (BI) pilot to assist with reporting. The pilot is a collaboration among DHS' Office of the Chief Financial Officer, Office of the Chief Procurement Officer and Office of the Chief Information Officer and includes a data warehouse and reporting tool adhering to OMB's architecture guidance.

Grants:

• The Chief Financial Officer will obtain a Delegation of Authority from the Under Secretary for Management for responsibility of assistance award policy and oversight. This Delegation of Authority will complete the transition of grants oversight from the Chief Procurement Officer to the Chief Financial Officer;

• Complete pending grant management policies;

• Initiate a Grant Officer Certification and Warrant program;

• Establish infrastructure for oversight and monitoring;

• Develop an OMB Circular A–133 Resolution Process; and

• Initiate development of an OMB Circular A–133 Audit Resolution Tracking System.

Improper Payment Information Act (IPIA):

• Expand the IPIA risk assessment, sample testing, and corrective action work to include targeted sampling of current period Recovery Act payments. Perform

additional management control procedures on the Recovery Act vendor payments as part of DHS' Recovery Audit work.

The *FY 2009 DHS Internal Control Playbook* outlines the DHS strategy to design and implement an effective internal control system to support the DHS mission, eliminate internal control weaknesses, and build management assurances. DHS has focused its management assurance efforts on the design and implementation of internal control to eliminate pervasive material weakness conditions and to stabilize the DHS control environment. DHS will expand this process to also provide assurances over the Recovery Act. OMB Circular A–123 assessments support the management assurance process and will incorporate the Recovery Act in FY 2009. Control evaluation matrices will be completed to assess grants, property, and financial reporting functions. Issues identified by OMB Circular A–123 assessments and IPIA assessments will result in the development and implementation of Mission Action Plans, which outline remediation actions.



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