

ENSURING EFFECTIVE AND EFFICIENT OPERATIONS: A REVIEW OF THE FISCAL YEAR 2020 DHS MANAGEMENT DIRECTORATE BUDGET REQUEST

HEARING

BEFORE THE

SUBCOMMITTEE ON
OVERSIGHT, MANAGEMENT,
AND ACCOUNTABILITY

OF THE

COMMITTEE ON HOMELAND SECURITY
HOUSE OF REPRESENTATIVES

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ENSURING EFFECTIVE AND EFFICIENT OPERATIONS: A REVIEW OF THE FISCAL YEAR 2020 DHS MANAGEMENT DIRECTORATE BUDGET REQUEST

Wednesday, April 3, 2019

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

The subcommittee met, pursuant to notice, at 2:33 p.m., in room 310, Cannon House Office Building, Hon. Xochitl Torres Small [Chairwoman of the subcommittee] presiding.

Present: Representatives Torres Small, Titus, Barragán, Crenshaw, Higgins, and Taylor.

Ms. TORRES SMALL. The Subcommittee on Oversight, Management, and Accountability will come to order. The subcommittee is meeting today to receive testimony on the fiscal year 2020 DHS Management Directorate budget request.

Good afternoon and welcome. I know we are just coming from votes so we will be having more people come in as we proceed, but I want to make sure because we have a lot to discuss so I wanted to get started as soon as possible.

The hearing today will examine the President's budget request for the Department of Homeland Security's Management Directorate.

DHS Management may not grab headlines like Secret Service, Coast Guard, Border Patrol and other operational components, but the men and women who staff the Department's front office are every bit as important to the vision and direction of the DHS enterprise.

From budgeting to procurement and human resources to information technology, the Management Directorate provides the structure that is needed for DHS to be an effective and efficient organization. The President's proposed budget seeks nearly \$1.6 billion for the Management Directorate in fiscal year 2020.

This funding would allow the chief readiness support officer to continue to consolidate Department personnel at the St. Elizabeths campus, the largest construction project in the Washington Metro since the Pentagon was built during World War II.

The budget would give the chief financial officer additional resources to overhaul the Department's woefully outdated financial

systems, so that from an accounting standpoint at least, DHS components can work from a common operating picture.

The budget also proposes funding for new tools the chief human capital officer could use to recruit and retain top cybersecurity talent, no small task for the Department that is competing against other Federal agencies and tech companies in Silicon Valley.

All of these projects are worthy initiatives that deserve Federal funding. But as the Government Accountability Office, GAO, has identified over the years, a number of existing programs and projects with large budget requests have been plagued by lengthy delays and repeated cost overruns spanning multiple budget cycles.

The St. Elizabeths project, for instance, was initially set for completion in 2016. Now, after more than \$2 billion has been spent, we are told that it won't be finished until 2026 at the earliest, 10 years behind schedule.

The Department's financial systems modernization has faced similar challenges. Original cost estimates for upgrades at the three operational components—the Countering Weapons of Mass Destruction Office, the Transportation Security Administration and Coast Guard—were pegged at \$90 million.

That work is still not complete. FSM faces additional delays as a result of the recent Government shutdown, and the administration is now asking for another \$120 million in fiscal year 2020.

We see the same story with the Department's Human Resources Information Technology, HRIT program, as an investment that began in 2003 and has made limited progress over the past 15 years. DHS has requested another \$10 million for HRIT in the fiscal year 2020 budget proposal.

I don't want to discredit these projects or their importance. But I would like to see evidence that the Department has learned from its past mistakes and is better positioned in the future.

I am also concerned that the Department continues to operate without its Quadrennial Homeland Security Review, or QHSR, which is now 15 months overdue. While I understand that the Management Directorate is not responsible for its delivery to Congress, I wonder how it plans for the Department's future and proposes a budget without a vision for the agency set forth in a QHSR.

To both of our witnesses, I thank you for your time and your testimony.

Mr. Fulghum, I understand that you will be leaving the Department this summer. On behalf of this committee, I want to thank you for your service to DHS and to our country over the past 6½ years.

Your departure speaks to the challenges the Department continues to face in terms of unity, vision, and morale. As we move forward, I welcome any ideas you have for improving cohesion across the Department and strengthening the DHS's key management functions. I look forward to a fruitful discussion with you this afternoon.

[The statement of Chairwoman Torres Small follows:]

STATEMENT OF CHAIRWOMAN XOCHTIL TORRES SMALL

APRIL 3, 2019

Today's hearing will examine the President's budget request for the Department of Homeland Security's Management Directorate. DHS Management may not grab headlines like Secret Service, Coast Guard, Border Patrol, and other operational components, but the men and women who staff the Department's front office are every bit as important to the vision and direction of the DHS enterprise.

From budgeting to procurement and human resources to information technology, the Management Directorate provides the structure that's needed for DHS to be an effective and efficient organization. The President's proposed budget seeks nearly \$1.6 billion for the Management Directorate in fiscal year 2020. This funding would allow the chief readiness support officer to continue to consolidate Department personnel at the St. Elizabeths campus—the largest construction project in the Washington Metro since the Pentagon was built during World War II.

The budget would give the chief financial officer additional resources to overhaul the Department's woefully outdated financial systems, so that from an accounting standpoint at least, DHS components can work from a common operating picture. The budget also proposes funding for new tools the chief human capital officer could use to recruit and retain top cybersecurity talent—no small task for a Department that's competing against other Federal agencies and tech companies in Silicon Valley. All of these projects are worthy initiatives that deserve Federal funding.

But, as the Government Accountability Office (GAO) has identified over the years, a number of existing programs and projects, with large budget requests, have been plagued by lengthy delays and repeated cost overruns spanning multiple budget cycles. The St. Elizabeths project, for instance, was initially set for completion in 2016. Now, after more than \$2 billion has been spent, we're told it won't be finished until 2026 at the earliest—10 years behind schedule.

The Department's Financial Systems Modernization (FSM) has faced similar challenges. Original cost estimates for upgrades at three operational components—the Countering Weapons of Mass Destruction Office, Transportation Security Administration, and Coast Guard—were pegged at \$90 million. That work is still not complete. FSM faces additional delays as a result of the recent government shutdown, and the administration is now asking for another \$120 million in fiscal year 2020.

We see the same story with the Department's Human Resources Information Technology (HRIT) program, an investment that began in 2003 and has made limited progress over the past 15 years. DHS has requested another \$10 million for HRIT in the fiscal year 2020 budget proposal. I don't want to discredit these projects or their importance. But I would like to see evidence that the Department has learned from its past mistakes and is better-positioned for the future. I am also concerned that the Department continues to operate without its Quadrennial Homeland Security Review—or "QHRSR"—which is now 15 months overdue. While I understand that the Management Directorate is not responsible for its delivery to Congress, I wonder how it plans for the Department's future and proposes a budget without a vision for the agency set forth in a QHSR.

To both of our witnesses: I thank you for your time and testimony. Mr. Fulghum, I understand that you will be leaving the Department this summer. On behalf of this committee, I want to thank you for your service to DHS over the past 6½ years. Your departure speaks to the challenges the Department continues to face in terms of unity, vision, and morale. I welcome any ideas you have for improving cohesion across the Department and strengthening DHS's key management functions. And I look forward to a fruitful discussion with both of you this afternoon.

Ms. TORRES SMALL. We are going to be joined by the Chair later, so I will save that recognition for later. Other Members of the committee are reminded that under the committee rules, opening statements may be submitted for the record.

[The statements of Ranking Member Crenshaw and Chairman Thompson follow:]

STATEMENT OF RANKING MEMBER DAN CRENSHAW

APRIL 3, 2019

Thank you to our witnesses for being here. I especially want to thank Chip Fulghum for his years of service with DHS and for your decades of uniformed serv-

ice as an Air Force Officer. I, and the Nation, are grateful for people like you who place service to country above self. I wish you luck in your future endeavors.

The Department was created from agencies and components of numerous other agencies with varied mission sets. At times this has made it very difficult for DHS to work as a unified body. Each agency and component still has its own requirements and missions, but also must find a way to ensure the overall mission of the Department is fulfilled.

Today we will examine how DHS has been fulfilling its mission and the struggles it has encountered as it moves toward a unified management structure. Many large agencies have difficulties in managing acquisitions and personnel. DHS is no exception. Since its creation, DHS has had difficulty with developing and following policies to prevent cost overruns and ensure that requirements are met.

DHS has been taking steps to identify efficiencies and reduce duplication by looking for common requirements among the components. It has also developed specific steps that must be followed in each major acquisition. The problem seems to be oversight of these policies to ensure that appropriate action is taken when a problem is identified.

While we examine the steps DHS has taken, we should also take this opportunity to find out what we can do in Congress and in this committee to assist DHS in the problems it has been encountering with personnel, procurement, and acquisitions, and other issues necessary for DHS to accomplish its mission.

Personnel management at DHS has presented its own unique challenges. DHS consistently ranks at the bottom in terms of employee morale. According to the Federal Employee Viewpoint Survey (FEVS), DHS has typically had declining rates of satisfaction, however, in 2017 it increased by 4 percent but remained level in the 2018 survey.

The most recent survey shows that while 89 percent of employees feel their work is important, only 48 percent feel that poor performance is dealt with appropriately and only 43 percent felt that senior leaders generate high levels of motivation. DHS must figure out ways to motivate its employees, and just as, or more importantly, must be freer to hire and fire to improve the quality of employees within the Department.

The DHS mission is too important to the National security of our country. The management of the Department and the management of each component need to make it a priority to improve employee morale and treat employees fairly, while at the same time holding substandard performers accountable.

DHS also faces challenges with hiring enough people. This is seen most clearly in CBP, which struggles to hire and retain enough personnel. Congressional fixes like my Anti-Border Corruption Improvement Act and Rep. Torres-Small's Rural and Remote Hiring bill are good starts to address some of these challenges.

For the last several years, DHS and GSA have been developing the land at St. Elizabeths to create a consolidated headquarters for the Department. The Secretary and the management of the Department are moving into this location this week; however, there are still a number of questions about the direction of this project in the future.

At a hearing last April, the Department committed to providing an updated plan for the future of St. Elizabeths by the end of 2018. This updated plan has not yet been provided yet the budget includes a request for additional funds for this project. Since this project has been plagued with delays and cost overruns, it makes sense for the Department to have a solid plan before moving forward.

DHS still struggles with management of its financial systems, which has been an on-going problem. The administration's budget includes a request to modernize the systems for certain components of the Department and I look forward to hearing how this project is developing.

I recognize the unique challenges this Department has had to struggle with since its inception and I commend the management for all the progress that has been made toward achieving a unified DHS. We must continue to improve, and as we say in the military, always be working to better our position.

What this all comes down to is efficiency. Efficiency in operations and efficiency in management. While we discuss this, we should not lose sight of the fact that what is happening at the border is the opposite of efficient. That may be tough for some of my colleagues to hear, but even when at full strength DHS cannot do its job properly when we do not act and force them into tasks that are not their mission.

I look forward to hearing from our witnesses today on how to address the challenges that remain.

STATEMENT OF CHAIRMAN BENNIE G. THOMPSON

APRIL 3, 2019

It was just announced that one of the witnesses, Mr. Fulghum, will be leaving the Department soon. Mr. Fulghum, I thank you for your extraordinary service to DHS over the past 6½ years, and I wish you the best in your future endeavors. I would be remiss however to not express my concern regarding what Mr. Fulghum's departure means for the direction of the Department. The deputy under secretary for management (USM) alongside of the USM, oversees all aspects of the Department's management programs, including financial, human capital, information technology, procurement, security, and asset management. The current USM, Ms. Claire Grady, is also performing the duties of the Department's No. 2 official—the deputy secretary.

DHS has been without a deputy secretary for a year now—and no nominee has been named for the position. Without a deputy secretary and with a departing deputy USM, I am genuinely concerned about the day-to-day management of the Department. These vacancies undoubtedly hamper the Department's ability to run effectively and efficiently. I urge the President to quickly nominate a deputy secretary and hope that someone as committed as Mr. Fulghum will soon be appointed to fill his shoes.

Turning to today's hearing, this is the first hearing the committee is conducting to examine the Trump administration's fiscal year 2020 budget request for the Department of Homeland Security. Before I highlight specifics of the Management Directorate's budget proposal, I must, once again, express my frustration with the Department's failure to deliver the Quadrennial Homeland Security Review—or the QHSR. The QHSR is a statutorily required, comprehensive examination of the homeland security strategy of the United States. The last time the Department produced a QHSR was in June 2014, under the Obama administration. Under statute, the Department was to produce a new QHSR by December 2017. More than 15 months later—and 5 years since the last QHSR—the Trump administration has yet to supply Congress with its vision and priorities for the Department.

In response to a question for the record, submitted after a full committee hearing on the President's fiscal year 2019 budget request, DHS stated that it “recognizes the critical role the QHSR plays in shaping the functions and priorities for the Department,” and that it “anticipates releasing the 2018 QHSR in early 2019 and will use the report to support the Department's future year budget planning efforts.” Yet, we still do not have the QHSR. While the Management Directorate is not specifically responsible for drafting the QHSR, I am unsure what was used to formulate DHS's budget proposal in its absence. I sincerely hope that the QHSR is delivered before the full committee hearing on the overall Department budget request with Secretary Nielsen next month.

Turning to the Management Directorate's programmatic budget requests, I am pleased that many of the management and operational challenges that this subcommittee has focused on for years would be funded in the President's proposal. For example, the request seeks \$5.6 million to launch a Cyber Talent Management System to enhance DHS's efforts to attract top cyber talent. The request also seeks \$224 million for the St. Elizabeths Headquarters Consolidation Project, which was intended to consolidate DHS operations, sustain a “One DHS” culture, and improve Department morale. Although I do have concerns regarding the St. Elizabeths project's continued cost overruns and schedule delays, I am hopeful that appropriate and consistent funding will help bring this project to fruition. On the topic of morale, for 7 years in a row DHS has ranked last among large agencies on the list of Best Places to Work in the Federal Government.

Therefore, I fully expect that a decent portion of the \$126 million request for the Office of the Chief Human Capital Officer will be allocated toward improving morale among DHS's more than 240,000 dedicated employees. I recently reintroduced the “DHS MORALE Act” to require the development and implementation of policies related to leadership development, employee engagement, career progression, and other efforts to improve morale at DHS. I look forward to working with the Chief Human Capital Officer on other efforts to address this important issue. Last, I look forward to hearing how the Human Capital Office plans to use its allocation to increase diversity among the Department's workforce so that it will be more reflective of the public it serves.

Ms. TORRES SMALL. So I welcome our panel of witnesses and thank them for joining us today.

Our first witness is Mr. Chip Fulghum who serves as the deputy under secretary for management for the Department of Homeland Security. Mr. Fulghum has served in many senior leadership roles since joining the Department in 2012.

In his current role, along with the under secretary for management, he oversees all aspects of the Department's management programs, including financial, human capital, information technology, procurement, security, and asset management.

Next—so let us see, next we have Mr. Chris Currie who is a director in the Government Accountability Office's Homeland Security and Justice team. Mr. Currie has joined GAO in 2002 and currently leads the agency's work on management, National preparedness, and emergency management issues, including efforts to strengthen DHS Management functions.

Without objection, the witnesses' full statements will be inserted into the record. I now ask each witness to summarize his statements for 5 minutes, beginning with Mr. Fulghum.

STATEMENT OF CHIP FULGHUM, DEPUTY UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF HOMELAND SECURITY

Mr. FULGHUM. Good afternoon, Chairwoman Torres Small and Ranking Member Crenshaw and distinguished Members of the subcommittee. Thank you for the opportunity to appear before you today to discuss Management's fiscal year 2020 budget request.

It is a privilege for me to sit alongside Chris Currie of GAO as someone who I have worked closely with over the last few years. We deeply appreciate the work that they do each and every day for us. As I often say to GAO, GAO is like a personal trainer to me. I may not always like the workout, but the result always makes us better.

That is clearly evidenced by GAO's most recent GAO High-Risk Report which shows Management functions as the only high-risk areas to meet the majority of the criteria for removal. We have now fully or mostly addressed 21 of the 30 outcomes and continue to make good progress. Leadership remains steadfast in its commitment to get off the GAO high-risk list.

Our 2020 budget request supports the priorities of the Department built around three simple goals: Deliver excellence, enable the mission, and foster innovation. We do this by driving efficiency, strong stewardship, strengthening our acquisition oversight, and leveraging the Department's buying power. We built an integrated framework across all lines of business to do this.

I would like to take just a couple of minutes to highlight a few of those initiatives that are in our budget request. Good stewardship starts with strong internal controls, reliable financial reporting, and modern financial systems. I am proud to say that the Department earned its sixth straight clean opinion in its 15-year history this past year.

We continue to strengthen our internal controls over financial reporting. We are the only Department required by law to get a clean opinion over those internal controls.

We have driven our material weaknesses down from 10 in 2008 to 2 today with a plan to clear those by 2020. This continued success depends on a modernized financial system. Since our cutover

from IBC in 2017, we have hit every milestone and CWMD is now up and running in our environment.

As you stated, regrettably, while the shutdown has unavoidably impacted the program, we still expect full functionality of the system to deliver in the second quarter of 2020 by its quarter 1. Our continued sustained efforts to mature the Department's acquisition process to deliver capability and to continue to make improvements.

Our JRC is operational. All programs have approved baselines and cost estimates. We have increased our program reviews. We have developed better performance metrics and now we have an acquisition program health assessment. We have improved our cost-estimating process and now have a strategic sourcing vehicle available for all components.

We remain focused on delivering a modern and reliable H.R. system. Our approach to H.R. system remains the same. Strong Departmental governance, we need to drive data, consistency, and policy consistency.

When we update and modernize our systems we need to make sure we are using a shared service approach that makes both operational and business sense, all the while while reducing redundancy, which we have continued to to.

We remain laser-focused on improving our I.T., to modernize our aging infrastructure. Cybersecurity remains a full-contact sport for us and we are continuing to deploy CDM, Windows 10, and a variety of tools to improve our posture.

Our SOC optimization initiative will deliver consistent policy tools and CONOPS for the 17 SOCs that operate within the Department, and ultimately we will look to collocate those SOCs.

We will continue to push for data center consolidation and look for additional savings as well as push to get to the cloud.

Our budget includes \$224 million for the outfitting portion to build a state-of-the-art cybersecurity and infrastructure protection facility on the St. E's campus as we continue to build out that campus.

We are excited to report that we began to move there on Monday. I was one of the first ones there. So far so good. The Secretary will be there in 2 weeks and we will finish that move by the end of this month.

We stay focused on our larger NCR consolidation project and our field efficiency initiatives Nation-wide to meet mission needs, look for Federal space wherever possible, collocate and shared services and look for long-term lease, all the while, while reducing cost.

Finally, none of this is possible without the men and women who serve in the Management Directorate and throughout our functional lines of business in the Department. We will continue to invest in our people.

Chairwoman Torres Small, thank you for the opportunity to be here today, and I look forward to answering your questions.

[The prepared statement of Mr. Fulghum follows:]

PREPARED STATEMENT OF CHIP FULGHUM

APRIL 3, 2019

Chairwoman Torres Small, Ranking Member Crenshaw, and distinguished Members of the subcommittee, thank you for the opportunity to appear before you today to discuss the fiscal year 2020 budget request for the Management Directorate within the U.S. Department of Homeland Security (DHS).

DHS is charged with protecting the American people, our homeland, and our values from the many threats we face. To meet our goals, we rely on the dedication of more than 240,000 employees in jobs ranging from aviation and border security to emergency response and cybersecurity. Our umbrella is wide, our duties are diverse, and our goal is clear—keeping the Nation safe.

The Department has an expansive mission set: Preventing terrorism and enhancing security; securing our borders; enforcing immigration laws; securing cyber space; preserving and upholding the Nation's prosperity and economic security; and ensuring disaster response and resilience. The pace of innovation, our hyper connectivity, and our digital dependence have created new paths for our enemies to exploit. This condition results in a world where threats are more numerous, more widely distributed, highly networked, increasingly adaptive, and incredibly difficult to root out. The Department's fiscal year 2020 budget request is an important step in the right direction, ensuring our men and women have the resources required to achieve our mission.

The Management Directorate is a key enabler of the DHS mission. We ensure that operational components have the capabilities needed to protect the homeland. We deliver excellence in mission support by driving efficiencies, strengthening acquisition oversight, and continuing to implement timely, common-sense policies and procedures. We are seeking to obtain the needed human and financial resources at the right time; deploy secure, leading-edge technology; acquire high-quality products and services by leveraging the Department's buying power; and secure and protect the Department's human and physical assets from external and internal threats.

To ensure that we evolve to address ever-changing dangers and remain effective in this area, the Management Directorate developed a set of strategic priorities, a cross-cutting roadmap informed by the DHS Unity of Effort initiatives and the DHS Strategic Plan. By using these paradigms to shape all of our management functions and resource needs, we are able to create synergies between our Lines of Business, resulting in first-in-Government approaches to the way we manage resources, acquire goods and services, secure systems and networks, and attract and hire talent.

Our priorities are grouped into three goals: Achieve Operational Excellence, Enable Mission Delivery, and Shape the Future.

Achieve Operational Excellence focuses on the Management Directorate's operations that contribute to the Department's ability to accomplish its mission on a daily basis. This includes serving as stewards for funding and investments and getting the most out of our resources; hiring, developing, and retaining employees; providing effective and efficient business solutions; and providing modern, reliable, and secure information technology infrastructure. In fiscal year 2018, DHS received a clean audit opinion on its financial statements for the sixth consecutive year and continues to strengthen and mature internal control processes. DHS is the only Federal agency required by law to obtain an opinion on internal controls over financial reporting. In addition, the Department only has 2 material weaknesses, down from 10 in 2007. In support of continued success and good stewardship, DHS has requested \$120 million in the fiscal year 2020 budget request for Financial Systems Modernization, which will continue on-going work to improve systematic internal controls, standardize business processes, strengthen cybersecurity, maintain audit sustainability, and provide accurate and timely financial reporting. The requested funding will enable the Management Directorate to staff the Joint Program Management Office fully.

Acknowledging that our workforce is our most important asset, the Management Directorate's fiscal year 2020 budget request asks for \$10 million for Human Resource Information Technology. This funding will advance acquisition projects to improve talent development and training, data management and sharing, position management, employee accountability and performance, employee relations, labor relations, and H.R. document and records management. We are also requesting \$11 million for the Cyber Talent Management System to create a new personnel system that will provide the cyber workforce this country needs through an update of the current classification system. By launching this new, innovative system, the Management Directorate will be taking full advantage of the flexibilities offered by the Border Patrol Agent Pay Reform Act, and position DHS to compete for top talent

in the ever-changing field of cybersecurity, likely serving as a model for future civil service reform. To further support our workforce, the Department has also established the H.R. Academy, which provides training and other resources to promote professional development and exchange best practices across the DHS enterprise. Through this collaborative effort, we are strengthening our human capital community and in turn, increasing the Department's mission capability.

DHS also recognizes the need to deliver a safe and secure workplace and support the use of proactive measures to identify threats before they occur. As such, the fiscal year 2020 Management Directorate Budget Request includes \$3 million for Continuous Evaluation (CE), which will provide continuous vetting and increase our CE information. With this funding, Security Specialists will be able to vet 50 percent of our cleared population on a continuous basis. In addition to CE, the Department also monitors the workforce for insider threats, where an employee may use his or her authorized access to knowingly or unknowingly do harm to the security of the United States.

The second priority, Enable Mission Delivery, focuses on how we conduct our business and covers the Management Directorate's enterprise-wide responsibilities. This priority includes leading effective oversight of acquisitions, leveraging the Department's buying power through strategic sourcing and business process improvements, engaging in procurement innovation, and implementing Department-wide plans to enhance Line-of-Business performance.

Through our Field Efficiencies initiative, the Management Directorate is leveraging the buying power of DHS, identifying cost-saving and cost-avoiding approaches, such as relocating to reduce costs, both of which will help stretch operational components' budgets. For example, the Federal Emergency Management Agency's relocation planning in Boston will result in a cost avoidance of \$3.2 million annually beginning in fiscal year 2020. In Seattle alone, the integrated workplace planning is projected to avoid \$200 million in costs over a 30-year period, Department-wide.

The fiscal year 2020 budget request for the Management Directorate includes \$2 million for Field Efficiencies initiatives to continue its comprehensive planning approach across four areas (Seattle, San Diego, Puerto Rico, and Miami), and optimize space to meet operational and business needs. By continuing on this path, DHS will increase efficiencies and avoid costs by leveraging co-location opportunities, such as the consolidation and coordination of assets and shared services.

In addition, our National Capital Region (NCR) Consolidation effort (which is more than just the St. Elizabeths campus) also supports this goal by reducing costs and increasing productivity by merging scattered teams to shared locations, like the General Services Administration's (GSA) Regional Office Building in Southwest DC. Combined with GSA's constant funding efforts, the Management Directorate's fiscal year 2020 budget request supports this with \$224 million to outfit new construction of a state-of-the-art facility for the Cybersecurity and Infrastructure Security Agency at the St. Elizabeths campus while continuing NCR lease consolidation efforts. Also in the spirit of integration, the Office of Biometric Identity Management (OBIM) is transitioning to the Management Directorate after the passage of the Cybersecurity and Infrastructure Security Agency Act of 2018. We are working to finalize the remaining administrative elements to complete the transition with several functions already transferred to the Management Directorate.

As a part of the Acquisition Innovation in Motion initiative, designed to provide revolutionary approaches to obtaining the goods and services the Department needs, the Management Directorate implemented the Procurement Innovation Lab (PIL) in 2015. The PIL provides analysts with a unique test environment for exploring and refining new approaches to acquisition and gives teams an opportunity to put innovation into action. Boot camps are also offered for the Federal-wide acquisition workforce and industry to ensure that the larger community can benefit from our experiences and lessons learned, which have now spread throughout the Federal Government.

Over the years, the Management Directorate has made significant improvements to the Department's acquisition process, informed by feedback from the Government Accountability Office (GAO) and driven by common-sense oversight practices. By conducting pilots for five agile programs, we were able to identify opportunities for making a more streamlined and efficient acquisition process. The Management Directorate has made several improvements including developing enhanced metrics to monitor program performance on a quarterly basis, and has worked with pilot programs to define business value metrics, which are reported at each Acquisition Review Board. The Department has also modified acquisition document templates to reduce duplication and focus on their most important aspects, making them more useful and easier to prepare. We also developed a tool that allows stakeholders to

review and provide input to documents, and track their status in the review process. In addition, DHS has also improved program cost estimates by establishing an independent cost assessment function and has adopted a more accurate and streamlined method for developing Life-Cycle Cost Estimates, allowing for more precise performance tracking. We have also developed staffing models, and a template for acquisition program office staffing.

The final strategic priority, Shape the Future, focuses on the Management Directorate's efforts to foster innovation, encourage responsible risk-taking, and collaborate across sectors so the Department can take advantage of the next generation of systems and technology. Through our Reverse Industry Days, the Department works with its private-sector partners to gain their perspectives on the Federal acquisition process. These interactive discussions enable industry and Government professionals to gain a better understanding and appreciation of their respective business processes and the impact they have on each other. This type of dialog leads to improvements in our acquisition process.

Also in this area is our work with small businesses. The Management Directorate takes pride in providing an opportunity for them to work with the Department, which is evidenced by our continued top rating by the Small Business Administration (SBA). In 2018, DHS scored an overall rating of "A+" on the SBA's Small Business Procurement Scorecard. This is the ninth year in a row that the Department has scored an overall rating of "A" or higher. Agencies that obtain an A+ have met or exceeded 120 percent of their goals.

Stepping back and taking a holistic view of our priorities, this framework contributes to the management integration challenges identified in GAO's High-Risk List report. The funding priorities in the fiscal year 2020 budget request also track closely with on-going efforts to strengthen the Department and address GAO's High-Risk designation. High-Risk List issues are even tracked as critical elements within Management's priorities.

Over the years, DHS has cultivated a strong partnership with GAO and the Homeland Security and Justice team, in particular. This partnership fosters a common understanding of the work remaining to resolve High-Risk List issues and allows senior leaders and experts from both organizations to mutually set and manage expectations for future progress. Continued engagement with GAO has been instrumental to our long-term efforts in further strengthening DHS management functions, increasing efficiencies, and achieving removal from the High-Risk List. Just last month, GAO published their 2019 High-Risk Series, which reported Strengthening Department of Homeland Security Management Functions as the only High-Risk Area to have met the majority of GAO's criteria for list removal. The report also highlighted a consistently positive trend in GAO's ratings for the Department against a set of 30 outcomes (or desired end-states established by GAO).

Ultimately, our mission is clear and the roadmap has been set. Funding our fiscal year 2020 budget request is critical for the Management Directorate to remain the foundation upon which the Department rests. Supporting Management will ensure that the operators in the field are well-positioned to protect the homeland and the American public.

Chairwoman Torres Small, Ranking Member Crenshaw, and distinguished Members of the subcommittee, thank you again for the opportunity to appear before you today. I look forward to answering your questions and working with you on the fiscal year 2020 budget request.

Ms. TORRES SMALL. Thank you for your testimony.

I now recognize Mr. Currie to summarize his statements for 5 minutes.

STATEMENT OF CHRIS CURRIE, DIRECTOR, HOMELAND SECURITY AND JUSTICE TEAM, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. CURRIE. Well, thank you very much, Chairman Torres Small, Congressman Higgins, Congresswoman Titus, thank you. It is always an honor to appear before this committee. I am pleased to be here to talk about GAO's work on high-risk issues and DHS Management.

So GAO placed DHS on the high-risk list in 2003 right when the Department opened its doors. The reason we did that was really two things. First of all, just the massive challenge of trying to com-

bine 22 separate agencies. Some of those agencies had big management challenges in and of themselves even before that time, into one functioning department.

The other reason is obviously that the impacts and the implications for National security were huge, too.

So today, 16 years later, I am happy to report that there has been tremendous progress. I want to start out by just talking about the Department's leadership on this. At GAO we manage 30 high-risk areas across Government, from Defense programs to DHS to health care.

There is not a Department that is more committed to addressing high-risk issues than DHS and part of that has to do with their leadership, including Mr. Fulghum. They have a very humble, committed approach to this rather than a defensive posture and that makes all the difference in the world.

I also want to say that the committee's oversight of this is huge, too. What we see at GAO across our high-risk areas we monitor is that when there is strong Congressional oversight and legislation these areas tend to get fixed much quicker. So I think that is very important to say as well.

So what I would like to do today is talk a little bit about the progress they have made in some areas and then just move on to some of the areas that are keeping them on the high-risk list.

So we and DHS basically have agreed on 30 individual performance measures. These are the goal posts, if you will, on what it is going to take for DHS to get off the high-risk list. We meet twice a year and also quarterly to talk about the progress in these areas.

So far DHS has addressed 17 of these 30 areas and they are on their way to addressing many more or have initiated all of them. We are down to some of the really challenging issues, though and that is what is keeping them on the high-risk list. So I want to talk about some of those.

First is human capital management. Over the years DHS has made tremendous progress in bringing together a lot of its personnel and human capital systems. Some of those were legacy systems from agencies that existed or even didn't exist before DHS was formed, and has done a great job doing that.

However, as you know, the committee knows, and legislation was introduced recently on this, morale continues to be a huge issue for DHS. I know it is a frustration of their management.

There has been some uptick and some increases in the last couple years, but they still ranked last among large to very large agencies across the Government. So there absolutely needs to be continued focus and effort on that. It is not too big of a challenge to address. We just have to keep at it.

The second piece is acquisitions. When the Department was formed what we saw was very little discipline and oversight mechanisms across the Department. The components of the Department were off acquiring their own goods, there was no integrated approach across the Department.

Since that time that has been changed. There are disciplined processes. There are the directives and guidance and oversight mechanisms.

What we need to see moving forward, though, is we need to see programs successfully undergo those processes and be held accountable. For example, we need to see cost estimation and schedule estimation improve at the Department still.

When we last looked at the major acquisitions at DHS last year, over half of them were still over cost and over schedule. What happens is that creates a budget problem, a budget shortfall for DHS in future years.

If they don't estimate correctly how much something is going to cost, then they don't know how much to ask for and then later on they don't have the money to cover it. So it is kind-of a vicious cycle.

The last piece I will talk about is financial management, which Chip talked about a lot in his opening statement. I think it is amazing that DHS is able to get 6 straight clean audit opinions.

That is a major accomplishment, especially considering a lot of the manual intervention that is still required because of the state of some of their financial management systems. I think it shows you how hard they are working to address their issues.

But they are going to have to continue to modernize their financial management systems. Some of them, including FEMA's, are over 25 years old. They are going to have to work on getting a clean audit opinion, as he said, on internal controls.

So that is all I wanted to talk about in my opening statement. I appreciate the discussion and any questions.

[The prepared statement of Mr. Currie follows:]

PREPARED STATEMENT OF CHRIS CURRIE

APRIL 3, 2019

HIGH RISK.—IMPORTANT PROGRESS MADE, BUT MORE WORK NEEDED TO STRENGTHEN
DHS MANAGEMENT

GAO-19-475T

Madam Chairwoman Torres Small, Ranking Member Crenshaw, and Members of the subcommittee: I am pleased to be here today to discuss the Department of Homeland Security's (DHS) management challenges and its progress in addressing them. As you know, in 2002, when DHS was created, Department leadership faced the daunting task of transforming 22 agencies—several with major management challenges—into one Department. At that time, we recognized that the creation of DHS was an enormous undertaking that could take years to implement, and failure to effectively address management challenges could have serious National security consequences. In 2003, shortly after the Department was formed, we designated *Implementing and Transforming DHS* as a high-risk area to the Federal Government. Today, the work to strengthen DHS's management continues.

Since 2003, we have narrowed the focus of this high-risk area as DHS has matured and evolved. In 2013, we reported that although challenges remained for DHS across its range of missions, the Department had made considerable progress in transforming its original component agencies into a single Cabinet-level department. As a result, we narrowed the scope of the high-risk area to focus on strengthening DHS management functions (human capital, acquisition, financial management, and information technology) and changed the name of the high-risk area to *Strengthening DHS Management Functions* to reflect this focus.

In the last decade, DHS has taken many steps to strengthen its management including developing a more strategic approach to human capital planning, improving acquisition process compliance, and improving its information technology (IT) investment framework. DHS has implemented more than 75 percent of the approximately 2,800 recommendations we have made since 2003, which have strengthened program management and performance measurement, among other things. However, significant challenges remain in the areas of acquisition management and fi-

nancial reporting. In May 2018, we found that many of the acquisition programs we assessed were not on track to meet their schedule and cost goals, as I will explain in greater detail later in this statement.¹ Further, components' financial management systems and business processes need to be modernized to facilitate the Department's ability to have ready access to reliable information for informed decision making. We continue to closely monitor DHS's work in these areas and regularly meet with DHS management to discuss progress.

Our five criteria for removing areas from the High-Risk List guide our discussions with DHS and our assessments of its progress. Specifically, the agency must have: (1) A demonstrated strong commitment and top leadership support to address the risks; (2) the capacity—the people and other resources—to resolve the risks; (3) a corrective action plan that identifies the root causes, identifies effective solutions, and provides for substantially completing corrective measures in the near term, including but not limited to steps necessary to implement solutions we recommended; (4) a program instituted to monitor and independently validate the effectiveness and sustainability of corrective measures; and (5) the ability to demonstrate progress in implementing corrective measures.

My statement discusses DHS's progress and remaining actions needed to strengthen and integrate its management functions. This statement is based on our 2019 high-risk update and other reports we issued from February 2017 through March 2019.² For these products we analyzed DHS strategies and other documents related to the Department's efforts to address its high-risk areas and interviewed DHS officials, among other things. More detailed information on the scope and methodology of our prior work can be found within each specific report. We conducted the work on which this statement is based in accordance with generally accepted Government auditing standards.

DHS HAS MADE IMPORTANT PROGRESS IN STRENGTHENING ITS MANAGEMENT, BUT
CONSIDERABLE WORK REMAINS

DHS Has Met 3 of 5 Criteria for Removal from the High-Risk List

DHS's efforts to strengthen and integrate its acquisition, IT, financial, and human capital management functions have resulted in the Department meeting 3 out of 5 criteria for removal from the High-Risk List—leadership commitment, action planning, and monitoring progress. DHS has partially met the remaining two criteria—capacity and demonstrated sustained progress, as shown in figure 1.

¹ GAO, *Homeland Security Acquisitions: Leveraging Programs' Results Could Further DHS's Progress to Improve Portfolio Management*, GAO-18-339SP (Washington, DC: May 17, 2018).

² GAO, *High Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Area*, GAO-19-157SP (Washington, DC: March 6, 2019); *High-Risk Series: Progress on Many High-Risk Areas, while Substantial Efforts Needed on Others*, GAO-17-317 (Washington, DC: Feb. 15, 2017); and *Roundtable on Reauthorizing the Department of Homeland Security*, Statement of George A. Scott, Managing Director, Homeland Security and Justice (Washington, DC: February 2018).

Figure 1: GAO's 2019 High Risk Rating for Strengthening Department of Homeland Security Management Functions



Source: GAO analysis. | GAO-19-475T

With regard to leadership commitment, DHS's top leadership, including the Secretary and deputy secretary of Homeland Security, has continued to demonstrate commitment and support for addressing the Department's management challenges. They have also taken actions to institutionalize this commitment to help ensure the long-term success of the Department's efforts. One such effort is the under secretary for management's Integrated Priorities initiative to strengthen the integration of DHS's business operations across the Department. During monthly leadership meetings with the under secretary for management, the Department's chief executive officers have been providing status updates on their respective actions to address this high-risk designation. Furthermore, top DHS leaders, such as the under secretary for management and the Department's chief executive officers, routinely meet with GAO management to discuss progress on high-risk areas.

With regard to having an action plan and monitoring effectiveness, in January 2011, DHS produced its first Integrated Strategy for High-Risk Management and has issued 14 updated versions, most recently in September 2018. The September 2018 strategy describes DHS's progress to date, planned corrective actions to further strengthen its management functions, and includes performance measures to monitor key management initiatives. DHS's Management Directorate leads this on-going effort and DHS's strategy and approach, if effectively implemented and sustained, provides a path for DHS to be removed from our High-Risk List.

DHS has partially met the criteria for capacity but needs to make additional progress identifying and allocating resources in certain areas—namely acquisition, IT, and financial management—to fully demonstrate its capacity. DHS has analyzed components' acquisition program staffing assessments but has yet to conduct an in-depth analysis across components or develop a plan to address any gaps. With regard to IT staffing, DHS has not fully identified or reported to Congress or the Office of Personnel Management (OPM) on its Department-wide cybersecurity specialty areas of critical needs, such as cybersecurity management or incident response, as required by law.³ Additionally, DHS's financial statement auditor has identified several capacity-related issues, including resource limitations and inadequate management and staff training, as causes for the material weaknesses reported.

The final criterion is demonstrated progress, which remains partially met. In 2010, we identified, and DHS agreed, that achieving 30 specific outcomes in the areas of acquisition management, IT management, financial management, human

³In February 2018, we recommended that DHS take steps to ensure that: (1) Its cybersecurity workforce procedures identify position vacancies and responsibilities, (2) cybersecurity workforce data are complete and accurate, and (3) plans for reporting critical needs are developed. DHS concurred and stated it planned to provide further evidence addressing the recommendations. GAO, *Cybersecurity Workforce: Urgent Need for DHS to Take Actions to Identify Its Position and Critical Skill Requirements*, GAO-18-175 (Washington, DC: February 6, 2018).

capital management, and management integration would be critical to addressing the Department’s management challenges. As such, these 30 outcomes became the key criteria by which we gauge DHS’s demonstrated progress.

We reported in March 2019 that DHS has fully addressed 17 of the 30 needed outcomes, mostly addressed 4, partially addressed 6, and initiated actions to address the remaining 3, as shown in table 1.

TABLE 1.—GAO ASSESSMENT OF DEPARTMENT OF HOMELAND SECURITY (DHS) PROGRESS ACROSS MANAGEMENT AREAS, AS OF GAO’S MARCH 2019 HIGH-RISK REPORT

Key Management Function	Fully addressed *	Mostly addressed **	Partially addressed ***	Initiated ****	Total
Acquisition management	2	2	1	.....	5
Information technology management	5	1	.....	.....	6
Financial management ...	2	.....	3	3	8
Human capital management	5	1	1	.....	7
Management integration	3	.....	1	.....	4
Total	17	4	6	3	30

Source: GAO analysis of DHS documents, interviews, and prior GAO reports./GAO–19–475T

*“Fully addressed”: Outcome is fully addressed.

**“Mostly addressed”: Progress is significant and a small amount of work remains.

***“Partially addressed”: Progress is measurable, but significant work remains.

****“Initiated”: Activities have been initiated to address the outcome, but it is too early to report progress.

In the last 2 years, DHS has made particular progress in the areas of human capital and IT management. Specifically, since 2017 DHS has taken steps to fully address 4 outcomes. The Department fully addressed two key human capital outcomes by: (1) Demonstrating that components are basing hiring decisions and promotions on human capital competencies and (2) strengthening employee engagement efforts. In addition, in the last 2 years DHS has fully addressed two IT outcomes by: (1) Providing on-going oversight and support to troubled IT investments to help improve their cost, schedule, and performance; and (2) demonstrating significant progress in implementing its IT strategic workforce planning initiative.

Important progress and remaining work in all of the five key areas include:

- *Acquisition management.*—DHS continues to face challenges in funding its acquisition portfolio. In May 2018, we found that recent enhancements to DHS’s acquisition management, resource allocation, and requirements policies largely reflect key portfolio management practices.⁴ However, we also found that of the 24 major acquisition programs we assessed with approved schedule and cost goals, 10 were on track to meet those goals during 2017—a decrease from 2016. In addition, we found that DHS’s portfolio of major acquisition programs was not affordable from fiscal years 2018 to 2022 because the planned costs exceeded the planned budget. DHS has taken steps to strengthen acquisition requirements development across the Department, such as reestablishing the Joint Requirements Council in June 2014 to review and validate DHS acquisition requirements. However, opportunities remain to further strengthen DHS’s acquisition process by, for example, using the Joint Requirements Council to: (1) Identify overlapping or common requirements and (2) make recommendations to senior leadership to help ensure that DHS uses its finite investment resources wisely and maintains a balanced portfolio of investments that combine near-term operational improvements with long-term strategic planning.

⁴GAO–18–339SP.

Figure 2: Department of Homeland Security Acquisition Project: The Center Building at St. Elizabeth's in 2016 (left) and 2018 (right)



Source: GAO (left photo); Department of Homeland Security (right photo). | GAO-19-475T

Note: An ongoing effort to consolidate DHS headquarters is to include the development of multi-billion dollar headquarters facilities at the St. Elizabeth's campus in Washington, D.C. This is an example of a DHS acquisition project but is not specifically referenced in the high risk outcomes.

- *IT management.*—DHS has updated its approach for managing its portfolios of IT investments across all components. As part of the revised approach, the Department is using its capital planning and investment control process and the Joint Requirements Council to assess IT investments across the Department on an on-going basis. For example, as part of its capital planning process for the fiscal year 2020 budget, the Office of the Chief Information Officer worked with the components to assess each major IT investment to ensure alignment with DHS's functional portfolios, and to identify opportunities to share capabilities across components. This updated approach should enable DHS to identify potentially duplicative investments and opportunities for consolidating investments, as well as reduce component-specific investments.

Additionally, DHS has continued to take steps to enhance its information security program. In November 2018, the Department's financial statement auditor reported that DHS had made progress in correcting its prior year IT security weaknesses. However, for the 15th consecutive year, the auditor designated deficiencies in IT systems controls as a material weakness for financial reporting purposes. Work also remains in implementing our 6 open recommendations concerning DHS's cybersecurity workforce assessment requirements.⁵

DHS also faces challenges in fulfilling its pivotal role in Government-wide cybersecurity efforts, as identified in our Ensuring the Cybersecurity of the Nation high-risk area. DHS has established the National Cybersecurity and Communications Integration Center, which functions as the 24/7 cyber monitoring, incident response, and management center for the Federal civilian government. However, DHS has continued to be challenged in measuring how the center is performing its functions in accordance with mandated implementing principles.

- *Financial management.*—DHS received a clean audit opinion on its financial statements for 6 consecutive years—fiscal years 2013 to 2018. However, in fiscal year 2018, its auditor reported two material weaknesses in the areas of financial reporting and information technology controls and financial systems, as well as instances of non-compliance with laws and regulations. These deficiencies hamper DHS's ability to provide reasonable assurance that its financial reporting is reliable and the Department is in compliance with applicable laws and regulations.

Further, DHS components' financial management systems and business processes need to be modernized; the current systems affect the Department's ability to have ready access to reliable information for informed decision making. As we reported in 2017, DHS officials have faced various challenges in their efforts to address this—lack of sufficient resources, aggressive schedule, complex requirements, and increased costs. Effectively modernizing financial management systems for the Coast Guard, Federal Emergency Management Agency, and Immigration and Customs Enforcement would help address DHS's risk in this area.

⁵ GAO, *Cybersecurity Workforce: Urgent Need for DHS to Take Actions to Identify Its Position and Critical Skill Requirements*, GAO-18-175 (Washington, DC: February 6, 2018).

- *Human capital management.*—DHS has continued to strengthen its employee engagement efforts by implementing our 2012 recommendation to establish metrics of success within components' action plans for addressing its employee satisfaction problems.⁶ Further, DHS has conducted audits to better ensure components are basing hiring decisions and promotions on human capital competencies. OPM's 2018 Federal Employee Viewpoint Survey data showed that in the past 2 years, DHS's score on the Employee Engagement Index increased by 4 points—from 56 in 2016 to 60 in 2018—which was 1 point more than the Government-wide increase over the same period. While this improvement is notable, DHS's 2018 score ranked 20th among 20 large and very large Federal agencies. Increasing employee engagement and morale is critical to strengthening DHS's mission and management functions.
- *Management integration.*—Since 2015, DHS has focused its efforts to address crosscutting management challenges through the establishment and monitoring of its Integrated Priorities initiative. The Department updated these priorities in September 2017. Each priority includes goals, objectives, and measurable action plans that are discussed at monthly leadership meetings led by senior DHS officials, including the under secretary for management. DHS needs to continue to demonstrate sustainable progress integrating its management functions within and across the Department.

What Remains to be Done

In closing, it is clear that significant effort is required to build and integrate a Department as large and complex as DHS, which has grown to more than 240,000 employees and approximately \$74 billion in budget authority. Continued progress for this high-risk area depends primarily on addressing the remaining outcomes. In the coming years, DHS needs to continue implementing its Integrated Strategy for High-Risk Management to show measurable, sustainable progress in implementing corrective actions and achieving outcomes. In doing so, it remains important for DHS to:

- maintain its current level of top leadership support and sustained commitment to ensure continued progress in executing its corrective actions through completion;
- continue to identify the people and resources necessary to make progress toward achieving outcomes, work to mitigate shortfalls and prioritize initiatives as needed, and communicate to senior leadership critical resource gaps;
- continue to implement its plan for addressing this high-risk area and periodically provide assessments of its progress to us and Congress;
- closely track and independently validate the effectiveness and sustainability of its corrective actions, and make mid-course adjustments as needed; and
- make continued progress in achieving the 13 outcomes it has not fully addressed and demonstrate that systems, personnel, and policies are in place to ensure that progress can be sustained over time.

We will continue to monitor DHS's efforts in this high-risk area to determine if the outcomes are achieved and sustained over the long term.

Madam Chairwoman Torres Small, Ranking Member Crenshaw, and Members of the subcommittee, this completes my prepared statement. I would be happy to respond to any questions you may have at this time.

Ms. TORRES SMALL. I thank all the witnesses for their testimony.

I will remind each Member that he or she will have 5 minutes to question the panel. I will now recognize myself for questions.

Secretaries prior to Secretary Nielsen had visions for integrating and unifying the Department, which I think is critical because of the challenges that were referenced by the panel.

For example, Secretary Napolitano coined One DHS. Secretary Johnson developed the Unity of Effort initiative. It is unclear what Secretary Nielsen's vision for the Department is and whether the resources are being adequately allocated to enhance integration and unification.

⁶GAO, *Department of Homeland Security: Taking Further Action to Better Determine Causes of Morale Problems Would Assist in Targeting Action Plans*, GAO-12-940 (Washington, DC, Published: Sept. 28, 2012. Publicly Released: October 31, 2012).

So Mr. Fulghum, what has Secretary Nielsen conveyed to you as her vision for integrating and unifying the Department? How is this vision being implemented through the Management Directorate's budget request?

Mr. FULGHUM. So I would start by saying the Secretary has been very clear to us that the Unity of Effort initiatives started under the previous administration has continued, which really means strong centralized leadership and direction.

The processes that were put in place in 2014, 2015, and 2016 have continued. We have a strong executive corporate structure with the Deputies' Management Action Group that looks at all resourcing decisions as we go through the programming and budget process. We have a strong acquisition review board that has continued.

We stood up and maintain a Joint Requirements Council to make sure, to Chris' point, that we get investments right up front. So there is strong governance, first and foremost, within the Management Directorate.

We continue to push strong CXO integration and in a variety of different ways we have demonstrated that and continue to demonstrate that. That is foundational to what we are doing as a Department.

We have got to make sure that while we talk very good this way, we have got to make sure that we continue to talk across the lines of business and work together.

Ms. TORRES SMALL. Thank you. I would just emphasize that reflecting that in budget requests is important and then delivering on those goals.

Mr. Currie, I deeply appreciated your clear-eyed assessment and acknowledgement of the tremendous progress that has occurred. So DHS Management continues to be on GAO's high-risk list since 2003. That has proven helpful in holding Department leadership accountable for improvement.

Mr. Currie, what could Congress do to continue supporting the needed change at DHS and holding the Department accountable for its results?

Mr. CURRIE. I think you said in your opening statement, I mean, DHS Management is not a headline-grabbing issue, but it is really critical what we are talking about is bringing the Department together and making it function well. It is not just management. This translates down to the mission side.

So I think, you know, hearings like this, Congressional oversight where this issue is called out, continuing to focus on their high-risk areas, and also codifying a lot of the progress that has been made or the things that haven't been done yet in legislation. That is huge as well.

Ms. TORRES SMALL. A lot of money has been spent trying to modernize outdated financial systems and we are not seeing the results yet. For example, DHS has spent \$52 million trying to buy one single system for the Department before then abandoning that concept.

Since 2012, DHS has been focused on modernizing financial management systems for three components, Countering Weapons of

Mass Destruction's office, the Transportation Security Administration, and the U.S. Coast Guard. We have had limited success there.

The Department is now requesting \$120 million for financial modernization in fiscal year 2020.

Mr. Fulghum, what is your time line for finalizing the system for modernization for CWMD, TSA, and the Coast Guard?

Mr. FULGHUM. So CWMD is up and operational. It has been operational since 2016, I believe. As for TSA and the Coast Guard, our original schedule was to have TSA up and running at the end of 2019 and the Coast Guard up in 2020.

Given the shutdown and the impacts of the shutdown, that is forced a, in all likelihood, a one-quarter slip in delivering that full functionality.

So what that means very quickly, ma'am, is that we would be forced to migrate TSA in the middle of the fiscal year with thousands of open transactions. That creates too much audit risk, so we will delay the migration another 6 months. Should be a big cost impact, and the Coast Guard will still come up in 2020.

Ms. TORRES SMALL. Mr. Currie, very quickly, yes or no, do you believe the DHS is well-positioned to spend \$120 million on FSM?

Mr. CURRIE. The quick answer is we don't know. We haven't assessed the \$120 million request and I don't know exactly what portion of financial management modernization that is going to address.

But we do know this—that some, like, FEMA and ICE specifically are still not there or rather they are still in the discovery phase, which is in financial management terms means that they are still trying to see how long it is going to take to address these issues and what it is going to cost.

Ms. TORRES SMALL. Thank you. Thank you, Mr. Currie. I apologize. My time is up.

I am glad that we are now joined by Ranking Member Crenshaw. So I will now recognize the Ranking Member of the subcommittee, the gentleman from Texas, Mr. Crenshaw for an opening statement.

Mr. CRENSHAW. Thank you, Chairwoman. Apologies. We are double-booked in hearings today and budget markups. So I appreciate you-all's patience. Thank you for holding this hearing and thank you to my colleagues for being here to address this extremely important matter.

Thank you to our witnesses, as well, for being here. I especially want to thank Mr. Fulghum for his years of service with DHS and for your decades of uniformed service as an Air Force officer.

I and the Nation are grateful for people like you who place service to country above self, and I wish you both luck in your future endeavors.

This Department was created from agencies and components of numerous other agencies with varied mission sets. At times this has made it very difficult for DHS to work as a unified body. Each agency and component still has its own requirements and missions, but also must find a way to ensure the overall mission of the Department is fulfilled.

So today we are examining how DHS has been fulfilling its mission and the struggles it has encountered as it moves toward a unified management structure.

Many large agencies have difficulties in managing acquisitions and personnel. DHS is no exception, of course. Since its creation DHS has had difficulty with developing and following policies to prevent cost overruns and ensure that requirements are met.

Now, DHS has been taking steps to identify efficiencies and reduce duplication by looking for common requirements among the components. It has also developed specific steps that must be followed in each major acquisition. The problem seems to be oversight of these policies to ensure that appropriate action is taken when a problem is identified.

So while we examine the steps DHS has taken, we should also take this opportunity to find out what we can do in Congress and in this committee to assist DHS in the problems it has been encountering with personnel, procurement, and acquisitions and other issues necessary for DHS to accomplish its mission.

Personnel management in DHS has presented its own unique challenges. DHS consistently ranks at the bottom in terms of employee morale. According to one Federal employee viewpoint survey DHS has typically had declining rates of satisfaction. However, in 2017 it increased by 4 percent, but remained level in 2018.

The most recent survey shows that while 89 percent of employees feel their work is important, as they should, only 48 percent feel that poor performance is actually dealt with appropriately and only 43 percent felt that senior leaders generate high levels of motivation.

The DHS must figure out ways to motivate its employees. Just as or more importantly, must be freer to hire and fire its employees in order to improve the quality of people within the Department. The management of the Department and the management of each component need to make it a priority to improve morale and treat employees fairly while also at the same time holding substandard performers accountable.

DHS also faces challenges with hiring enough people. This is seen most clearly in CBP which struggled to hire and retain enough personnel. Congressional fixes like my Anti-Border Corruption Improvement Act and Representative Torres Small's Rural and Remote Hiring Bill are good starts to address some of these challenges.

For the last several years, DHS and GSA have been developing the land at St. Elizabeths to create a consolidated headquarters for the Department. The Secretary and the management of the Department are moving into this location this week.

However, there are still a number of questions about the direction of this project in the future. At a hearing last April, the Department committed to providing an updated plan for the future of St. Elizabeths by the end of 2018. This updated plan has not yet been provided, yet the budget includes a request for additional funds for this project.

Since this project has been plagued with delays and cost overruns it makes sense for the Department to have a solid plan before moving forward.

DHS still struggles with management of its financial systems, which has been an on-going problem. The administration's budget includes a request to modernize the systems for certain components of the Department. I look forward to hearing how this project is developing.

I recognize the unique challenges this Department has had to struggle with since its inception, and I commend the management for all the progress that has been made toward achieving a unified Department of Homeland Security. We must continue to improve and as we say in the military, always work to improve our forward position.

What this all comes down to is efficiency, efficiency in operations and efficiency in management. While we discuss this we should not lose sight of the fact that what is happening at the border is the opposite of efficient.

That may be tough for many to hear, but it is also this is what happens with the full strength of the Department of Homeland Security is not adequate and it cannot do its job.

I look forward to hearing from our witnesses today and how to address the challenges that remain.

I yield back. Thank you, Chairwoman.

Ms. TORRES SMALL. OK. Thank you.

I now recognize the gentlewoman from Nevada, Ms. Titus.

Ms. TITUS. Thank you very much, and thank you all for being here.

I want to ask you about St. Elizabeths. But before I get to that, let me ask you this. Is there any money anywhere in this budget that the President can steal and use to build a wall?

Mr. FULGHUM. We have the budget request for the wall inside our overall budget and for \$5 billion.

Ms. TITUS. So they can't move any of this around?

Mr. FULGHUM. Well, what we have is general transfer authorities provided by the Congress where we can move 5 percent out and 10 percent in, subject to Congressional notification.

Ms. TITUS. OK. Do you all anticipate that will happen?

Mr. FULGHUM. I haven't been asked to do any of that, ma'am.

Ms. TITUS. OK, thank you. Well, back to St. Elizabeths. I, in addition to the honor of serving on this committee, I chair the Subcommittee of Infrastructure and Transportation that oversees GSA and public buildings. So the problems at St. Elizabeths are very concerning to me.

They have already been outlined, but just to put them in perspective, it is about 10 years overdue and about \$1 billion overrun of cost.

I am glad to hear that the Secretary is moving in there this week because we have been hearing rumors that she wasn't going to move in there until August.

Also some of the agencies that were originally intended to move there are now not going to fit. There is not going to be enough room for them to go and some of the agencies that are now overdue to move are having to engage in some very expensive short-term leases.

I would ask you if you could address that because we haven't gotten the report that was due to us 2 years ago, and I don't know

if there is any plan to give us that report. But I would ask you how you deal with those leases, how expensive they are because they are short-term?

What about the folks who aren't going to get to move to this campus? Are they going to be nearby? How are you going to coordinate with them since coordination seems to be the biggest problem?

Is there any environmental-friendly LEED project sustainability requirements going into any of this construction?

Mr. FULGHUM. OK, first and foremost, ma'am, as you said, we are moving into the center building. DHS's portion of that budget has been on budget. The plan moving forward is the 2020 budget request does ask for \$224 million to outfit a state-of-the-art cybersecurity facility.

Given there are such unique both I.T. requirements, as well as security requirements, along with the fact that they are in over 8 locations and this will allow them to consolidate, makes a lot of sense to put them in Federal space on the campus. That will be next, followed in all likelihood by our intelligence function which is now sitting at the Nebraska Avenue complex.

We hope to ask for funding for that in the fiscal year 2021 request. That will allow us to get off of the Nebraska Avenue complex and save money there and turn that back over to the GSA.

As far as the report goes, you are 100 percent correct. It is way overdue. We had a report that was ready but because of a couple of budget requests that didn't go through and the fact that we had a new administration and we thought requirements may change, we didn't deliver it.

What I will tell you is is we have been keeping the committee updated, their staffs updated all along the way. We will continue to do that. We have an NCR consolidation study that should complete by June.

That one form, that strategy along with GSA's master plan, which is currently in the NEPA process, I believe that we should be able to give you a good preliminary assessment of what we are going to do, not only on St. Elizabeths, but in the NCR in the July-August time frame.

Ms. TITUS. That will give us some comparisons of what it costs to lease as well as to build and move?

Mr. FULGHUM. That is what the report requires, yes, ma'am.

Ms. TITUS. How about the environmental qualities of the building?

Mr. FULGHUM. The center building?

Ms. TITUS. The one, yes, that is under construction.

Mr. FULGHUM. To my knowledge there are no issues with that building environment from an environmental perspective.

Ms. TITUS. Do you think it is going to be finished by 2026?

Mr. FULGHUM. Well, the entire campus?

Ms. TITUS. Yes.

Mr. FULGHUM. So the remainder of the campus what we are looking to do is build three more buildings out there. That is what we have got an agreement to do. We don't want any more adaptive reuse because, as you said, it costs too much and we lost too much square footage.

Depending on the support of the Congress I believe that we can, if we ask for the budget for I&A in 2021 we would have that by 2024. The final facility out there in the 2022 budget request and it would be built by 2025 and 2026. That would complete what we are able to do on that campus today.

Short of getting folks to agree to demolish some more facilities out there and things of that nature, which takes quite a bit of time, as you well know, ma'am.

Ms. TITUS. Thank you, Madam Chairwoman.

Ms. TORRES SMALL. Thank you.

The Chair recognizes for 5 minutes the gentleman from Louisiana, Mr. Higgins.

Mr. HIGGINS. Thank you, Madam Chairwoman.

Gentlemen, thank you for your service to your country. It is quite an endeavor, the Department of Homeland Security being formed with the intent to gather the full services of so many agencies that have been existing sometimes with very disparate cultures and backgrounds. To integrate that is a tremendous task.

Mr. Currie, you mentioned in your opening statement that a great deal of progress has been made over the course of 16 years. I support my colleagues who have mentioned that the centralized command and control of DHS where this is an endeavor I believe should be bipartisan and your own struggles and efforts, both you gentlemen are noted.

Mr. Fulghum, regarding appropriations, last month this committee marked up a bill, H.R. 1639. It was my bill that would require Customs and Border Protection commissioner to coordinate with your office to prepare, implement, and submit to Congress workload staffing models, staffing and appropriations therein are challenges.

The staffing models for Air and Marine Operations and Border Patrol that will inform Customs and Border Protection's review and communication of staffing shortages to Congress.

This bill would help Congress review CBP staffing needs so we can ensure to properly fund it to fill these important law enforcement vacancies and ensure that CBP has taken a scientific approach to assessing its resourcing needs.

I ask you, sir, are you familiar with that bill? That can be a yes or no. Could you talk about some of the factors that go into workload staffing modeling? How can it help CBP assess its staffing needs if it had this mandated requirement?

Mr. FULGHUM. I am familiar with the legislation. For CBP, as you stated, staffing models are extremely important. For CBPOs we have a staffing model. It is pretty straightforward because of the type of work they do. For a Border Patrol agent, it is vastly different. It is much more complex in terms of response times.

Mr. HIGGINS. I don't mean to interrupt, but on that point, is it a moving target? My brother just—

Mr. FULGHUM. So—

Mr. HIGGINS. Because what is happening on our Southern Border it is quite challenging to model and predict staffing requirements, is it not? I mean, who knew 6 months ago that we would have 76,103 interceptions in February and over 100,000 in March?

Mr. FULGHUM. So what I would say is the amount of staff required is a moving target, but the model itself can be done.

Mr. HIGGINS. Exactly.

Mr. FULGHUM. I have been briefed on the model. The model shows tremendous promise. I believe by the June-July time frame that model will be, at least Phase I will be operational in what I would call IOC. It will go a long way to helping the Border Patrol determine exactly what it needs to operationalize, or operationally control the border.

Mr. HIGGINS. Overall do you concur that the scientific staffing modeling, like we describe in my legislation will call for this subcommittee's support?

Madam Chairwoman was, spoke on behalf, and I thank her for that and as well as the Ranking Member.

Would you concur it would just help Congress get its head wrapped around the reality of what staffing is needed and therefore would fund it as needed for that staffing?

Mr. FULGHUM. For Border Patrol agents absolutely, as well as the rest of the Department. If I could very quickly, I would tell you that the Department has for about 65 percent of the work force a good staffing model.

Once we get one for Border Patrol agents we would be up around 80 percent which is—

Mr. HIGGINS. Roger that. Quickly in my remaining time, I want to jump to biometrics. Listen, I support the full implementation of biometrics. I think it is crucial for the security of our Nation.

Just in your opinion would authorizing the DHS Office of Biometric Identity Management help improve biometric vetting and mitigate visa overstays to help us track that?

Mr. FULGHUM. I think what the authorization would do is give us clear authority not just for the long portion or aspect of identity management services, but for the broader implications that we would like to see in the Department. So yes.

Mr. HIGGINS. Thank you for your clarification.

Thank you, Madam Chairwoman.

Mr. Currie, I will have a question to submit to you in writing, so I thank you for being here today.

I yield.

Ms. TORRES SMALL. The Chair recognizes for 5 minutes the Ranking Member, the gentleman Crenshaw from Texas.

Mr. CRENSHAW. Thank you, Madam Chairwoman.

Thank you again both for being here. I would like to start off with morale and the personnel issues.

Mr. Currie, in your testimony you mentioned how critical it is for DHS to increase employee engagement and morale. Can you point to any measurable approaches to how that might be done?

Mr. CURRIE. Yes. Yes, sir. That is a great question. We have been looking at this for years and I know DHS has as well. So we did a report a few years ago and one of our recommendations is, is that the DHS look across its components and try to identify the root causes of the morale problem.

I have to say that it is important to look within the components. Some of these components like TSA and CBP are massive in and

of themselves. They would be their own Department if compared to other Departments in size.

So I think you have to look at the component itself, its mission and what drives employee engagement and the specific challenges within the component.

They have done that. One of the things that has been found in some of this root cause analysis is actually that a lot of this it boils back down to what you said in your opening statement.

It is about supervision, leadership, trust in leadership, training and development, and do supervisors have the employees' backs in an environment of trust? That is huge.

So I think there needs to be continued oversight looking and drilling really down into some of the problem components, TSA, CBP, Secret Service, because they are very different and they all have their own unique challenges.

Mr. CRENSHAW. Mr. Fulghum, I will let you expand on that if you would like, but I want to bring up accountability—I didn't hear it. You know, I heard a lot of leadership issues which is certainly always the case, but accountability is a big one.

When 48 percent of employees feel that poor performance, or sorry, 48 percent mean that it is believed that poor performance is dealt with appropriately, which means 52 percent believe that it is not.

You know, how do we deal with that? Can we look at ways to increase the ability of supervisors to fire those with cause who deserve to be, who are underperforming?

Mr. FULGHUM. If I could, sir, I will start with employee engagement. To Chris' point, what we have done in the Department is required focused employee engagement action plans that target specific issues within the components.

Then we have an ESA that the under secretary for management chairs that monthly looks at how they are making progress on those plans and continue to hold them accountable because to Chris' point, what is happening in TSA may be vastly different than what is happening in CBP.

I think you also have to, once you get to that root cause, which may be retention or it may be a hiring issue in one component versus something else in another, build a plan and hold them accountable for it.

To your point, it is we have done a lot to look at the issue of performance and why the survey says what it does. Part of the issue, frankly, it is between the employee and the supervisor when it comes to performance and discipline and those actions.

Mr. CRENSHAW. Well, to an extent, but I mean, I have worked in Federal Government. You can't just fire somebody.

Mr. FULGHUM. Right.

Mr. CRENSHAW. It is not like the private sector.

Mr. FULGHUM. I understand that.

Mr. CRENSHAW. So there is a lengthy bureaucratic process. Is there ways to quicken that process? What can we do to help with that? I know we have taken steps in Congress to make the Veterans Affairs organization, for instance, better-suited to hire and fire people quickly.

Mr. FULGHUM. I do think you still want to give due process, but I do think there are ways to streamline the process, to streamline the discipline process.

My point only was, sir, that those discussions are between the supervisor and the employee so you don't have a lot of visibility as to what actions are being taken with disciplinary actions. That was my only point.

Mr. CRENSHAW. Yes.

Mr. FULGHUM. Yes, I think more could be done to streamline that discipline process.

Mr. CRENSHAW. Well, absolutely. I mean, again, I have worked in Federal Government. There is nothing that decreases morale more than feeling like people you work with are underperforming and cannot be held accountable for it because the system just doesn't let them be held accountable. That is a major problem in all Federal agencies, not just yours.

Did you see, Mr. Currie, or do you see any benefit and this is we are moving to finance now. Is there any benefit from moving to a single consolidated finance system for pay and benefits similar to how the DOD uses DFAS? Would that work?

Mr. CURRIE. Yes, I think this issue is endemic of a lot of the challenges the Department has had. I mean, they are combining agencies that are so different and have different needs, and every time they tried to do that in the past to have a DHS-wide system it is a huge challenge.

I think even their contractors, you know, face challenges in trying to integrate all these systems to serve every component and give it what it needs. So, you know, I think there is some benefit in consolidating some functions, but it is also a major challenge. So it can't be—

Mr. CRENSHAW. I would like you both to—

Mr. CURRIE. I don't think it can all be—

Mr. CRENSHAW [continuing]. Talk about this in my remaining seconds and then you can answer it, but also about how the Procurements Innovation Lab is going. Any good measurable benefits from that?

Thank you, Madam Chair. See what I did there?

Ms. TORRES SMALL. Yes.

[Laughter.]

Ms. TORRES SMALL. Thank you.

Mr. FULGHUM. Ma'am, can I respond?

Ms. TORRES SMALL. I will follow up afterwards on that. Thank you.

The Chair recognizes for 5 minutes the gentleman from Texas, Mr. Taylor.

Mr. TAYLOR. Thank you, Madam Chair. I will just yield a minute to Congressman Crenshaw to follow up on his question.

Mr. FULGHUM. So first of all on financial systems modernization, what the Department is doing is exactly what DOD did. I was there when they did it.

First you have to reduce your footprint, which is what we are doing through system consolidation and then you can continue to further consolidate.

As it relates to the Procurement Innovation Lab, absolutely 100 percent we are making real progress. I can give you one quick example. We had a large procurement. It typically takes us about 180 days to do.

We were able to deliver capability in half that time, just by using the rules of the FAR, not by asking you for legislation, not by doing something out of the ordinary, but just using what is in the FAR and looking under every rock to see how we could do it differently. It is 100 percent absolutely working and it is becoming a best practice in the Federal Government.

Mr. TAYLOR. Thank you. So just to follow up with that, so the innovation lab and that acquisition, so that is just acquiring existing off-the-shelf technology or is that trying to develop new technology that is specific to DHS's missions?

Mr. FULGHUM. So it could be either/or, sir. So it could be that we are looking to develop something new or it could be looking to develop something off the shelf, depending on what our alternatives analysis tells us.

Mr. TAYLOR. Then can you speak a little bit more, I know Congressman Crenshaw asked you about the financial system and you spoke a little bit earlier, but could you just take me more through? I mean, it looks like you are asking for \$120 million to modernize your financial systems.

Then can you speak to, you know, what you are doing, what that will look like? Then I know it has had some problems. Can you speak to how you are going to avoid those?

Mr. FULGHUM. So I will start with what we would like to do with the \$120 million. The \$120 million will finish the consolidation of Coast Guard, CWMD, and TSA as well as begin the effort to modernize FEMA's systems that Chris referenced earlier. So that is what the money will do in that regard.

As far as what lessons we have learned and what we have done about it, what we saw in the IBC experience was simply there were too many folks between us and the folks actually doing the work. So we had requirements but we had to go through IBC, who then went through their integrator contractor, who then went to the software provider.

We now have very clear lines of communication, strong oversight, and governance. I meet with those folks once a week myself. They brief me on where this program is and how it is going. I meet with all stakeholders, which includes our integrator as well as the software provider monthly to make sure that they—

Mr. TAYLOR. Is your—

Mr. FULGHUM. We are all staying on the same page.

Mr. TAYLOR. Who are some of these contractors?

Mr. FULGHUM. I am sorry?

Mr. TAYLOR. Who has some of these contracts? Can you give me an idea of the companies that are involved?

Mr. FULGHUM. So our integrator is IBM and the software provider is Oracle.

Mr. TAYLOR. Keep going. I was—

Mr. FULGHUM. That is it.

Mr. TAYLOR. All right.

Madam Chair, I yield back.

Ms. TORRES SMALL. Thank you.

We will do a second round if folks are interested? I will recognize myself for 5 minutes.

So I want to pick up where Ranking Member Crenshaw left off in terms of morale. I appreciate some of the concepts that you are talking about in terms of action plans. But I would be very interested to hear more about the resources that are needed for the work of increasing morale.

So has the Department requested resources in its fiscal year 2020 budget to specifically address these systemic morale issues that have plagued the Department's work force since its inception?

Mr. FULGHUM. I believe so, yes, ma'am. So one of the key aspects that we have uncovered in our analysis is it is not just about the employee. It is about the family members.

So one of the things that is in not only Management's budget request, it is very modest, but in other components as well, is this idea of the elements of family readiness that we would like to focus on.

One is reducing general stress in the workplace. Two is child care. Child care and dependent care is a big issue with many folks. So one of the things that we are exploring is this idea of off-duty care and partnering with organizations like FAA who have these type facilities for pretty modest investment.

We could join them and provide some of that care that folks need that work these off-duty hours. There is subsidized child care in the Secret Service budget, as well as a couple of others, I believe.

Then the other thing that we learned, one of the things that reinforced what we thought we already knew during the shutdown was financial literacy. Folks are really struggling. It is another contributor to stress.

So we have a campaign under way to educate folks about what tools are out there, what resources are out there to help them adequately manage their resources.

Ms. TORRES SMALL. In DHS you have a lot of employees who are operating in surprisingly rural areas. I am thinking of Border Patrol specifically and Customs. Are you taking that into account when you are talking about morale?

Mr. FULGHUM. So I think targeted retention, targeted recruiting incentives are something that certainly the Border Patrol has looked at. The mobility program, which I am sure you are familiar with, ma'am, is working well and there is money in the budget for that as well.

Ms. TORRES SMALL. Great. Just following up another conversation that we are all interested in is I.T. and cybersecurity. I understand that DHS hasn't reported to Congress or OPM on Department-wide cybersecurity areas of critical needs as required by law.

Will the DHS be reporting that information soon? Is there anything we can do to help with that reporting? This is something Ranking Member Crenshaw is also very interested in.

Mr. FULGHUM. So, ma'am, I believe you are referring to some of the work that GAO has done reference the coding of positions. So we coded those positions down to the NIST standard in terms of 2 digits. Then we have actually coded them down now to 3 digits

as required, but there is still some clean-up to do. So I think from that regard we are in good shape.

Ms. TORRES SMALL. Just quickly in my remaining time, I would love to touch base on security, I mean, sorry, on diversity and inclusion in that strategic plan. In its requested budget for Fiscal Year 2020 has the Department allocated funds to develop either an updated strategy or programs directed to ensuring it has a diverse and inclusive work force?

Mr. FULGHUM. So we have a diversity and inclusion strategic plan and an operating plan that goes with it. It is 1 of our 6 priorities within the human capital line of business.

We do have resources requested to make sure that we can continue the hiring events like we have done in the past that target women in law enforcement and other diverse needs of the Department. So yes, ma'am.

Ms. TORRES SMALL. So if I may, that plan was written in 2012. Are there any? Or is there a more recent one?

Mr. FULGHUM. Yes, ma'am.

Ms. TORRES SMALL. OK.

Mr. FULGHUM. We will make sure you get it.

Ms. TORRES SMALL. Fantastic, thank you.

I will yield my time now and I will recognize for 5 minutes the gentleman from Louisiana, Mr. Higgins.

Mr. HIGGINS. Thank you, Madam Chairwoman.

Gentleman, let us speak candidly about morale. It has been brought up several times here specifically regarding Customs and Border Patrol. I would encourage you each to consider your response to this query here.

Is there ever a day when those men and women just chill out at work? Every day is a fire zone, is it not?

Mr. FULGHUM. It is an extremely challenging environment.

Mr. HIGGINS. Extremely challenging climate would be a very politically correct way to quantify it. Our Congressional staffs here have incredibly busy days and then we have less stressful days, Madam Chairwoman.

In the most difficult days and challenging for all of us are when we have overlapping Congressional obligations, committee hearings, important votes, floor speeches, many meetings with constituents. Some weeks are just incredibly challenging.

Then we have our district work weeks and our Congressional staff here in the District of Columbia and they get to catch up. They get to catch up a little bit. They get to breathe.

This never happens with Customs and Border Patrol now. Their families suffer because talk about morale you have to understand camaraderie and esprit de corps. When a unit is pushed beyond its capabilities, its structural ability to perform its mission and every man and every woman feels responsible to their brother and their sister to be there.

So things like family vacations, family leave are you finding, gentlemen, are Customs and Border Patrol taking their vacation and their family leave?

Mr. FULGHUM. I don't have those specific stats on what vacation use they are using—

Mr. HIGGINS. Sure thing.

Mr. FULGHUM. But I can tell you that they are stretched, as the Secretary has said, and that they are working incredibly hard each and every day to get their jobs done.

Mr. HIGGINS. Mr. Currie, you concur that there is an essential responsibility among these American men and women, these patriots that have been tasked with securing our Southern Border and our ports of entry and areas between our ports of entry.

And that they are facing human tragedy every day in a wave after wave after wave. They feel responsible to each other.

So it is our duty, it is our responsibility, Madam Chairwoman, and I say so with deep respect for you and my colleagues here.

It is our responsibility to provide these men and women with the resources that they have told us they need to perform their missions so that they can develop a morale within a reasonable framework of what is expected of any human being to perform.

My wife works for a large corporation and I can tell you payroll days, those few days, man, that is stress. I just think about if every day would be payroll for my wife if you would compare with Customs and Border Patrol.

Every day for our staff here in the District of Columbia would be a day where we have 3 or 4 committee hearings and many constituent meeting and important votes on the floor and floor speeches to make and events to attend.

Of course their morale is suffering because it is not because of them. It is because of us. It is up to us to make this correction.

I thank you for the second round of questioning. I very much admire the candor that these gentlemen have displayed today. They are to be commended for appearing before this subcommittee. Madam Chairwoman, I think you are doing a wonderful job in service for our country.

I feel great promise for this subcommittee that we can get things done. I hope we can just keep our eyes on the truth and drive forward despite any political or ideological barriers. I yield.

Ms. TORRES SMALL. I think we might be concluding here. I just deeply appreciate your time and in addition your candor, your clear-eyed vision of improvement.

So thank you for your valuable testimony. The Members of the subcommittee may have additional questions for the witnesses. We ask that you respond expeditiously in writing to those questions.

Without objection, the committee record shall be kept open for 10 days. Hearing no further business, the subcommittee stands adjourned.

[Whereupon, at 3:28 p.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM CHAIRWOMAN XOCHITL TORRES SMALL FOR CHIP FULGHUM

Question 1a. To what extent is DHS considering components' leasing arrangements vs. mission need when determining future consolidation plans at St. Elizabeths?

Answer. We are developing our NCR Real Estate Consolidation Strategy based on approved principles and guidance per administration policy and the under secretary for management. The vision of the strategy is to optimize the size of the Department's real property portfolio through consolidations, co-locations, disposal of excess property, and other efficiencies where appropriate. The overarching mission is to create operational and cultural synergies through geographic proximity and generate fiscal savings to reinvest in higher priorities. The strategy consists of several initiatives, one of which is to accomplish a complete NCR portfolio diagnostic and to assess the status of every DHS lease or owned property within the NCR and identify opportunities for consolidation from an enterprise vice discrete organization perspective. The initial phase of the NCR portfolio diagnostic is under way. Once fully completed, the goal is to build a 5-year real estate consolidation plan with clear DHS priorities related to St Elizabeths and establish centralized planning and programming for DHS real estate requirements, in partnership with GSA.

Question 1b. Please provide a comprehensive list of all the Department's current real property lease agreements in the National Capital Region, and, for each lease, please include the start date, end date, and annual cost.

Question 1c. Please indicate which leases have been extended on a short-term basis and which will soon be because of the consolidation effort.

Answer. See attached list.*

Question 2. In February 2016, GAO reported that DHS had made very little progress in implementing its Human Resources Information Technology (HRIT) investment that began in 2003 to consolidate, integrate, and modernize the Department's human resources IT infrastructure. What changes has DHS made to the management of HRIT to justify a \$10.4 million budget request for fiscal year 2020? How does DHS plan to spend that money?

Answer. DHS has greatly improved its HRIT Program, as demonstrated by the closure of 12 out of the 14 GAO recommendations (86 percent). DHS continues to meet monthly with GAO auditors to discuss the remaining three recommendations. DHS built a strategy focused on:

- strong governance;
 - policy changes where needed;
 - data management; and
 - consolidation to eliminate redundancy and improve automation where needed.
- DHS looks to shared services—both internally and externally—first, then we look at best in class solutions and then any solution that may make operational, fiscal, and business sense.

DHS plans to spend its \$10.353 million in fiscal year 2020 to support of the following initiatives as documented by the program's cost estimate approved at Acquisition Decision Event (ADE)–1:

- \$1.967 million for Position Management Solution (new automation capability);
- \$2.924 million for Talent Development Management Solution (replacement for PALMS);
- \$2.613 million for Employee Performance Management Solution (new automation capability); and
- \$2.849 million for Human Capital Enterprise Information Environment (enhanced capabilities).

*The information has been retained in committee files.

Question 3a. The Office of the Chief Human Capital Officer is requesting \$5.6 million in fiscal year 2020 for a Cyber Talent Management System. The Department expects to hire 150 new cyber employees by the end of 2020.

Can you please describe how this initiative will help the Department compete for cybersecurity talent?

Answer. To compete for the cybersecurity talent our mission requires, DHS must consider best practices for managing cybersecurity talent and modernize the current civil service system to meet the 21st Century requirements of the cybersecurity field. The Department continues to finalize the Cybersecurity Talent Management System (CTMS) with a focus on several key shifts:

- Proactive recruitment using digital tools;
- Streamlined hiring with formal, validated assessments;
- Market-sensitive compensation;
- Flexible, dynamic career paths; and
- Development-focused performance management.

With the launch of CTMS, DHS expects to improve its ability to recruit, compensate, manage, and retain top cybersecurity talent, including individuals at all career and experience levels.

Question 3b. What are some of the specific approaches that the Department is using to recruit cyber talent?

Answer. With CTMS, the Department plans to improve cybersecurity recruiting outcomes by:

- Identifying top prospective employees at key industry events and cybersecurity competitions;
- Hosting a joint hiring and recruitment event focused on cyber in early fiscal year 2020 in the National Capital Region;
- Expanding the use of digital platforms to share information about DHS job opportunities and encourage applications;
- Partnering with other agencies and the Partnership for Public Service for a cyber-fellowship program;
- Launching a Cyber Student Internship Program (OCIO) to create a pipeline of cyber talent at the Department;
- Increasing communication with prospective employees about multifaceted, exciting DHS cybersecurity mission;
- Crafting and delivering on a cybersecurity employment brand built around technical excellence; and
- Strengthening relationships with leading academic institutions, including Centers of Academic Excellence (CAEs).

Question 3c. How does the Department plan to recruit a diverse cyber workforce?

Answer. In implementing CTMS, DHS aims to recruit applicants from all appropriate sources in an endeavor to achieve a workforce from all segments of society, and in consideration of such factors as equal employment opportunity and public policies intended to foster a diverse and inclusive civil service. A core part of the proactive CTMS recruitment program will be targeted outreach to: Educational institutions, professional associations, and partner organizations, including Historically Black Colleges and Universities, Minority-Serving Institutions, the Hispanic Association of Colleges and Universities, Asian American and Native American Pacific Islander Serving Institutions, Tribal Colleges and Universities, Centers of Academic Excellence, and Veteran Service Organizations.

Question 4. Another \$4.4 million is requested for a Cyber Internship Program in the Office of the Chief Information Officer.

How does DHS plan to identify and recruit potential cyber interns and help ensure that they stay employed with the Department after their internships end?

Answer. The Office of the Chief Information Officer (OCIO) will employ a strategic approach for outreach and marketing to qualified and prospective candidates. The strategy includes a focus on colleges and universities designated as National Centers of Academic Excellence (CAE) in Cyber Defense (CD) and Cyber Operations (CO). Solidifying relationships with these institutions is a critical element in building a pipeline and a steady stream of top-tier cybersecurity talent for the growing needs of the Department.

During participation in the Cyber Student Internship Program, the interns will be placed in an environment that introduces them to the many aspects of cybersecurity challenges while learning about the overall mission of DHS. They will be exposed to multiple components through a series of rotational assignments, with periods of formal training and development between rotations. Mentors and coaches will be provided to aid in developing their understanding of the Department, its culture, and the role they will play in the success of the mission. Most importantly, these participants will experience this internship opportunity as a cohort. The intended

objective of this opportunity is to develop a sense of connection to the Department, its mission, and one another. Success in this element is critical to retaining these team members beyond their internship opportunity.

QUESTIONS FROM CHAIRMAN BENNIE G. THOMPSON FOR CHIP FULGHUM

Question 1. As GAO acknowledged in its recently-issued high-risk list, DHS has considerable work ahead to improve employee engagement. What has DHS done to understand that root causes of this morale issue? Is DHS doing enough to enhance morale?

Answer. DHS is addressing the root causes of this issue by establishing a regular sustained, rigorous cycle of annual employee engagement action planning at the component level, overseen by the DHS Employee Engagement Steering Committee. One of the main criteria of these action plans is root cause analysis. In April 2018, GAO assessed the action plans, determined that a root cause analysis process was now fully effective, and closed this recommendation.

As a result of implementing this regular cycle of action planning, a multi-year downward trend in the Federal Employee Viewpoint Survey scores turned around, with a 7-percentage point increase in the Employee Engagement Index since 2015. In 2016, DHS achieved a significant 3-percentage point increase in employee engagement scores, which was the greatest increase of any very large agency that year.

Moving forward, DHS is managing several initiatives to enhance morale. Employee and Family Readiness is one of the Department's top priorities. DHS is exploring dependent care programs for employees who work non-traditional work hours, including collaborating with existing centers operated by the Federal Aviation Administration and the General Services Administration. In addition to physical and mental health, DHS is also focusing on educating employees and providing resources for employees' financial wellness.

The DHS Leader Development Program (LDP) established required and optimum development practices and resources for new and seasoned leaders at 5 levels across the Department (team member, team lead, supervisor, manager, and executive). To date, components have implemented 98 percent of the LDP requirements, to ensure that all DHS leaders have consistent access to the programs, tools, and resources to continually develop their leadership capabilities.

The Department implemented the Leadership Year initiative in fiscal year 2018, which featured a DHS-wide collaborative effort to produce and disseminate extensive leadership tools, resources, and programs to all employees.

Question 2. Given your upcoming retirement from the Department, and the sudden departure of both the Secretary and under secretary of management/acting deputy secretary, what actions are you and the Department taking to ensure that the Management Directorate's mission is achieved without further disruption?

Answer. DHS has successfully undergone transitions in the past and will continue to do so. Acting Secretary McAleenan and Senior Official Performing the Duties of the Deputy Secretary Pekoske are skilled leaders equipped to meet the challenge of running the Department. In addition, the Management Directorate has a tremendous team of seasoned Chief Executive Officers and office leaders with years of experience to support our on-going work, regardless of leadership changes.

DHS frameworks, such as Management's Integrated Priorities, informed by our Unity of Effort initiatives and the DHS Strategic Plan, help shape the way we approach resource management, acquisition, information technology, and human capital management. There are 3 priorities: Achieve Operational Excellence, Enable Mission Delivery, and Shape the Future, which capture all of the management functions. The Chief Executive Officers that head each line of business are leading the efforts to manage these priorities and will continue to move forward to implement initiatives and measure outcomes during this transition period. By using this guiding tool and relying on our sound leadership and expertise within our Directorate, we will continue the work that we have always done to support the Department's mission.

Question 3. Can you please describe how the fiscal year 2020 budget request will be used to enhance diversity throughout the Department, including among senior executive staff? How is the Department altering its recruiting practices to build a more inclusive workforce?

Answer. DHS is executing its fiscal year 2016–2019 Inclusive Diversity Strategic Plan (IDSP) and implementing it through the MGMT Directorate's Integrated Priorities. DHS is also working on developing the fiscal year 2020–2024 IDSP and ensuring that it is in line with the new Government-wide plan when the Office of Personnel Management releases it. The fiscal year 2020 budget will enable DHS to:

Further leverage business data analytics, via the Strategic Marketing, Outreach, Recruitment and Engagement (SMORE) tool, to execute a marketing and outreach recruitment strategy; to encourage more utilization of recruiting via social media platforms to reach candidates from across the country; and to streamline the hiring process through innovation, evaluation, and process improvement. DHS plans to: Finalize and implement a Senior Executive Service (SES) Diversity Plan to provide guidance to DHS components on conducting robust internal and external outreach to fill SES vacancies; reemphasize the importance of preparing high quality SES application packages; provide guidance on preparing for SES interviews; and find opportunities to build on SES executive core qualifications.

DHS also plans to build on its successes in inclusive diversity by:

- Conducting inclusive diversity training for senior executives;
- Conducting unconscious bias training for hiring managers;
- Implementing Inclusive Diversity Dialogues programs; and
- Expanding employee resource groups to increase and assist in recruitment and outreach efforts.

Question 4a. Nearly 150,000 Border Patrol agents, CBP officers, TSA employees, and Coast Guard personnel were forced to work without pay during President Trump’s 35-day Government shutdown. Another 12 percent of the DHS workforce was involuntarily furloughed. The shutdown extended beyond personnel. Hiring was put on hold. Contracts were canceled. And acquisitions were delayed.

Please describe how President Trump’s shutdown immediately impacted the Department’s operations? Also, what might be the long-term impacts of the shutdown on DHS?

Answer. While front-line operations continued, many mission-enabling support functions ceased. The immediate impacts of the lapse in DHS appropriations were:

- recruitment actions were suspended, resulting in a hiring process backlog;
- delayed entry on duty for new hires;
- cancellation or delay of training courses taught by, and attended by, DHS employees;
- varying levels of financial hardship for DHS employees and their families; and
- mission support was provided solely to those DHS activities that met the criteria to be considered excepted.

The complete impact of the extended lapse in appropriations is not yet fully known. DHS continues to assess the long-term impacts of the lapse in appropriations.

Question 4b. How many employees resigned from DHS during the 35-day partial Government shutdown? Please provide a breakdown by component.

Answer. Please see below breakdown of the number of resignations for the 2018–2019 partial Government shutdown, and a comparison to the same period in 2017–2018.

DHS RESIGNATIONS

Component	Fiscal Year 2018 (12/22/17– 1/26/18)	Fiscal Year 2019 (12/22/18– 1/26/19)
CBP	65	41
CISA	7	4
FEMA	184	86
FLETC	1	2
HQ	21	13
ICE	20	18
OIG	3	3
TSA	559	434
USCG	19	9
USCIS	38	32
USSS	14	13
DHS Total	931	655

Question 5. In a September 2018 report to GAO, DHS stated that building its acquisition workforce is a “top priority for continuing to improve the way the Department does business and is a central component of its transformational strategy.” How has the Acquisition Professional Career Program, specifically, helped the Department achieve its workforce goals?

Answer. A key element of Department of Homeland Security’s (DHS) succession plan is the Acquisition Professional Career Program (APCP). The APCP has significantly contributed to DHS’s workforce goals. The APCP seeks to partner with National universities and colleges to usher a diverse pool of candidates into acquisition careers. Since its inception in 2008, the APCP has produced 316 graduates, many of whom have ascended to positions of increased responsibility working with complex contracts and acquisition programs. At present, 64.7 percent (or 213) of these graduates still hold positions in DHS and continue to contribute as technical experts, supervisors, and mentors to those more junior within the acquisition field. A fundamental component of the APCP mission is to address a critical need for recruitment and retention within DHS, where staffing gaps could affect the ability of DHS to carry out its mission. The contract specialist position is identified by the Office of Personnel Management as a mission-critical occupation (MCO) and represents 75 percent of all APCP positions.

Question 6. DHS has taken steps to improve acquisition management, such as re-establishing the Joint Requirements Council in June 2014 to review and validate DHS acquisition requirements. However, GAO has reported that DHS is not using the Joint Requirements Council to its full potential. The council could be identifying overlapping requirements and making recommendations to Department leadership to help ensure DHS’s limited resources are used most effectively. Why is DHS not using the council in this way? What are DHS’s plans for the council going forward?

Answer. Since its inception in 2014, the component led-, component-driven JRC has produced tangible benefits by helping to refine and integrate mission requirements to enhance operational effectiveness directly and better inform the Department’s main investment pillars, the program and budget review, and the acquisition review process. In GAO’s most recent report, we are pleased to note their positive recognition of the JRC’s on-going maturation of its requirements process, as well as efforts to strengthen the Department’s requirements professionals through various training courses and the Joint Requirements Integration and Management System (JRIMS) process.

As the JRC continues to evolve under the leadership of the new director, our key tasks are: (1) Govern JRIMS execution to enhance operational effectiveness directly and better inform the DHS’s main investment pillars. (2) Build component requirements capacity and capability to provide expertise Department-wide. (3) Establish and oversee functionally aligned portfolio structures to enhance joint collaboration. The JRC is establishing a requirements specialization certificate program. The purpose of this credential is to expand the knowledge base of the DHS requirements community of practice, establishing a competency baseline, and continue to build capacity and capability.

Additionally, the council is working to establish a requirements workforce model that can be applied to each of the components based on their unique needs. An example of the council’s oversight and guidance within DHS, is that there are 9 joint documents (signed by multiple components and/or generated by joint program office) which have been completed since JRIMS inception, reducing duplication and application of resources. Through the JRC, the Department’s senior leaders remain committed to continuing to improve the delivery to components the right capabilities at the right time to perform the Department’s missions safely and effectively.

QUESTIONS FROM RANKING MEMBER DAN CRENSHAW FOR CHIP FULGHUM

Question 1a. The request of \$270 million for the Office of Biometric Identity Management (OBIM) is \$40 million more than fiscal year 2019 enacted level of \$230 million.

Answer. The fiscal year 2020 President’s budget request is actually only \$18.8 million more than the fiscal year 2019 enacted budget. The \$230 million referenced only takes into account OBIM’s O&S appropriation and does not take into account the \$20 million in PC&I.

Appropriation (\$K)	Fiscal Year 2019 Enacted	Fiscal Year 2020 President’s Budget	Delta (Fiscal Year 2020 minus Fiscal Year 2019)
O&S	\$230,808	\$254,062	\$23,254
PC&I	20,000	15,497	-4,503

Appropriation (\$K)	Fiscal Year 2019 Enacted	Fiscal Year 2020 President's Budget	Delta (Fiscal Year 2020 minus Fiscal Year 2019)
TOTAL	\$250,808	\$269,559	\$18,751

Question 1b. Can you detail what the additional funds support?

Answer. The additional funds will support continued Homeland Advanced Recognition Technology (HART) development, provide operations and maintenance for both the Automated Biometric Identification System (IDENT) and HART systems (during the bridge period between HART roll-out and IDENT decommissioning), and maintain the Department of Homeland Security enterprise-wide facial identity licenses that supports the capacity requirements of the Department.

Question 1c. How will these funds prepare OBIM for future biometric usage across DHS?

Answer. These funds will prepare the Office of Biometric Identity Management for future biometric usage across the Department by providing additional HART capabilities—specifically, fielding modalities beyond fingerprint, such as facial and iris, in order to help OBIM stakeholders complete their mission by adding multimodal biometric examiners and providing additional biometric examiner tools. Additionally, HART development will improve the accessibility of the system via a web portal for system customers and will provide a holistic view of identities to assist customer adjudication and decision making related to access, credentials, or benefits.

Question 2a. There are a number of leadership vacancies at the Department.

How is the Department working in coordination with the White House to prioritize and fill leadership vacancies?

Answer. DHS Executive Leadership works with the White House on an on-going basis to define and align organizational requirements and priorities for filling key leadership vacancies.

Question 2b. What factors are taken into consideration in developing a budget for offices where key leadership positions remain vacant?

Answer. The budget development process is squarely focused on the missions of the Department and is structured to support leadership resourcing decisions, whether those leaders are acting or confirmed. To address the dynamic nature of the security environment today, DHS leadership updates resourcing priorities at the start of every budget formulation cycle. The Department's corporate budget process then synthesizes these priorities with component inputs so that all perspectives are considered as we balance near-term risk across portfolios with long-term investment for future capabilities.

Question 3a. In April 2018, the Subcommittee on Oversight and Management Efficiency held a hearing to continue oversight over DHS's headquarters consolidation project at St. Elizabeths. The subcommittee learned that St. Elizabeths continued to face schedule delays and that DHS and the U.S. General Services Administration (GSA) were working to provide an updated plan for the project by the end of last year. The committee still has not seen a formal updated plan.

What is included in the \$223 million request? Are you concerned that appropriators will be reluctant to provide the fiscal year 2020 budget request of \$223.8 million in new funding for St. Elizabeths before an updated plan has been received?

Answer. In the fiscal year 2019 annual appropriations act, Congress directed DHS to transfer \$120 million to GSA and for those funds to be merged with GSA's Federal Buildings Fund (which includes \$130 million from fiscal year 2016). These funds (\$250 million) will be used to construct the core/shell portion of the new Cybersecurity and Infrastructure Security Agency (CISA) Headquarters building on the southern plateau of the St. Elizabeths West Campus identified in the on-going Draft Master Plan revision. However, no DHS tenant build-out funding was included in the fiscal year 2019 appropriation.

Consequently, the fiscal year 2020 DHS budget request continues the plan to optimize St. Elizabeths by providing \$223.8 million for tenant build-out costs required to deliver a complete/useable CISA Headquarters building. This funding will be used for the physical build-out of tenant spaces, including information technology, electronic physical security, outfitting (furniture, built-ins, storage systems, etc.), move planning and execution, commissioning/de-commissioning costs and associated GSA fees (600K Gross Square Feet (GSF) in total). This new construction for the CISA

Headquarters building will maximize utilization/capacity and optimize mission effectiveness.

Should the fiscal year 2020 DHS request not be funded, the \$250 million, 600K GSF CISA Headquarters core and shell, previously funded by the Congress as noted above, will be unable to move forward. As noted in other responses, the inability to maintain the project development schedule will result in significant future cost increases, which can be mitigated or avoided altogether by fully funding the tenant build-out request.

Question 3b. One challenge for DHS and GSA planning has been a failure to properly consider the impact of funding shortfalls on the project's schedule estimates. How will updated plans for St. Elizabeths take into consideration the possibility of funding shortfalls in fiscal year 2020 and beyond?

Answer. Both GSA and DHS have properly planned, considered, and kept the Congress apprised on an annual basis as to the potential impacts of not providing appropriations as requested to meet the planned development schedule. The impacts are known and substantial:

- Commercial leases have definitive terms/expiration. The development/funding schedule is aligned to deliver new facilities prior to lease expiration to avoid costly short-term lease extensions.
- Should the Congress not fund the schedule as requested, GSA and DHS must decide whether to pursue short-term lease extensions at premium costs of up to 20 percent, or proceed with full commercial lease replacement with tenant costs incurred.
- Lessors may be unwilling to extend leases beyond the current terms which will require a move regardless of funding. Consequently, failure to fund the St. Elizabeths development schedule may require changes to the planned occupancies.
- There is no status quo option. DHS will incur a funding liability regardless.
- Lack of consistent GSA/DHS St. Elizabeths funding since fiscal year 2011 has eroded the schedule, misaligned lease expirations, and forced multiple revisions to the campus occupancy plan.
- Failure to fund the remaining segments of the campus will leave the Center Building surrounded by dilapidated buildings on the upper campus, sub-optimizing the investments made in infrastructure and risking cost savings.
- Construction costs increase over time. The R.S. Means Historical Cost Index from 2009 through 2019 (<https://www.rsmeansonline.com/references/unit/refpdf/hci.pdf>) shows construction costs have increased 26.2 percent nationally. The National Capital Region (NCR) is representative of that increase. Failure to fund the schedule in the year requested will result in increased costs for materials and installation in future years with no change in requirements.

In summary, no matter how well GSA and DHS plan, all courses of action require Congressional funding for either Federal construction, commercial lease extensions, or commercial lease replacements. There is no status quo option without financial impacts. Fully funding both GSA and DHS development requests to complete 3 new construction facilities at St. Elizabeths will result in a present value 30-year savings of \$675 million over the best available commercial lease options.

Question 3c. It is our understanding that there is not currently a plan that includes all of the DHS components being at St. Elizabeths. If all the components cannot be housed at St. Elizabeths, are there still advantages to moving some components to St. Elizabeths? How will you determine which components will be housed there?

Answer. Absolutely. The consolidation of the DHS Headquarters in the NCR (St. Elizabeths campus and commercial lease consolidation) to the extent possible will enhance mission effectiveness, operational efficiency, and unity of effort. From the very beginning of planning for the Consolidated DHS Headquarters at St. Elizabeths, it was recognized that there was no site within the NCR that could accommodate a complete consolidation of the Department's headquarters facilities. Consequently, our plans have always sought to reduce the number of locations from a high point of 53 and a current number of 46 to as few as possible with a target of 6 to 8.

The primary challenge continues to be the lack of consistent funding for both GSA and DHS to execute severable project segments. This funding uncertainty coupled with definitive lease expirations has required multiple revisions to the occupancy plan.

Full development of St. Elizabeths will enhance operations coordination, reduce real estate costs, and leverage the \$2.5 billion campus investment to date (GSA: \$1.6 billion, DHS: \$866 million). Government-owned property provides DHS long-term stability and savings as compared to the best available commercial lease options. Fully funding 3 new construction facilities for CISA, I&A, and either ICE or

FEMA will provide DHS with 30-year present value savings of \$675 million over the best available commercial lease options.

Question 3d. How much is the total request for DHS consolidation between the \$223 million requested in your budget and GSA's request? How will GSA and DHS coordinate their funding for DHS headquarters consolidation so that the cost and schedule priorities are being met?

Answer. As noted above, the core and shell for the new CISA Headquarters at St. Elizabeths was funded through a combination of GSA fiscal year 2016 funds (\$130 million) and the \$120 million provided in the DHS fiscal year 2019 appropriation for GSA responsibilities. No DHS tenant improvement funding was provided. Consequently, GSA has \$250 million to construct the CISA HQ core and shell, and DHS requires full funding of the fiscal year 2020 budget request of \$223.8 million to provide all tenant-responsible items and deliver a complete/useable facility.

The GSA fiscal year 2020 request is for both the core/shell for the new I&A Headquarters to be located at St. Elizabeths adjacent to the U.S. Coast Guard Munro Headquarters Building and \$50 million for second parking garage near Gate 1. The DHS Tenant Build-out Request for this facility will be made in a future fiscal year. Relocation of I&A HQ to St. Elizabeths will allow the Department to end its occupancy at the Nebraska Avenue Complex (NAC) and enable GSA, the owner of the NAC, to determine the best future use of the asset, including the possible disposal.

Synchronization of the GSA and DHS appropriations continues to be a challenge for the development. Optimally GSA core and shell and DHS Tenant Improvement requests would occur simultaneously or in the case of CISA and I&A, tenant improvement dollars coming the year following core and shell. Full funding of the annual GSA and DHS budget requests will assure project segments are synchronized, executable and deliver complete and useable facilities.

Question 4a. The fiscal year 2020 budget requests \$119.6 million for financial systems modernization for USCG, TSA, and FEMA. Financial services modernization has faced serious schedule delays and cost overruns in the past. How are you and the Department heightening oversight over this project to avoid further waste and inefficiency?

Answer. The Joint Program Management Office (JPMO) within the Department of Homeland Security (DHS), Office of the Chief Financial Officer (OCFO) was established to provide program management and governance of all DHS Financial System Modernization (FSM) programs and projects. The JPMO is using many of the lessons learned from the relationship with Department of Interior (DOI) Interior Business Center (IBC) as well as recommendations from GAO to improve oversight and management of FSM, specifically in the areas of cost, schedule, and performance management; vendor management; and communication. Prior to the Government shutdown, the program had delivered every major milestone on schedule at cost.

COST, SCHEDULE, AND PERFORMANCE MANAGEMENT

The JPMO is monitoring vendor progress by incorporating monthly cost, schedule, and performance metrics. Using the techniques of Earned Value Management (EVM), DHS is able to track progress toward scheduled milestones and ensure requirements are being delivered on time and on budget. These metrics also allow for early identification and remediation of potential cost or schedule variances.

The JPMO has established a Program Change Control Board (P-CCB) comprised of Headquarters and Trio Components. The P-CCB evaluates all proposed changes to requirements for validated need, and cost, schedule, and performance impacts. The P-CCB ensures that proposed changes are properly documented and tracked through implementation.

VENDOR MANAGEMENT

DHS now has a direct relationship with the system deployment agent (SDA) contracted to complete system configuration, rather than working through an intermediary under the Federal shared service provider (FSSP) model. This has allowed DHS to clearly define requirements for deliverables, schedule, and performance. To ensure that the program maintains consistent staffing, cost, and schedule, the JPMO has required the SDA to resource load their integrated master schedule (IMS).

COMMUNICATION

The JPMO acts as a single voice for FSM, establishing clear lines of communication between DHS leadership, components, and vendors. Established governance structures ensure information is disseminated timely to all stakeholders. The Dep-

uty Under Secretary for Management (DUSM) also meets with the executive leadership of DHS, components, and the support vendors every month to ensure that the program is proceeding in an efficient manner.

OVERSIGHT

The DUSM meets weekly with program leadership, the CIO, CPO, and CFO to ensure the program stays on track. In addition, the DUSM also meets monthly with the system integrator and software developer.

Question 4b. Financial system modernization has been a major long-standing challenge for DHS. Could you clearly explain for us the current time line for modernizing the financial management systems for the Coast Guard, Federal Emergency Management Agency, and Immigration and Customs Enforcement?

Answer. After transitioning the FSM software solution to a DHS Data Center in fiscal year 2018, DHS recommenced USCG and TSA implementation in Q4 fiscal year 2018 using an incremental build methodology. The first release, finished in December 2018, completed all global configurations necessary for Trio components, meeting approximately 80% of Trio requirements. Further releases have focused on global functionality to support CWMD (on track for delivery by 1Q fiscal year 2020), TSA-specific reporting and functionality (on track for deliver by 2Q fiscal year 2020), and USCG-specific interfaces and functionality.

USCG development will be completed by Q3 fiscal year 2020 and both TSA and USCG will begin full production use of the solution in Q1 fiscal year 2021.

DHS is currently preparing two strategic sourcing vehicles to competitively obtain software licenses and system integrators through the commercial marketplace for future component implementations, including FEMA and ICE. DHS submitted a Request for Information for Financial Management Software to Federal Business Opportunities in December 2018. DHS is currently in the process of incorporating vendor feedback. Once the strategic sourcing vehicles are finalized, FEMA, ICE, and ICE Customers (USCIS, DMO, S&T, and CISA) will select software(s) and system integrator(s) (award planned by end of fiscal year 2019) and then begin detailed implementation planning in a discovery period in fiscal year 2020. DHS has requested funding for FEMA in fiscal year 2020 to begin discovery and implementation.

Question 5. December 31, 2017 but has yet to be released. How has the QHSR's delay and the lack of a finalized strategy for how DHS's resources should be allocated impacted the ability to develop a budget request? With the absence of a QHSR, how do you ensure that the requests are adequate to meet future strategic needs?

Answer. The Department continuously evaluates the threat environment in order to ensure appropriate resource allocation across all mission areas. In order to address the dynamic nature of the security environment today, DHS leadership updates resourcing priorities at the start of every budget formulation cycle. The Department's corporate budget process then synthesizes these priorities with component inputs so that all perspectives are considered as we balance near-term risk across portfolios with long-term investment for future capabilities.

QUESTIONS FROM HON. XOCHITL TORRES SMALL FOR CHRIS CURRIE

Question 1a. GAO made 14 recommendations to DHS to address HRIT's poor progress and ineffective management.

What actions, if any, have been taken by DHS to address these recommendations?

Answer. Since 2016, OHS has made important progress towards addressing our recommendations to improve its implementation and management of the Human Resources Information Technology (HRIT) investment.¹ As of May 2, 2019, of the 14 HRIT recommendations that we made to the Department: Nine had been implemented;² 3 had been overcome by events and, consequently, closed as not implemented;³ and 2 remained open.

Examples of actions that OHS has taken to implement the 9 recommendations include the following:

- The HRIT Executive Steering Committee has been meeting at least bi-monthly, which is a significant improvement since our prior review, when we found that the committee had only met one time during a nearly 2-year period. As a result,

¹ GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment Is Needed*, GAO-16-253 (Washington, DC: Feb. 11, 2016).

² We determined that 3 additional recommendations have been implemented since the April 3, 2019 hearing, based on actions taken by OHS.

³ For the 3 closed, but not implemented recommendations, OHS moved one of HRIT's systems into operations and maintenance before implementing the recommendations.

the committee is better-positioned to provide support and guidance to the investment and to ensure accountability for improved results.

- The HRIT Executive Steering Committee has been consistently involved in overseeing and advising HRIT, including approving key program management documents, such as its operational plan.
- In June 2016, the HRIT Executive Steering Committee approved a reprioritization of HRIT's list of IT human resource areas that need improvement (referred to as strategic improvement opportunities).
- DHS developed schedule and life-cycle cost estimates for addressing HRIT's strategic improvement opportunities.

DHS is in various stages of taking action on the two recommendations that remain open.

- *Recommendation #5: Document and track all costs, including components' costs, associated with HRIT.*—DHS has begun tracking certain costs associated with implementing HRIT's strategic improvement opportunities, including contractor labor costs and certain Government labor costs. According to officials in the Office of the Chief Human Capital Officer, HRIT is expected to incur additional implementation costs, such as data migration and subscription costs; however, none of the programs associated with the strategic improvement opportunities are far enough along in their implementation to begin incurring such costs. We plan to continue monitoring this recommendation to ensure that the Department tracks all costs (including data migration and subscription costs) associated with implementing HRIT.

- *Recommendation #9: The Performance and Learning Management System (PALMS) program office should establish a time frame for deciding whether PALMS will be fully deployed at the Federal Emergency Management Agency (FEMA) and the U.S. Coast Guard (USCG), and determine an alternative approach if the learning and/or performance management capabilities of PALMS are deemed not feasible for the U.S. Immigration and Customs Enforcement (ICE), FEMA, the Transportation Security Administration (TSA), or USCG.*—In response to our recommendation, in February 2017, DHS determined that implementing PALMS's performance management capabilities across the Department was not feasible because the system did not meet all of the components' needs. Accordingly, DHS decided to discontinue its implementation of the performance management aspects of PALMS. Subsequently, the Department developed an alternative approach to delivering performance management capabilities, through the use of a shared services solution. DHS leadership approved this approach in June 2017 and, according to HRIT officials as of March 2019, they planned to implement this solution by June 2021.

Regarding learning management, in June 2016, ICE implemented PALMS's learning management capabilities. However, in April 2017, officials in DHS's Office of the Chief Information Officer reported that the Department had decided not to deploy PALMS's learning management capabilities at the other 3 components—FEMA, TSA, and USCG—because it was more cost-effective for these components to use their existing learning management systems. Since PALMS was not deployed across the entire Department, as originally intended, in September 2017 DHS committed to implementing an alternative solution to providing Department-wide learning management capabilities through the use of a shared services solution. As of March 2019, the Department had planned to deliver these capabilities by February 2021. The program estimates that it will obtain DHS approval on its solution approach by May 28, 2019. We are continuing to monitor DHS's plans for implementing the Department-wide learning management replacement solution for PALMS.

Question 1b. Given its past struggles, is DHS capable of effectively and efficiently spending funds on HRIT?

Answer. Given the progress DHS has demonstrated in implementing our recommendations, we believe the Department is better positioned to effectively and efficiently spend funds on HRIT. For example, one of our recommendations was for DHS to ensure that the HRIT executive steering committee is consistently involved in overseeing and advising the investment. Accordingly, the HRIT Executive Steering Committee has since taken key actions to implement this recommendation. For example, the steering committee approved the investment's fiscal year 2016–2018 operational plan in June 2016, an updated schedule estimate in June 2017, and a rough-order-of-magnitude life-cycle cost estimate for the investment in March 2018. In addition, in 2018 the steering committee met to discuss the investment on at least a bi-monthly basis. As a result, the steering committee is better positioned to provide support and guidance to the investment and to ensure funding is spent effectively and efficiently.

In addition, in response to our open recommendation that HRIT document and track all costs, including components' costs, associated with the investment, HRIT officials have begun tracking certain HRIT costs. Specifically, the officials have been tracking costs associated with contractor labor and certain Government labor costs. HRIT is expected to incur additional implementation costs, such as data migration and subscription costs; however, none of the programs associated with the strategic improvement opportunities are far enough along in their implementations to begin incurring such costs. We plan to continue monitoring this recommendation to ensure that the Department tracks all costs (including data migration and subscription costs) associated with implementing HRIT to ensure that funds are spent effectively and efficiently.

QUESTIONS FROM CHAIRMAN BENNIE G. THOMPSON FOR CHRIS CURRIE

Question 1. As GAO acknowledged in its recently-issued high-risk list, DHS has considerable work ahead to improve employee engagement. What has DHS done to understand that root causes of this moral issue? Is DHS doing enough to enhance morale?

Answer. In 2012, we reported that OHS and selected components planned actions to improve morale in response to survey results, but their efforts could be improved through, among other things, enhanced use of root cause analyses in their action planning. Without root cause analysis, DHS risked not being able to address the underlying concerns of its varied employee population. We recommended that the Office of the Chief Human Capital Officer and component human capital officials examine their root cause analysis efforts and, where absent, add the following: Comparisons of demographic groups, benchmarking against similar organizations, and linkage of root cause findings to action plans.

As of January 2018, DHS had taken steps to address this. For example, TSA conducted root cause analysis and linked findings to action planning by first conducting statistical analysis of employee satisfaction drivers and related focus group findings to identify high-priority areas for action. They then used that information as the basis for TSA employee morale action planning. USSS conducted a benchmarking exercise where they compared the morale of their employees to various agencies, including the U.S. Capitol Police, U.S. Coast Guard, and the Drug Enforcement Administration. The benchmarking findings were then used to develop action planning based on lessons learned at the other agencies. FEMA conducted demographic group comparisons, looking at employee gender, tenure with FEMA, age, and ethnicity, and used the information to inform senior leadership and subsequent employee engagement action planning. Other components, including ICE, NPPD, U.S. Coast Guard, CBP, USCIS, also provided information that addressed our recommendation. As a result of these steps, DHS is better positioned to understand and address employee morale challenges.

However, DHS's morale problem remains—ranking last among large agencies on employee engagement—indicating that concerted effort is needed by DHS leadership to address the challenge. Morale is not uniformly low at DHS, the U.S. Coast Guard, for example, is consistently above the Federal average, indicating there are opportunities to improve.

Question 2. What is the value of the Quadrennial Homeland Security Review and the downside of not having a current examination of the homeland security strategy of the Nation?

Answer. The Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Commission Act) requires that beginning in fiscal year 2009 and every 4 years thereafter, DHS conduct a review that provides a comprehensive examination of the homeland security strategy of the United States.⁴ According to the 9/11 Commission Act, the review is to delineate and update, as appropriate, the National homeland security strategy, outline and prioritize critical homeland security missions, and assess the organizational alignment of DHS with the homeland security strategy and missions. The Act further requires that DHS conduct the quadrennial review in consultation with stakeholders, such as heads of Federal agencies; key officials of the Department; State, local, and Tribal governments; private-sector representatives; and academics and other policy experts.

The Quadrennial Homeland Security Review (QHSR) is an opportunity for OHS leadership and homeland security stakeholders to come together and identify the key homeland security strategic priorities for a 4-year time horizon. There are 3 key downsides to not having the QHSR this cycle. First, stakeholder perspectives (both Federal and non-Federal) are not informing DHS's strategic planning to the extent

⁴Pub. L. No. 110-53, § 2401(a), 121 Stat. 266, 543-45 (2007); 6 U.S.C. § 347.

that they could if the QHSR were completed and released. Second, OHS was maturing an extensive risk analysis intended to assist with identifying the most relevant strategic priorities for the near future. Without the QHSR, we don't know whether that analysis was completed and if it is informing DHS's strategic direction. And third, in years past, the QHSR was the foundational document for DHS's Strategic Plan. It's unclear what is informing DHS's on-going strategic plan development if the QHSR is not finalized and published.

QUESTIONS FROM RANKING MEMBER DAN CRENSHAW FOR CHRIS CURRIE

Question 1. Acquisition management has been a long-standing issue for DHS. Can you identify the biggest areas of concern and steps OHS has taken to address these issues? What additional steps can DHS take to improve acquisition management? What steps can DHS take to improve the Joint Requirements Council and use it to fulfill its intended purpose to identify overlapping requirements and allocate resources more efficiently?

Answer. DHS has made incremental improvements to the management of its major acquisition programs. For example, in 2017 we found that, for the first time since GAO began its annual assessment, all of the programs in our review had Department-approved baselines with cost, schedule, and performance goals. However, we have found that DHS has struggled to consistently apply its acquisition policy, which has led to execution challenges for some of its major acquisition programs. For example, during 2017, less than half of the major acquisition programs we reviewed with approved schedule and cost goals were on track.

DHS has taken steps to strengthen requirements development across the Department, such as reestablishing the Joint Requirements Council in June 2014. However, opportunities remain to further strengthen DHS's acquisition process by using the Joint Requirements Council to impact DHS's budget. The council could better fulfill its mission by identifying overlapping or common requirements between DHS components and by making recommendations to senior leadership to help ensure that DHS uses its finite investment resources wisely consistent with the responsibilities contained within its charter. These responsibilities include considering the long-term implications of investments, identifying competing and/or complimentary programs in the out years, and championing a balanced portfolio of investments by establishing priorities that combine near-term operational improvements with long-term strategic planning.

Question 2a. In January 2016, GAO made 14 recommendations to DHS to address poor progress and ineffective management with the Human Resources Information Technology (HRIT). For example, some of the recommendations are for DHS to update and maintain a schedule estimate for when it plans to implement each of the strategic improvement opportunities and develop a complete life-cycle cost estimate for the implementation of HRIT. DHS has reported that 6 of the 14 recommendations have been implemented. Has DHS provided any time lines for when it plans to implement the remaining 8 recommendations?

Answer. DHS provided time frames for implementing each of our recommendations to improve its implementation and management of the HRIT investment, and executed against those time frames.⁵ As such, since 2016, DHS has made important progress toward addressing our recommendations. As of May 2, 2019, of the 14 HRIT recommendations: Nine had been implemented;⁶ 3 had been overcome by events and, consequently, closed as not implemented;⁷ and 2 remained open.

Examples of actions that OHS has taken to implement the 9 recommendations include:

- The HRIT Executive Steering Committee has been meeting at least bi-monthly, which is a significant improvement from our prior review where we found that the committee only met one time during a nearly 2-year period. As a result, the committee is better positioned to provide support and guidance to the investment and to ensure accountability for improved results.
- The HRIT Executive Steering Committee has been consistently involved in overseeing and advising HRIT, including approving key program management documents, such as its operational plan.

⁵ GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment Is Needed*, GAO-16-253 (Washington, DC: Feb. 11, 2016).

⁶ We determined that 3 additional recommendations have been implemented since the April 3, 2019 hearing, based on actions taken by DHS.

⁷ For the 3 closed, but not implemented, recommendations, DHS moved one of HRIT's systems into operations and maintenance before implementing the recommendations.

- In June 2016, the HRIT Executive Steering Committee approved a reprioritization of HRIT's list of IT human resource areas that need improvement (referred to as strategic improvement opportunities).
- DHS developed schedule and life-cycle cost estimates for addressing HRIT's strategic improvement opportunities.

DHS is in various stages of taking action on the two recommendations that remain open.

- *Recommendation #5: Document and track all costs, including components' costs, associated with HRIT.*—DHS has begun tracking certain costs associated with implementing HRIT's strategic improvement opportunities, including contractor labor costs and certain Government labor costs. According to officials in the Department's Office of the Chief Human Capital Officer, HRIT is expected to incur additional implementation costs, such as data migration and subscription costs; however, none of the programs associated with the strategic improvement opportunities are far enough along in their implementations to begin incurring such costs. We will continue to monitor this recommendation to ensure that the Department tracks all costs (including data migration and subscription costs) associated with implementing HRIT.

- *Recommendation #9: The Performance and Learning Management System (PALMS) program office should establish a time frame for deciding whether PALMS will be fully deployed at the Federal Emergency Management Agency (FEMA) and the U.S. Coast Guard (USCG), and determine an alternative approach if the learning and/or performance management capabilities of PALMS are deemed not feasible for the U.S. Immigration and Customs Enforcement (ICE), FEMA the Transportation Security Administration (TSA), or USCG.*—In response to our recommendation, in February 2017, DHS determined that implementing PALMS's performance management capabilities across the Department was not feasible because the system did not meet all of the components' needs. Accordingly, DHS decided to discontinue its implementation of the performance management aspects of PALMS. Subsequently, the Department developed an alternative approach to delivering performance management capabilities through the use of a shared services solution. DHS leadership approved this approach in June 2017, and, according to HRIT officials as of March 2019, they planned to implement this solution by June 2021.

Regarding learning management, in June 2016, ICE implemented PALMS's learning management capabilities. However, in April 2017, officials in DHS's Office of the Chief Information Officer reported that the Department had decided not to deploy PALMS's learning management capabilities at the other 3 components—FEMA, TSA, and USCG—because it was more cost-effective for these components to use their existing learning management systems. Since PALMS was not deployed across the entire Department, as originally intended, in September 2017 DHS committed to implementing an alternative solution to providing Department-wide learning management capabilities through the use of a shared services solution. As of March 2019, the Department planned to deliver these capabilities by February 2021. The program estimates that it will obtain DHS approval on its solution approach by May 28, 2019. We are monitoring DHS's plans for implementing the Department-wide learning management replacement solution for PALMS.

Question 2b. To the extent DHS has not implemented the remaining 8 recommendations, what is the risk to DHS's IT Management and Management Integration?

Answer. Given the progress DHS has demonstrated in implementing our recommendations, we believe DHS has lowered its risk of ineffective IT management. Specifically, one of the key IT management areas that we monitor is the level of oversight and on-going support officials from the Office of the Chief Information Officer provide to troubled investments to improve their cost, schedule, and performance. In our March 2019 high-risk report, we pointed out that DHS had demonstrated improvement in this key IT management area due, in part, to the Department taking actions to implement the HRIT recommendations associated with establishing cost and schedule estimates.

Progress integrating DHS management functions requires a concerted DHS effort to develop consistent or consolidated processes and systems across its management functions, including IT management and acquisition management. Implementing outstanding GAO recommendations, including those related to HRIT, will further DHS's progress in this regard.

