



STATEMENT OF

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Deputy Under Secretary for Management
U.S. Department of Homeland Security

FOR A HEARING ON

**“Ensuring Effective and Efficient Operations:
A Review of the Fiscal Year 2020 DHS Management Directorate Budget Request”**

BEFORE THE

United States House of Representatives
Committee on Homeland Security
Subcommittee on Oversight, Management, and Accountability

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 (FY) 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 cyberspace; 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 FY 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, commonsense 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 crosscutting 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 FY 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 two material weaknesses, down from 10 in 2007. In support of continued success and good stewardship, DHS has requested \$120 million in the FY 2020 Budget Request for Financial Systems Modernization, which will continue ongoing 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 FY 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 HR 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 HR 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 FY 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 FY 2020. In Seattle alone, the integrated workplace planning is projected to avoid \$200 million in costs over a 30-year period, Department-wide.

The FY 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 FY 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 dialogue 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 FY 2020 Budget Request also track closely with ongoing 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 FY 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 FY 2020 Budget Request.