BUILDING ONE DHS: WHY IS EMPLOYEE MORALE LOW?

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT, INVESTIGATIONS, AND MANAGEMENT

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

MARCH 22, 2012

Serial No. 112–79

Printed for the use of the Committee on Homeland Security

Available via the World Wide Web: http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PRINTING OFFICE
76–605 PDF WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
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BUILDING ONE DHS: WHY IS EMPLOYEE MORALE LOW?

Thursday, March 22, 2012

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

The subcommittee met, pursuant to call, at 9:08 a.m., in Room 311, Canon House Office Building, Hon. Michael T. McCaul [Chairman of the subcommittee] presiding.

Present: Representatives McCaul, Duncan, Keating, and Thompson.

Mr. MCCAUL. The committee will come to order. Good morning, everybody. I want to thank the Ranking Member of the full committee for subbing in for the Ranking Member of the subcommittee today.

I now recognize myself for an opening statement.

More than 200,000 men and women whose job is to keep Americans safe from terrorist attacks have a low level of morale, and equally as important, a low level of confidence in their leadership. Simply put, the Department of Homeland Security, whose employees' job responsibilities range from law enforcement to intelligence analysis, from screening airline passengers to protecting cyberspace, have a morale problem.

To quote a memo written by the Department of Homeland security, "vulnerability in leadership is a vulnerability in homeland security." I could not agree more.

With such a diverse workforce there are bound to be inherent leadership challenges. But after 9 years the Department continues to struggle with low employee morale.

DHS employees strongly believe in their work and their mission, but what does it say when only 37 percent of DHS employees believe senior leaders motivate them and only 37 percent are satisfied with their senior leaders' policies and practices? Those numbers are some of the poor grades assigned to the Department's leadership in the Office of Personnel Management Federal Viewpoints Survey.

This is unacceptable. DHS's mission is the safety and security of this country and the success or failure of that mission depends on the people in that organization. We need to ensure our men and women on the front lines of securing our homeland have the support of the Nation and their own leadership.

These hardworking individuals deserve the best the Department has to offer. Instead, DHS ranks 31 out of 33 Federal organizations in the Best Places to Work survey.

We should also be concerned about the range of employee satisfaction in the various DHS subordinate agencies, especially the differences. The United States Coast Guard made gains this year, to commend them, in the survey, and they ranked 37 out of 240 subcomponents in the Federal Government while the Office of Science and Technology ranked 238 out of 240. Of course, various DHS components have different mission sets, but they should not have different mindsets.

Today we look forward to hearing from Admiral Thad Allen about building morale in these organizations. As most of us know, Admiral Allen, besides a distinguished military career, led the successful response and clean-up of the Gulf oil spill.

Morale can drive an organization forward or it can fuel the fire of deeper discontent among employees, eventually compromising its mission. There is too much at stake for the American people to allow this to continue.

We hope to hear today what is causing low morale in DHS and how DHS plans to improve morale by communicating a vision, energizing staff, and developing loyalty and a team mentality within its workforce. Without these essential elements the goal of developing what Secretary Napolitano wants, "One DHS"—that cannot be accomplished.

This is our fourth hearing examining DHS management issues. There is a sense of déjà vu for anyone following these hearings. While I believe DHS management is working to address their problems and moving in the right direction, by their own admission they have a long road ahead.

Merely combining 22 agencies with the mission of homeland security will not produce better performance or a coherent policy. This is the job of leadership.

In order to create One DHS, greater attention and focus needs to be placed on the issues we have highlighted over the past 2 months. Resolving the management issues, such as developing a clear and focused strategy in line with budget allocations, technology integration, and eliminating waste and duplication in the Department are issues I believe will go a long way to improving workforce morale.

Now, with that I would like to recognize now the Ranking Member of the full Homeland Security Committee, Mr. Thompson, for his opening statement.

[The statement of Chairman McCaul follows:]

STATEMENT OF CHAIRMAN MICHAEL T. MCCAUL

MARCH 22, 2012

More than 200,000 men and women whose job it is to keep Americans safe from terrorist attacks have a low level of morale, and equally as important a low level of confidence in their leadership.

Simply put, the Department of Homeland Security, whose employees' job responsibilities range from law enforcement to intelligence analysis, from screening airline passengers to protecting cyberspace, has a morale problem.

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In order to create "One DHS", greater attention and focus needs to be placed on the issues we have highlighted over the past 2 months. Resolving the management issues such as developing a clear and focused strategy in line with budget allocations, technology integration, and eliminating waste and duplication in the Department are issues I believe will go a long way to improving workforce morale.

Mr. THOMPSON. Thank you very much, Chairman McCaul, for holding this hearing.

For too long the Department of Homeland Security has been plagued with low morale, employee dissatisfaction, and rankings at or near the bottom of the Federal human capital surveys. Eleven years into the Department's existence it remains at or near the bottom in Federal Government rankings.

There are more than 220,000 employees who serve every day at the Department in an effort to keep our country secure. They are clear on their mission, and according to the latest Office of Personnel Management survey, 91 percent of those responding believe the work they do is important. And it is.

Department of Homeland Security employees represent the front lines of our Nation's airport, land, and marine borders and ports of entry. They are called when disaster and emergencies strike and they uphold the immigration laws of our Nation.

They develop technology for homeland security and homeland defense missions and work with other Federal agencies to protect and

secure our infrastructure. They protect the President of the United States and over 9,000 Federal buildings across America.

They also work at the Department's headquarters providing the managerial and administrative means for the Department to fulfill its mission, and this exhaustive list does not fully cover what it takes on a daily basis to staff and operate the third-largest agency in the Federal Government.

Yet, despite numerous Government Accountability Office recommendations and insight on where the problems lie from surveys conducted by the Office of Personnel Management and the Partnership for Public Service, the Department has yet to figure out a strategy for improving its employees' morale. Given its mission, the lack of human capital strategy is not about numbers; it is about the security of our country.

The solution must come from the top. Unfortunately, the position responsible for establishing human capital priorities, recommending program improvements, and implementing corrective action—the chief human capital officer—has been one of the highest turnover rates of all Department leadership positions. Including those serving in an acting capacity, there have been eight different human capital officers at DHS since 2003. Only one has served more than 2 years; most last about 13 months.

Moreover, the Department has yet to achieve the level of diversity that is reflected Government-wide. In every category except one the number of racial and ethnic minority employees at the Department is lower than the Federal average.

It is no secret that the current economic climate has caused Federal agencies to do more with less. But I am encouraged that the 2011 OPM survey revealed that 96 percent of respondents feel that they are willing to put in the extra effort to get the job done and 90 percent feel that they are constantly looking for ways to do their job better.

To the contrary, only 78 percent feel that they are treated with respect by supervisors and less than half—46 percent—believe that promotions are based on merit.

I applaud the efforts to put into place, by Secretary Napolitano, such as new workforce strategy, the leader development program, and the integrated strategy for high risk. I am also pleased to see the addition of a diversity and inclusion officer at the Department.

However, I am deeply troubled that employees continue to rank the Department at or near the bottom. Hopefully today's hearing will shed light on how to improve this dismal picture.

I yield back, Mr. Chairman.

Mr. MCCAUL. I thank the Ranking Member. Other Members are reminded that they may submit statements for the record.

[The statement of Ranking Member Keating follows:]

STATEMENT OF RANKING MEMBER WILLIAM KEATING

MARCH 22, 2012

Thank you Chairman McCaul for holding today's hearing.

I would also like thank our distinguished witnesses for their participation.

Today, we will examine an issue that is vital to the Department of Homeland Security's operations and that is the management of its 220,000 employees.

I am deeply troubled by the Department's ranking in both the Office of Personnel Management Federal Employee Viewpoint Survey and the Partnership for Public Service's Best Places to Work rankings.

In both surveys the Department ranked near the bottom.

On a positive note, the survey revealed that progress has been made in the last 5 years; however, this progress has been incremental and has not yielded overall improvement for the Department's ranking as compared to other Federal agencies.

To that end, I am pleased that today's hearing will provide us with an opportunity to examine ways to chart a way forward.

To do so, however, the Department must properly address the causes of its employees' dissatisfaction and make a concerted effort to improve Department-wide morale.

Given the huge gap between component-level responses, it is clear that there needs to be a clearer connection and better collaboration between DHS headquarters and its components.

For example, although the U.S. Coast Guard and the Federal Law Enforcement Training Center received overall scores of 70.9 and 66.5, respectively; TSA's score was a mere 48 and the Science and Technology Directorate was even lower at 41.

The Department recently developed its Workforce Strategy for fiscal years 2011–2016.

Hopefully, this plan will serves as the blueprint for improved human capital management and result in better morale among the Department's employees.

I look forward to hearing today's testimony.

Thank you.

Mr. MCCAUL. Like to introduce our first witness. Admiral Allen is the senior vice president at Booz Allen Hamilton, supporting the firm's work with the Departments of Justice and Homeland Security.

Mr. Allen completed his distinguished career in the United States Coast Guard as its 23rd commandant. In 2010 President Obama selected Admiral Allen to serve as the National Incident Commander for the unified response to the Deepwater Horizon oil spill in the Gulf of Mexico.

I commend you for your great work in that effort.

Prior to his assignment as commandant Admiral Allen served as a Coast Guard chief of staff.

I want to thank you for being here today, Admiral. With that, I recognize you for your testimony.

STATEMENT OF ADMIRAL THAD W. ALLEN (RET.), SENIOR VICE PRESIDENT, BOOZ ALLEN HAMILTON

Admiral ALLEN. Thank you.

Chairman McCaul, Ranking Member Thompson, I want to thank you for holding the hearing this morning and congratulate you on taking the opportunity to look at what I think is a very important issue in the Department of Homeland Security. I have been involved with the Department since its inception and I welcome the opportunity to discuss the linkage between employee morale and personal and organizational performance, which I believe is a key.

I would say today that I am testifying in my capacity as a private citizen and the views expressed by me are not intended to represent any Government agency or a private firm. A summary of my work experience and experience related to the missions of the Department of Homeland Security are provided at the conclusion of my statement.

Mr. Chairman, with your permission I will submit a statement for the record and proceed with a brief oral summary.

Mr. MCCAUL. Without objection, so ordered.

Admiral ALLEN. Thank you.

Let me state at the outset that it is my belief that morale is not an objective to be achieved in an organization. It is rather the natural byproduct of a high-performing organization and its people. It is a measure of their collective understanding by the employees of their mission and their role in the organization and an acknowledgement that the conditions in which they work enable them to succeed.

When there is a shared vision of the mission, commitment to shared values of an organization, and strong, effective leadership that enables employees to be successful, morale happens. Creating such an environment is not necessarily easy and cannot be accomplished overnight. It is the collective impact of workplace conditions, the quality of front-line supervisory leadership, the mission support structure that enables mission execution, and an enduring commitment by senior leaders to the concept that mission performance starts and ends with people.

I believe there are three contexts in which morale is generated in any organization of Government. The first place is the workplace environment and the conditions under which employees work and the front-line supervisory leadership.

I believe the next level is the Department agency or environment, and there the mission, the structure of the organization itself, the culture, the maturity of the support structures that are in that agency all bear on the ability of employees to do their job and create the perception in these employees that the organization cares about them and their performance. Finally, there is the overall structure of the Federal Government and its real or perceived competency to meet its social contract with the American public.

I have said in a number of fora over the last couple years that as we look at a constrained budget environment moving forward in the Government we need to understand that we are going to have to make difficult choices and we shouldn't confuse the mandate to deal with shrinking budgets with the value of public service. I think we do a great disservice to hundreds of thousands of Federal employees when a constrained fiscal environment is interpreted as a referendum on the value of public service.

I think before we have any discussion of morale regarding the Department it is important to note what I would call the preexisting organizational issues that create so much complexity and challenges in the Department of Homeland Security, and I think anybody that is familiar with the evolution of the Department since its establishment in 2003 would probably agree that we are in the process of trying to retrofit basic organizational structures, capabilities, and competencies into an organization that was mandated to come into effect 60 days after the President signed this act into law, and then the agencies had to come in by March 1, 2003, less than 6 months' total time.

This was done in the middle of a fiscal year. There was no appropriation provided to the Department until fiscal year 2004. The bill was signed just before and during midterm elections with no real capability for the Senate to be impaneled and actually confirm senior leaders in the Department. That created a massive amount of complexity and difficulty in standing up the Department.

I think we need to understand, too, that some agencies—and you mentioned this earlier, Mr. Chairman—the Coast Guard and Secret Service—were moved over intact, with the mission set intact and their culture and organizational structures in place, and because of that they have scored higher, traditionally, in these surveys and rankings. TSA was still a work in progress; they were transferred intact but they were still trying to build an organization. CBP and ICE were—basically inspection functions were taken from INS—legacy INS—Treasury, and other agencies, and recombined, as was ICE with the investigative functions from Customs and Immigration.

So what you have is a mixture of 22 agencies that are in various stages of their life cycle, and therefore, various stages of maturity and trying to develop the internal mechanisms that allow them to enable employees or create support structure. We should understand that but we should not take that as an excuse why we shouldn't move forward.

One look at the appropriations proposal for this year—the budget justification—will show you, if you look across all the different agencies, that the breakdown of the appropriation structures is not the same so it is hard to compare the cost and the structure related to things like human resources, that are very, very impactful on employees.

I would say there are four areas to look at moving forward. One, we would look at development of leaders to retain employees and create unity of effort. We need to provide the tools, capability, and competencies that enable personnel to succeed in the workplace.

We need to create a mission support architecture to generate and sustain the capability and capacity of the enterprise to execute the mission. Finally, we need to integrate planning and coordination of mission execution that reflects internal unity of effort and external interagency leadership for the Department.

In my view, those four basic dimensions will empower and improve personal performance and organizational performance, and morale will be a by-product of that process.

Thank you for having me here this morning, Mr. Chairman.

[The statement of Admiral Allen follows:]

PREPARED STATEMENT OF THAD W. ALLEN

MARCH 22, 2012

INTRODUCTION

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, thank you for the opportunity to provide testimony today.

Let me first congratulate you Mr. Chairman and the committee for addressing an important issue. I have been involved with the Department since its inception and welcome the opportunity to discuss the linkage between employee morale and and personal and organizational performance.

I am testifying today in my capacity as a private citizen and the views expressed by me are not intended to represent any Government agency or private firm. A summary of my work experience and experience related to the missions of the Department of Homeland Security are provided at the conclusion of this statement.

Max Stier, the President of the Partnership for Public Service is a member of the next panel and is best suited to discuss in detail their report *Best Places To Work In The Federal Government.* My perspective today is one of a leader who served in the Department of Homeland Security since its inception and as a coworker and colleague of the men and women who serve or have served in the components that

make up the Department for over 40 years. My comments also reflect my experience leading large complex responses across the Federal Government that demand unity of effort to meet our commitment to the American public.

MORALE

Let me state at the outset that it is my belief that morale is not an objective to be achieved in an organization. It is rather the natural by product of high-performing people and organizations. It is a measure of the collective understanding by employees of the mission and their role in the organization and an acknowledgement that the conditions in which they work enable them to succeed.

When there is a shared vision of the mission, commitment to the shared values of an organization, and strong and effective leadership that enables employees to be successful, morale "happens." Creating such an environment is not necessarily easy and cannot be accomplished overnight. It is the collective impact of workplace conditions, the quality of front-line supervisory leadership, the mission support structure that enables mission execution, and an enduring commitment by senior leaders to the concept that mission performance starts and ends with people.

ORGANIZATIONAL CONTEXT

It is my opinion that there are three environments that collectively interact with individual performance and therefore impact morale.

The Workplace Environment

At a very basic and personal level, morale is the collective effect and interaction of individual aspirations, interpersonal relationships, workplace conditions, and front-line supervisory leadership that that drive employee performance. From this view, to paraphrase your former colleague Tip O'Neill, all "morale is local." At this level the greatest organizational impacts on employee morale in my view are: (1) The quality of front-line supervisory leadership and (2) the work environment—the physical surroundings, support structures, work tools, and co-workers. This applies equally to deployed units, field offices, and headquarters staffs.

The Department or Agency Environment

Beyond the immediate work environment, factors that impact personal and organizational performance are legislative authorities that define the mission and structure and effectiveness of the organization. Specifically, I am referring to the capability and capacity of the enterprise to execute the mission, the real or perceived competency of the organization (internally and externally), and ultimately the understanding of the individual of their role and their value in that structure. Critical to employee understanding of their role in this larger context is clear, unambiguous communication by leaders on mission and core values.

The Federal Government Environment

Finally, the overall structure of the Federal Government and its real or perceived competency to meet its social contract with the American public is something that every Government employee feels and understands. I have stated repeatedly in various fora that is important to distinguish between the difficult choices that are required to deal with shrinking budgets and the value of public service. We do a great disservice to hundreds of thousands of Federal employees when a constrained fiscal environment is interpreted as a referendum on the value of public service.

PRE-EXISTING ORGANIZATIONAL ISSUES CREATE COMPLEXITY AND CHALLENGES

It is difficult to discuss employee morale in DHS without first acknowledging the conditions under which the Department was created and the degree of difficulty associated with "retrofitting" basic organizational structure and capabilities. This issue is greatly misunderstood but any discussion regarding Departmental performance and morale must acknowledge it. We need to understand that different elements and components of the Department were created and now exist within radically different structures and are in different stages organizational life cycle and maturity, including the Departmental headquarters. For example, the highest-scoring Departmental agencies in the rankings (Coast Guard and Secret Service) were moved intact to DHS in 2003 with minimal disruption to on-going operations. While TSA was transferred intact, the organization was still being built. CBP and ICE, on the other hand, were created largely from reorganized INS and Customs functions with the attendant challenges of integrating work forces, different collective bargaining structures, different grade structures, and operating procedures. Still other entities such as the Domestic Nuclear Detection Office, Science and Tech-

nology, and Intelligence and Analysis were created from "whole cloth" by legislation and had no precursors.

The process was further complicated by the inelegant redistribution of base funding from legacy departments and agencies due to a lack of historical cost information (the Department was created in the middle of a fiscal year with reprogrammed funds and did not receive an annual appropriation until FHY 2004). OMB has pressed for efficiencies throughout the life of the Department without first acknowledging that capability, competency, and capacity are precursors to cost savings (IT savings were sought in the transition process when new investment was required).

The Department's fiscal year 2013 budget justifications reveals little consistency in budget presentation or treatment of standard organizational costs such as personnel, operating expenses, capital investment, programs of record, or support costs such as information technology. While progress has been made to standardize budget submissions the basic structure of appropriations remains different in each component and is an indicator of the enduring challenge of functional integration in DHS. While these issues sound bureaucratic and removed from actual work environments, there are few employees in the Department that are not aware of the challenges associated with maturing the enterprise.

IMPROVED INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE POSITIVELY IMPACTS MORALE

An exhaustive evaluation of every factor that impacts employee morale is well beyond the scope of my testimony today. Accordingly, I would like to focus on a few areas that I believe offer the best opportunities to improve organizational and individual performance and by extension morale. It is not surprising that these recommendations also contribute to a more integrated, functionally aligned department that is more capable of mission execution.

- Develop Leaders That Retain Employees and Create Unity of Effort
- Provide the Tools, Capabilities, and Competencies That Enable Personnel To Succeed in the Work Place
- Create A Mission Support Architecture To Generate and Sustain the Capability and Capacity of the Enterprise to Execute the Mission
- Integrate the Planning and Coordination of Mission Execution That Reflects Internal Unity of Effort and External Interagency Leadership

DEVELOP LEADERS THAT RETAIN EMPLOYEES AND CREATE UNITY OF EFFORT

The Federal Government has struggled for decades to create a strategic and comprehensive leadership development framework. The Government-wide effort has been attenuated by various individual mandates to develop training programs within communities of interest such as the intelligence community, National security organization, Defense Department, State Department, and others. The spotty collective performance of these initiatives has less to do with their content than the lack of sustained commitment at the highest levels of the organization that protects, nurtures, and celebrates the process that produces leaders, an earmark of successful and sustained military professional and leadership development.

As a strong supporter of the current DHS Fellows program I can personally attest to the fact that the program is valued and celebrated by the cohort that has received the training and the program is helping to build cohesion within the Department. I also strongly support the evolving DHS leadership framework that focuses on employees at all levels. That fact however carries little weight with budget reviewers and examiners and these programs are often the first casualty of internal reviews, OMB passbacks, and budget negotiations that focus on large, high-dollar programs and policies at the expense of the basics of organizational success. As a result these programs are often funded from year-end "fall out" funds or reprogrammed funds from other programs when available. Mr. Chairman, these are not huge amounts of money but the return on investment is considerable. The leadership development program in Homeland Security should fence off a budget line item that allows multi-year planning, promotes consistency of program execution, and demonstrates senior leader commitment. While current programs begin with senior leader training, I would focus on improving the skills of front-line supervisors who have a significant impact on employee performance and morale.

PROVIDE THE TOOLS, CAPABILITIES, AND COMPETENCIES THAT ENABLE PERSONNEL TO SUCCEED IN THE WORK PLACE

As noted earlier one facet of employee morale is their sense of the commitment of their organization and leaders to them through the tools they are provided to do their jobs. To that end, physical facilities, information technology, communications,

specialized training, access to enterprise information, performance systems, collective bargaining structures, employee benefits, and the opportunity for organizational learning can all positively impact morale. It is well beyond the scope of my testimony to "drill down" in each of these areas regarding Departmental capability and performance. However, there are strong thematic links that can be discussed in the context of stronger component and Departmental performance. Three are discussed here.

Human Resource Systems

First, the current human resource system the Department is an aggregation of pre-existing systems from legacy agencies and departments. Early attempts to create an all-encompassing HR system and a pay for performance structure across the Department failed and current efforts are focused on smaller incremental changes to integrate the diverse existing systems. Past failures to adequately forecast and budget for adjustments to position grades needed to integrate legacy organizations have resulted in short-term emergency fixes. The Department should seek to standardize the forecasting, accounting, budgeting, and funding of personnel costs within a Departmental framework that is visible and comparable across Departmental components and entities in the annual budget. Increased consistency and transparency in managing personnel costs will reduce uncertainty and the need for year-to-year adjustments that, in turn, create concern in the workforce.

Information Systems

Second, whether an employee executes the mission in the field or supports the mission regionally or in a headquarters, the organizational medium of exchange that propels daily operations is information. From automated license plate readers at land ports of entry, to personal radiation detectors, to passenger and cargo screening, to cost accounting information related to logistics support of aircraft, mission execution, and mission support is enabled by the information that is generated by or made available to Department employees. Information sharing is an enterprise challenge that I will address in the next section but we should remember that employees measure organizational commitment by how much they are empowered to know and then to act on that knowledge. The challenge can be seen in discrete parts.

- Information collection, storage, and access.
- Analytical tools that convert data to decision-supporting knowledge.
- Platforms and devices that allow access, including visualization of knowledge to enable decision-making.
- Systems security.

At present there are numerous efforts to improve information access for employees in the Department but it is generally focused at the component level and within individual stove-piped data and communications systems. While progress has been and is being made, every effort must be made to put state-of-the-art information technology tools in the hands of Departmental employees and those tools must be integrated across components.

Workplace Integration, Building A Unified Team

Every DHS component and headquarters office has a noble and worthy mission to protect the American public. Some components such as Customs and Border Protection and the Coast Guard have legacies that span two centuries of service. However, the promise of the Homeland Security Act was knit these functions and activities into a unified, cohesive enterprise.

The entering argument for unity of effort at the working level is trust. The formula for trust is: (1) A shared vision of the mission, (2) a commitment to share expertise and information, and (3) the ability to represent a parent organization without allowing parochial policy, budget, or cultural issues to cloud effective participation and the success of the larger "good." When employees see their leaders creating this type of work environment they are motivated to improve their performance as well.

I have seen this demonstrated in countless venues across the Department where effective teams work side-by-side, tirelessly everyday to executive the mission. The challenge is that this model is not present everywhere. Where it exists morale is high, where there is no trust employees revert to governing policies that protect the resources and discretion of their component, regardless of the mission requirement or the demands of the situation. These situations erode the rationale for the Department's creation and inhibit the maturation of the Department as a leader across Government.

The ability to integrate effort in the field is affected by: (1) Facility decisions that restrict, do not allow, or fail to facilitate colocation, (2) stove-piped data systems

that make access to even DHS counterpart's information difficult, and (3) local leadership challenges where supervisors are hesitant or unwilling to partner and collaborate. Similar challenges exist in Washington where components are physically separated from the Departmental headquarters and there is a proliferation of command centers.

CREATE A MISSION SUPPORT ARCHITECTURE TO GENERATE AND SUSTAIN THE CAPABILITY AND CAPACITY OF THE ENTERPRISE TO EXECUTE THE MISSION

During my first 2 years as Commandant of the Coast Guard I initiated a sweeping transformation of our mission support structure to build a more effective organization to enable mission execution. That transformation continues today. To demonstrate my commitment to this change I participated in a number of All Hands meetings throughout the Coast Guard. I explained the mandate for improved mission support in simple terms. If you work for the Coast Guard (or any governmental agency for that matter), you do one of two things: You either execute the mission or you support mission execution. If your daily work cannot be explained by either of these, one of two mistakes has occurred. The task has not been fully explained or the task is not needed.

A significant driver of employee morale is the ability for the employee to connect their daily work to the agency mission. Everyone has heard the classic story of the janitor at a NASA facility who was asked what he did and his response was "I put men on the moon!" As noted earlier, the first decade of the existence of the Department of Homeland Security has been challenging and earmarked by: (1) Public "zero tolerance" for failure, (2) unrelenting media scrutiny, (3) duplicative oversight, and (4) the inevitable immediate public discourse and referendum on Departmental performance while operations are being conducted. In this environment it is easy to become captive to what I call the "tyranny of the present." That said, it is critically important to preserve the time, effort, and resources to unambiguously define the need and create a mission support structure that enables mission execution and allows every employee to say, "I protect the homeland."

While one could argue exactly what constitutes "mission support" I think an acceptable structure would generally include the following:

- Human Resources
- Financial Management
- Information Systems and Communications (and their security)
- Acquisition Planning and Management
- Facilities Management
- Logistics and Maintenance
- Health, Safety, and Environment

The challenge in creating an integrated Departmental mission support system is to combine disparate support systems that were transferred from legacy agencies with base funding contained in component appropriations. This requires a shared vision of the end-state and a framework to implement needed changes. Repeated attempts at integration and/or consolidation across these functional support lines of business have not been successful. Employees know this. That said, current demand for improved performance and morale are now converging with a constrained budget environment to create a cause for action to refocus on the integration of mission support functions of the Department.

INTEGRATE THE PLANNING AND COORDINATION OF MISSION EXECUTION THAT REFLECTS INTERNAL UNITY OF EFFORT AND EXTERNAL INTERAGENCY LEADERSHIP

The Department faces two major challenges in effective mission execution to achieve unity of effort and improve performance (and morale): (1) Internal integration of operational planning and execution across components and mission areas, and (2) creating the capability, competency, and capacity to eternalize planning and execution across the Federal Government and vertically with State and local governments. This fundamental process of an operating department is, in my view, is the single most impactful Departmental role that is visible to all employees. Further, it is the basis by which the Department is seen and evaluated by stakeholders, overseers, the public, and the media.

From the outset the Department has been hampered by the Balkanization of facilities and command centers, particularly in the Washington, DC area. The exigencies associated with standing up the Department rapidly and the proliferation of office locations in and around Washington has hampered the development of a central unified command center that is necessary to the effective planning and coordination of operations. The promise of a unified National operations center at the St. Elizabeth's venue appears to be in doubt.

Notwithstanding the need for physical consolidation, the Department should continue to press ahead to develop improved organizational capability to plan and execute operations, including effective information sharing and analysis, risk assessment, and the development of Departmental and National doctrine to guide mission execution.

CONCLUSION

Mr. Chairman, the challenges faced by the Department of Homeland Security are numerous but hundreds of thousands of dedicated employees work tirelessly everyday to serve the American public. Our collective responsibility is to provide them the best leadership and tools that enable them to perform to their greatest potential. The goal should not be to try to affect survey respondents behavior to achieve a better score but to enable and empower employees to do their job and be proud of it. If you enable performance, morale will follow.

Mr. MCCAUL. Thank the admiral for your testimony.

Let me just say, you know, the report card—the grade is not good in terms of morale at the Department of Homeland Security, but the purpose of this hearing is not to beat down on the Department about this. The purpose of this hearing is: How can we constructively fix the problem? How can we build morale within the Department of Homeland Security?

It is often referred to as a step-child or a whipping boy, and that is not where we want the Department to be. The mission is too important—to protect the lives of Americans. So I think constructively, in a bipartisan way, what we are trying to do here today is: How can we make it better and how can we improve that morale?

There are some examples with other departments—Department of Defense, for instance, went through a lot of growing pains in a similar fashion. It took a while—as you mentioned, maturity of an organization—to get to the point where they are today.

In fact, there was a book that was entitled "How Much is Enough?" about the Department of Defense, and it—and I have to read the quote from this book. It says, "No large organization, military or civilian, public or private, is likely to pursue automatically the broader national interest as distinct from its own institutional interests without external forces and leadership in that direction."

So it really is about leadership. It is about maturity of the organization.

I guess my question to you here is: What can we learn from the Department of Defense model? What are some of the maturity insights? For instance, Goldwater-Nichols—when we look at what we did—what they did to reform the Department of Defense and get it to where it is today, what are lessons learned we can utilize by looking at the DOD example, applying it to the Department of Homeland Security?

Admiral ALLEN. Well, sir, if I were to give you two or three that just stand out, and this is a personal opinion now, I think relating back to your—the book—you mentioned "How Much is Enough?" which was written during the 1960s, is really a treatise on how the planning, programming, and budgeting system was put in place that exists today in the Department of Defense. Now, it has been changed and it gets altered by politics and leadership and everything, but a rational way to look at budgets and a multi-year forecasting model was what came out of that period under Secretary McNamara.

If you look at the Homeland Security Act right now it actually mandates a future years homeland security plan, and the goal was to try and achieve some kind of a consistency in long-term budget estimations so you could have that ability to project out and make the tradeoffs between the types of capabilities and competencies that you would need to execute the mission. I would say in the 9 years the Department has been in existence the annual struggle to try and build out a future years homeland security plan and have that reflected in the budget justification has been an on-going internal struggle inside the administration because when you put out a 5-year projection that vastly starts to reduce the flexibility and oversight that is included in places like OMB and inter-decisions that are taken in regard to the budget get pretty complex at that point.

The second point I would make was the Goldwater-Nichols legislation was groundbreaking. As you know, it was driven largely by the failed rescue of the Iranian hostages in 1980 and spotty performances in Panama and Grenada.

We have similar experiences inside the Department that would lead us to believe that we need better unity of effort in integrating operations, planning, and coordination. This would traditionally be called the J3 or the J5 function in the military.

But I think for the Department to succeed moving forward, and again, improve performance and morale, there needs to be a mechanism to create that kind of unity of effort inside the Department, to integrate across the components and unify the Department. That is a precursor for then projecting that leadership into the interagency for the responsibilities the Secretary has under the Homeland Security Act and directives like homeland security Presidential Directive 5.

Mr. MCCAUL. What we have seen in prior hearings on this management issue is that it is not fully integrated; it is still 22 different agencies and in many respects stovepiped. Acquisition is not integrated. Procurement is not integrated. It is 22 different agencies. I think technology can play a big role in terms of cloud computing, integrating these 22 agencies together.

Other than oversight, which is the function of this subcommittee, what can the Congress do to help in this effort?

Admiral ALLEN. Well, I firmly believe, as a former commandant and as a recovering budget director of the Coast Guard that long-term consistency and predictability and out-year budget estimates cannot be overstated as a way to be able to make tradeoffs, make reasoned choices about investments you are going to make, and the associated risk acceptance with that. If you have to redefine the 5-year estimates every year there is no baseline.

I guess, to what you see in the Department of Defense in the Future Year Defense Plan, or the FYDP, I think the intention always was to create that. If I were to give you one thing that is already authorized, called for in the Homeland Security Act that has never been actually put into place it would be that.

Mr. MCCAUL. Right. I appreciate the testimony. I think that someone like yourself, an admiral with Coast Guard experience, would be well-equipped to provide a leadership role within the De-

partment. I know you are at Booz Allen now but I hope you will consider returning to public service in the future.

With that, I recognize the Ranking Member.

Mr. THOMPSON. I noticed we didn't get an answer from you on that return to public service.

Admiral ALLEN. I am very happy with the status quo.

[Laughter.]

Mr. THOMPSON. Let me say at the outset, Admiral, we appreciate your service. You and I have worked on a number of projects together and even though those projects were difficult we worked through it to the satisfaction of everyone. So again, thank you for your service.

Now that you are kind of out of the fishbowl and—I want to give you an opportunity to say that if you had an opportunity to create this One DHS—this goal of creating DHS—the Chairman talked about acquisition and some other things, but as you know, every department, for the most part, has a personnel system, and some of them relate, some don't. What would you do?

Admiral ALLEN. Thank you for the question, sir. It is my personal opinion when you look at the operation of a Government agency the people in that agency do one of two things: You either execute the mission or you support the people that are executing the mission.

When I was trying to go through a very difficult transformation in the Coast Guard in 2006, as you will remember, I went around and I held all-hands meetings and I would tell people, "If you come into work every day and we cannot tell you—or you cannot tell me what you do to either execute the mission or support the mission we have made one of two mistakes. Either we haven't explained your job to you or we don't need your job."

I don't want to be binary about this, but I think that two areas of focus to improve the Department are mission execution and mission support, and if you start to parse that down—first on mission execution, it is the internal integration of planning and coordination of operations across the components and the ability to have that capacity at the Departmental level to be able to unify the effort of the Department. It is incredibly important for the Department's missions.

This happens a lot in local areas. You can go to joint harbor operation centers—the TSA viper teams that are working with Coast Guard. There are tremendous examples in the field about how this works.

I think the challenge is to institutionalize that in the Department and have a standard operating doctrine that is very similar to the joint operating doctrine you would see inside the military. I think this has to be done inside the Department first before the Department then can extend that type of leadership across the interagency, which is expected under the Homeland Security Act.

On the mission support side, you are absolutely right, sir. We are talking about acquisition, finance, human resources, health, safety and environment, facilities—all those things that kind of create the environment that enables people to perform and organizations to perform.

All of the base resources that actually make that happen in the Department rest in the components, and if you try and compare the cost of those services across the components and the budget you can't because the budgets are not presented the same way and the appropriations structures are not the same way. So I would press for greater transparency and uniformity of how those functions are represented in the budget so you can actually see who owns the resources and how they are being managed.

After that I think there is a very valid role for the Department—comparing and contrasting to the Department of Defense—the Chairman's last question—there is no Secretary of the components in between that does acquisition, so you have to have competency in the components to do a certain level of that but then you have to have oversight in the Department. So in the area of acquisitions what you need is a very robust, competent life-cycle acquisition type of a management structure, and they have been working on this for a long time. I was actually part of this. That needs to continue but it needs to have the ability to integrate investment decisions. Again, it has to be put against a long-term budget that is predictable and consistent so you can make those decisions about that.

So I would reduce everything to mission execution, mission support on execution that is unified, coordinated operations, planning and execution in the Department on the mission support side. It is to take the Under Secretary of management functions, which are administration, the CHCO, the CFO functions, and so forth, and figure out a way to have comparability across the components to where those bases are at because the money does not rest with the Department; the money is in the components. But there needs to be the authority and the ability and the accountability to integrate the operations across the top at the Department and then have that visible in the budget process.

Mr. THOMPSON. Thank you.

The other part is that—does that require legislation or that—does that just require the will to do it?

Admiral ALLEN. In my view?

Mr. THOMPSON. Yes.

Admiral ALLEN. Requires no legislation.

Mr. THOMPSON. Thank you.

Yield back.

Mr. MCCAUL. Thank you, Ranking Member.

The Chairman now recognizes the gentleman from South Carolina, Mr. Duncan.

Mr. DUNCAN. Thank you, Chairman.

Admiral, thank you for being here today.

I think one thing, Mr. Chairman, that we can do is simply say thank you to the men and women who are serving our country under the umbrella of the Department of Homeland Security right now, understanding that there is a level of frustration, especially when you think of the history of independent agencies or independent organizations within the U.S. Government that were brought under that umbrella, and they have lost some of their independence, so to speak, but under a broader mission to defend this homeland and make sure that we are safe.

It is easy, I think, to become a little bit down when you constantly read the press and you constantly hear Members of Congress talk about the need to reduce the budget, find cuts, to save money for the taxpayer, and they are constantly berated by that. We have oversight hearings and we hammer the Secretary and the Department on their budget, and their expenditures, and making smart decisions. So I understand the morale component of that.

So let me just pause and say thank you, because you all are keeping us safe. When I think about the myriad of duties that you have from, you know, Coast Guard, from your background, but container security, which we have talked about here, to TSA and internal and international flight safety, and just Customs and Border Patrol as a whole having to secure our Southwest Border and our Northern Border and deal with drug interdiction but also the things they are dealing with with EPA compliance, and just other things that are heaped upon the agency. I get that.

So I think this oversight hearing is necessary in order to find ways we can facilitate to help you and help employee morale.

I just have a quick question in terms of improving that morale. Which program or initiative, such as leadership development programs, or employee award ceremonies, visits from Members of Congress—which would have the greatest return on investment and what can we do to help you facilitate that?

Admiral ALLEN. Well, sir, the first and most important thing we can do about employee morale—and there is not even a close second—is the best quality front-line leadership supervision. I believe that about any organization—and any military organization, any non-Governmental organization. Front-line supervisors are the most important impact on morale and employee retention. People do not leave jobs; they leave bad leaders.

I believe there is a multi-tiered leadership program under development in the Department. I think what needs to happen is it needs to be formalized; it needs to be supported with a permanent budget line item that creates the predictability and consistency that allows them to implement that program. Then there needs to be an integration of existing leadership programs and their components so that it all comes together in a leadership architecture for the Department.

But there, in my view, more important than developing front-line leaders.

Mr. DUNCAN. Well, I have taken an opportunity as a freshman Member of Congress to go visit different programs under the DHS, try to understand staff development within my own staff.

So, Mr. Chairman, I would just ask that we continue that process as Members of Congress to go and shake the hands of the front-line folks that are defending our Nation and making sure that we are safe, telling them "thank you," asking their input on what we can do as Members of Congress to help them. Not just at the top level; I am talking about the folks from all across the spectrum.

So I appreciate this hearing and I yield back the balance.

Mr. MCCAUL. Thank the gentleman.

Just one last follow-up, Admiral: As I mentioned, the report card is not good. DHS ranks almost dead last in terms of morale. This survey was taken by the people on the front line, whether it is Cus-

tom and Border Patrol, you know, or ICE. It was the referendum on leadership is what it was. It is not a good referendum.

I think as you point out, people don't leave jobs; they leave bad leaders. I think that answers the question I had, but if you could maybe expand upon why, after 10 years, is the report card still so bad?

Admiral ALLEN. Well, as I said earlier, I think morale is a by-product of leadership and enabling employee performance and organizational performance. So if you are going to look at morale, which is the subject of the hearing and is discussed in the rankings, I think you need to go back and look at that—that is the effect and what is the cause? I believe it is a combination of the issues related to front-line supervision and the development of leaders, but it also is the on-going understanding by employees in the Department of Homeland Security that that support structure—and everybody knows what the issues are—for some reason is not able to mature over changes of leadership that you mentioned earlier.

A good example—and I will take one that is not Coast Guard related—when you bring inspectors from Immigration and Customs together and you have different grade structures, different levels for what are journeyman grades, you have different ways to estimate the cost associated with that—we went through a huge amount of turmoil in the last 24 or 36 months inside the Department to try and standardize the grade structures from the legacy organizational structures and then find the money to support the standardization of those grades because some of them had to be raised.

Employees see that. That is not de facto leadership but they tend to aggregate that all in their impression of the commitment of the organization to them. That is the reason the evolution and the maturation of the support structure is so important as it relates to human resources. Information sharing and IT—what are the tools we put in the hands of our employees so they can actually work together and share at the port level?

I think those are all things that become indicia to them of how much the Department cares, and it is easy to make that become a surrogate measure of leadership. So I am not sure you can parse this down. I think it is all interconnected.

But the notion of maturing the support structure and all the basic elements that support the workforce cannot be understated in their impact on how employees perceive leadership.

Mr. MCCAUL. Well, I think you are spot on, and I don't know if we need to—if leadership in DHS needs more training, perhaps maybe replacement. I don't really know what the answer is.

Admiral ALLEN. Mr. Chairman, as a recovering budget officer I would tell you, you don't make policy until you spend money.

Mr. MCCAUL. Right. That is a very good point.

Well, Admiral, let me just say thank you for your testimony and I appreciate you showing up bright and early this morning. Thanks for the service—great service you made to this Nation through your tenure at Coast Guard, and the Deepwater Horizon cleanup, which was a great tragedy but you turned it into about as positive of a

thing as you possibly could have. So thanks for your service to the country and I appreciate your testimony.

Admiral ALLEN. Thank you, Mr. Chairman. Thank you for your leadership.

Mr. MCCAUL. Thank you.

With that, we will go to the second panel.

Okay. I want to thank the second panel for being here today. I want to go ahead and begin the introductions.

First, we have Ms. Catherine Emerson, who is the chief human capital officer at the Department of Homeland Security. She is responsible for the Department's recruiting, diversity, learning, and development policies, programs, and technology to ensure the Department has the right people in the right jobs at the right time. Prior to joining the Department, Ms. Emerson was the assistant administrator for human resource management at the Federal Aviation Administration.

Thank you, Ms. Emerson, for being here this morning.

Second, we have Mr. David Maurer, who has testified before this subcommittee on many occasions.

It is good to have you back here again.

He is the director of the U.S. Government Accountability Office of Homeland Security and Justice team. He leads the GAO's work reviewing DHS and Department of Justice management issues. His recent work in these areas include DHS management and integration, the Quadrennial Homeland Security Review, Secret Service financial management, DOJ grant management, and the Federal prison system, and an assessment of technologies for directing—detecting explosives in the passenger rail environment.

Thank you for being here today, Mr. Maurer.

Next, Mr. Max Stier—am I pronouncing that correctly—is the president and CEO of Partnership for Public Service. He has worked in all three branches of the Federal Government.

In 1982 he served on the personal staff of Congressman Jim Leach. Mr. Stier clerked for Chief Judge James Oakes of the U.S. Court of Appeals for the second circuit in 1992, clerked for Justice David Souter of the United States Supreme Court in 1994. Between these two positions Mr. Stier served as special litigation counsel to Assistant Attorney General Anne Bingaman at the Department of Justice.

Next, we have Mr.—or Dr. Jeff Pon, chief human resources and strategy officer at the Society for Human Resources Management. Prior to joining the Society for Human Resources Management, Dr. Pon was the president and COO of Founders Inc., an organization whose mission it was to find the right jobs for returning military veterans and their families. In 2006 he was appointed as the chief human capital officer at the Department of Energy.

I want to thank all of you for being here today.

Now the Chairman recognizes Ms. Emerson for her testimony.

STATEMENT OF CATHERINE V. EMERSON, CHIEF HUMAN CAPITAL OFFICER, DEPARTMENT OF HOMELAND SECURITY

Ms. EMERSON. Chairman McCaul, thank you for having me here today to discuss employee morale at the Department of Homeland Security. One of my top priorities as chief human capital officer for

DHS is to support the Secretary's efforts to improve employee morale and engagement across the Department.

While DHS ranked 31 out of 33 large agencies in the Partnership for Public Service Best Places to Work rankings, our strengths include DHS employees' belief in their work and willingness to go above and beyond the call of duty. This is a strong foundation and gives me hope that we can return to a strong upward trend in scores DHS experienced from 2006 to 2010. Moreover, our drop in the Federal Employee Viewpoint Survey scores between 2010 and 2011 was mirrored Government-wide, to a lesser degree, suggesting external factors also shaped 2011 results.

While the specific strengths and gaps, as measured by the 2011 survey, vary by component, we are using these findings to dictate a three-prong strategy to improve employee morale at DHS: The first is institutionally—institutionalizing a Secretarial mandate to all component heads to prioritize employee engagement, including the establishment of an Employee Engagement Executive Steering Committee. Second, supporting a unified One DHS through improved employee communication, training, emphasis on diversity and inclusion, and employee recognition. The third, strengthening the leadership skills and capacity of all supervisors and managers within DHS.

With this comprehensive approach I expect to see DHS improve in its survey scores in the coming years. The correlation between morale and employees' need to feel connected to their leadership and to feel valued are unmistakable links to improving our overall scores.

In January Secretary Napolitano directed the creation of the Employee Engagement ESC, which I chair. This group will focus on strategic employment engagement, including enhanced employee communications, recognition, and effective engagement with our union partners through the DHS Labor-Management Forum.

One DHS is an idea that the Secretary has been using to build a stronger and more unified DHS, and there are several mutually reinforcing employee engagement efforts that fit under this umbrella. My written testimony highlights our efforts to consolidate our learning management systems, the DHS SES Candidate Development Program, and the DHS Fellows Program. It also highlights our diversity and inclusion strategic plan, the Secretary's award program, which are initiatives that I believe positively impact employee engagement.

I would like to highlight our exciting work in the area of leader development, which we consider to be our most critical effort and is tied to employee satisfaction. In fiscal year 2010 the deputy secretary directed the establishment of an integrated DHS leader development program to maximize mission performance, strengthen the DHS leadership bench, and to build leadership competencies at all levels of the DHS workforce. To accomplish this we ensured component participation in developing Department-wide requirements and programs and are leveraging what already exists within the components and applying them across the Department.

The top priority to date has been the development of Cornerstone leader development program for front-line supervisors. This program establishes Department-wide training requirements for four

distinct groups: Understanding the DHS leadership commitment, supervisor on-boarding, fundamentals of DHS leadership, and continuous development for supervisors.

We are also moving forward in developing our Executive Capstone Program, which will be required for all new DHS executives, including Coast Guard admirals. The program, designed with significant input from components, will provide new executives across the Department with an intensive exposure to strategic leadership capabilities unique to being an executive at DHS.

The 3-week program will feature on-site instruction at key DHS locations and will include simulation activities that build leadership competencies within a homeland security context. We plan to pilot the program this summer.

With this renewed focus on employee engagement I am optimistic that DHS will again make incremental gains in employee satisfaction. It is our goal that the Department of Homeland Security be considered a best place to work in the Federal Government and beyond.

I believe that the Department has instituted a strong and broadly-focused foundation upon which our efforts to improve employee morale will continue. Given the history of DHS we have significant challenges, but they are not insurmountable.

Thank you.

[The statement of Ms. Emerson follows:]

PREPARED STATEMENT OF CATHERINE V. EMERSON

MARCH 22, 2012

INTRODUCTION

Chairman McCaul, Ranking Member Keating, and other distinguished Members of the subcommittee, I thank you for the opportunity to appear before you today to discuss employee morale at the Department of Homeland Security.

One of my top priorities as Chief Human Capital Officer for DHS is to support the Secretary's efforts to improve employee morale and engagement across the Department. In the 2011 Federal Employee Viewpoint Survey, our strengths included DHS employees' belief in their work and a willingness to go above and beyond the call of duty. This is a strong foundation and gives me hope that we can return to the strong upward trend in scores DHS experienced from 2006 to 2010. Moreover, our drop in Federal Employee Viewpoint Survey scores between 2010 and 2011 was mirrored Government-wide to a lesser degree, suggesting external factors also shaped 2011 results.

DHS's areas for improvement, as outlined in the 2011 Survey results, included employee recognition; opportunities for creativity, innovation, and empowerment; opportunities to get a better job within the organization; and the ability of senior leaders to generate employee motivation and commitment. While the specific strengths and gaps, as measured by the 2011 results, vary by component, we are using these findings to dictate a three-pronged strategy to improve employee morale at DHS:

(1) Institutionalizing a Secretarial mandate to all component heads to prioritize employee engagement, including the establishment of an Employee Engagement Executive Steering Committee;

(2) Supporting a unified, One DHS, through improved employee communication, training, emphasis on diversity and inclusion, and employee recognition; and

(3) Strengthening the leadership skills and capacity of all supervisors and managers within DHS.

With this concerted and comprehensive approach, I expect to see DHS improve its Employee Viewpoint Survey scores in the coming years. The correlation between morale and employees' need to feel connected to their leadership and to feel valued are unmistakable links to improving our overall scores.

SECRETARIAL MANDATE

I would like to share with the subcommittee some concrete examples of what DHS is doing to address employee engagement and morale. On January 9, 2012, Secretary Napolitano directed component heads to take several steps to institute accountability in a focused employee engagement initiative across the Department. Component heads were directed to:

- Develop and assume responsibility for employee engagement improvement plans;
- Identify and assign specific responsibilities for improved employee engagement to component Senior Executive performance objectives;
- Identify a component Deputy-level official to serve on a newly-created DHS Employee Engagement Executive Steering Committee (ESC);
- Conduct town hall meetings with employees (including in field locations);
- If applicable, attend a labor-management forum; and
- Provide regular reports on actions planned and progress made to my office.

The Employee Engagement ESC, which I chair, launched in February and is developing a strategic framework to boost employee engagement, including enhanced employee communications. At our first meeting, we shared best practices regarding what each component was doing to address gaps identified by the 2011 Survey, which facilitated the development of action items at both the component and Departmental Headquarters levels.

The DHS Employee Engagement ESC will continue to meet periodically to inject new ideas and leadership attention to the set of communications, recognition, and other employee engagement efforts I will describe shortly. The Employee Engagement ESC will also more effectively engage our union partners through the DHS Labor-Management Forum and encourage Components with bargaining unit employees to work with union partners on action planning. In the spirit of transparency and best practices sharing, the Employee Engagement ESC members will also post all Component Action Plans to the DHS intranet and conduct targeted pulse surveys across the Department.

COMMUNICATION, TRAINING, DIVERSITY, AND RECOGNITION

Over time, the Secretary has been building a stronger and more unified One DHS, and there are several mutually reinforcing employee engagement efforts that fit under this umbrella. Today, I'd like to highlight our efforts to consolidate our learning management systems; our DHS Senior Executive Service Candidate Development Program and our DHS Fellows Program; our new Diversity and Inclusion strategic plan; and the Secretary's Awards Program as initiatives that I believe will positively impact employee engagement.

One of the areas we are prioritizing in our Human Resources Information Technology strategy is the move from many to a common learning management system, or LMS. This will enable employees from across DHS to access the same training and development opportunities, and will create greater consistency, and a stronger and more unified culture and Departmental identity. A common LMS will channel resources to the important training and professional development that is so crucial to continued investment in our employees.

We have also been delivering a set of DHS-wide programs aimed at improving unity and common leadership skills across the Department. This past year we selected our first cohort of a DHS-wide Senior Executive Service Candidate Development Program, or SES CDP, replacing component-specific programs with different curricula. The DHS SES CDP is now preparing high-potential employees that will be able to step into leadership positions across in the Department. Similarly, our DHS Fellows Program identifies and grooms employees across the Department at the GS–13, 14, and 15 levels and instills a common leadership vision and experience. I believe these common leadership and development programs will significantly help us realize the One DHS vision.

We have developed a diversity and inclusion strategic plan which will be important to acknowledging and appreciating the diverse workforce of DHS, including Veterans, women, individuals of all heritages, abilities, and backgrounds. Integrating a recruitment strategy that communicates that the Department focuses on education and/or experience as its priority, ensures those we hire will contribute to our mission—which is our top priority. The plan builds on progress we have made in the area of diversity and inclusion at the Department, including in the Senior Executive Service (SES) and the Transportation Senior Executive Service (TSES). For instance, we have made considerable progress in diversity in our senior levels over the last several years.

Employee recognition is a key element of employee engagement. In addition to our performance recognition efforts, a Secretary's Awards program is being scheduled for later this year to recognize and honor the important and impressive work of individuals and teams across the Department. This level of recognition is another example of our concerted effort to promote the Secretary's One DHS theme and address gaps identified in the Employee Viewpoint Survey.

LEADERSHIPS SKILLS AND CAPACITY OF SUPERVISORS AND MANAGERS

Last, I'd like to share our exciting work in the area of leader development, which we consider to be our most critical effort. This is an area integrally tied to employee satisfaction, and is an area in which we are doing a lot of groundbreaking work at DHS.

In fiscal year 2010, the Deputy Secretary directed the establishment of an integrated DHS Leader Development Program to maximize mission performance, strengthen the DHS leadership bench, and build leadership competencies at all levels of the DHS workforce, through a coherent and seamless continuum of leader development opportunities across the Department.

The guiding principles for the Leader Development effort at the onset include transparency by ensuring Component perspectives are considered; ensuring components have a seat at the table to help design, develop, and execute the leader development programs, which ensures their ownership and buy-in; component participation in developing the Department-wide requirements and programs; and leveraging what already exists within the components, across the Department.

In collaboration with the components, the DHS Leader Development Program Office has identified a common set of competencies for DHS leaders. The competencies have been organized into five groups: Core Foundations (integrity/honesty, continual learning, self-management); Building Engagement (written/verbal communications, interpersonal skills, conflict management); Management Skills (financial/HR/performance management, developing others, accountability); Solutions Capabilities (problem solving, creative/critical thinking, decision making); and Homeland Security (leading joint teams, risk and incident management, planning joint operations).

In January 2011, the Deputy Secretary approved the Leader Development "Framework," a strategic roadmap for the next 3 years, which identifies five leadership levels spanning all of DHS. They are: Team Member (learning good Departmental citizenship and how to lead by example); Project Leader (an informal leadership position); Supervisor (first formal level of supervision, leading performance and employees); Manager (overseeing supervisors and leading organizations and programs); and Executive (strategic leadership, includes all SESs and Coast Guard admirals).

The top priority to date has been the development of the "Cornerstone" leader development program for front-line supervisors. The program establishes Department-wide training requirements in four distinct groups: Understanding the DHS Leadership Commitment, Supervisor On-boarding, Fundamentals of DHS Leadership, and Continuous Development for Supervisors.

We are also moving forward in developing our Executive Capstone Program, which will be required for all new DHS executives (SES, TSES, and Coast Guard Admirals). The program, designed with significant input from components, will provide new executives across the Department with an intensive exposure to strategic leadership capabilities unique to being an executive at DHS, and support their transition into executive leadership. The 3-week program will feature on-site instruction at key DHS locations, action learning, and simulation activities that build collaboration, strategic, and crisis leadership competencies within a homeland security context. We plan to pilot the program this summer.

CONCLUSION

With this renewed focus directed from the Department-level through the Employee Engagement ESC, I am optimistic that DHS will again make incremental gains in employee satisfaction and engagement as measured by the annual Federal Employee Viewpoint Survey. It is our goal to ensure that the Department of Homeland Security is considered "a best place to work," in the Federal Government and beyond. Through the collective efforts described in the statement, I believe that the Department has instituted a strong and broadly-scoped foundation upon which our efforts to improve employee morale will continue. We recognize the difficulties that exist due to the many organizational cultures that were brought together when the Department was created 9 years ago, but these difficulties are not insurmountable and we will continue to move forward in our efforts toward creating a One DHS.

Once again, I thank you for the opportunity to appear before you today, and I look forward to answering your questions.

Mr. MCCAUL. Thank you, Ms. Emerson.

The Chairman now recognizes Mr. Maurer for his testimony

STATEMENT OF DAVID C. MAURER, DIRECTOR, HOMELAND SECURITY AND JUSTICE TEAM, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. MAURER. Good morning, Chairman McCaul and staff. I am pleased to be here today to discuss employee morale at the Department of Homeland Security.

Over 200,000 people work at DHS on a wide variety of missions. Given the Department's critical role in protecting the security and economy of our Nation, it is important that its employees are satisfied with their jobs and that DHS can attract and retain the talent required to complete its work.

Mr. Chairman, we currently have work underway for you and Ranking Member Keating examining morale issues at DHS and we expect to issue our final report in September. My comments today draw on that work and are focused on two key questions: First, how do DHS employee satisfaction scores compare to the rest of the Government? Second, what is DHS doing to improve employee satisfaction?

Now, as you know, morale at DHS has been a long-standing problem, although it has been slowly improving. Compared to the rest of the Government, DHS has always ranked and continues to rank near the bottom for employee satisfaction.

Of particular note, last year less than half of DHS employees reported positive responses to the statement, "My talents are used well in the workplace." Now, the encouraging news is that the gap between DHS and the Government-wide average has narrowed to 4 points down from 12 in 2004, and in some cases, DHS's scores last year were at or above the Federal average, including responses related to pay and workload.

It is important to recognize that DHS-wide results mask significant differences across the components. Coast Guard, Secret Service, and CBP reported job satisfaction as slightly higher than the Government average while ICE and TSA were 7 and 11 points below the Government-wide figure.

This variation demonstrates the challenge DHS faces in addressing morale issues. Across such a large, diverse department, one size does not fit all.

So what is DHS doing to address this problem? There are some encouraging signs. There is clear senior-level commitment to tackle this issue. The Department plans to launch an analysis of survey results to understand what is behind the low scores.

At the component level, our work has identified promising efforts at TSA and ICE to identify where problem areas reside. Components have also developed individual action plans to address morale issues.

As we are conducting our work we are keeping one very important thing in mind: If you want to improve morale you need to look beyond the numbers. Job satisfaction scores alone don't tell you

why people responded the way they did and they don't tell you what you need to do to fix the problem.

In addition, as Admiral Allen has already pointed out so well, you don't fix morale. Rather, improving morale is a byproduct of fixing other things.

This is borne out in our prior work at DHS and elsewhere where we found a wide variety of problems that resulted in lower employee morale: Centralization of human resources and IT services, different approaches to paying civilian staff deployed overseas, lack of respect for leadership, and concerns about training, failure to plan for and address frequent turnover. All of these things hurt morale, yet in many cases it would have been hard to figure that out just from survey scores.

So we are looking at what DHS is doing to determine where it has morale problems, what the root cause of those problems are, and what actions are best suited to address those root causes. Based on what we know so far, it is still an open question whether DHS has determined the root causes of its morale issues. This greatly complicates efforts to figure out how to fix things.

If you are taking aim at a problem you need to know where to shoot, and while DHS has efforts underway we want to make sure that the Department is not shooting in the dark on the morale issue. My hope is that today's hearing and our on-going work will help shed some additional light and better enable DHS to become an even better place to work for its employees.

Mr. Chairman, thank you for the opportunity to testify this morning. I look forward to your questions.

[The statement of Mr. Mauer follows:]

STATEMENT OF DAVID C. MAURER

MARCH 22, 2012

GAO HIGHLIGHTS

Highlights of GAO–12–509T, a testimony before the Subcommittee on Oversight, Investigations, and Management, Committee on Homeland Security, House of Representatives.

Why GAO Did This Study

DHS is the third-largest Cabinet-level agency in the Federal Government, employing more than 200,000 employees in a broad range of jobs. Since its creation in 2003, DHS has faced challenges implementing its human capital functions, and its employees have reported having low job satisfaction. GAO designated the implementation and transformation of DHS as high-risk because it represented an enormous and complex undertaking that would require time to achieve in an effective and efficient manner. This testimony presents preliminary observations regarding: (1) How DHS's employees' workforce satisfaction compares with that of other Federal Government employees, and (2) the extent to which DHS is taking steps to improve employee job satisfaction. GAO's comments are based on on-going work on DHS's employee job satisfaction survey results and its actions and plans to improve them, as well as reports issued from January 2003 through February 2012 on high-risk and morale issues in the Federal Government and at DHS. To conduct its on-going work, GAO analyzed DHS and component planning documents, interviewed relevant DHS officials about employee morale, and analyzed 2011 Federal employee job satisfaction survey results.

DEPARTMENT OF HOMELAND SECURITY.—PRELIMINARY OBSERVATIONS ON DHS'S EFFORTS TO IMPROVE EMPLOYEE MORALE

What GAO Found

Over time, Federal surveys have consistently found that Department of Homeland Security (DHS) employees are less satisfied with their jobs than the Government-wide average. In the 2004 Office of Personnel Management's Federal employee survey—a tool that measures employees' perceptions of whether and to what extent conditions characterizing successful organizations are present in their agency—56 percent of DHS employees responded that they were satisfied with their jobs, compared to 68 percent Government-wide. In subsequent years, the disparity continued—ranging from a difference of 8 percentage points in 2006 to a 4 percentage point difference in 2008, 2010, and 2011. In 2011, DHS's percentage of positive responses was lower than the averages for the rest of the Federal Government. For example, slightly less than half of the DHS employees surveyed reported positive responses to the statement "My talents are used well in the workplace," nearly 12 percentage points less than the rest of the Federal Government average. In two areas, DHS's percentage of positive responses was nearly the same or higher than the rest of the Federal Government average. For example, DHS's percentage of positive responses to the statement "Considering everything, how satisfied are you with your pay?" was not statistically different than the rest of the Federal Government average. Job satisfaction data for 2011 show that satisfaction levels vary across DHS components. For example, job satisfaction index results show the Transportation Security Administration as 11 percentage points below Government-wide averages while other components, such as U.S. Customs and Border Protection, posted above-average results.

DHS has taken steps to identify where it has the most significant employee satisfaction problems and developed plans to address those problems, but has not yet improved DHS employee satisfaction survey results. For example, to determine root causes of job satisfaction Department-wide, DHS conducted an evaluation of the 2008 Federal Human Capital Survey results, according to DHS officials. In that analysis, DHS determined that the drivers of employee satisfaction across DHS included the DHS mission, senior leadership effectiveness, and supervisor support. According to DHS officials, DHS is working with a contractor on a new Department-wide analysis of root causes of employee morale. As of March 2012, this analysis was not complete. DHS and its components are also taking steps to improve components' positive response rates to selected survey items. For example, DHS's Integrated Strategy for High-Risk Management identified corrective actions to improve employee job satisfaction scores, such as the launch of the Employee Engagement Executive Steering Committee. GAO has previously reported on a variety of issues, including concerns about pay and a lack of trust in leadership that can lead to morale problems. This variation in potential issues that can result in morale problems underscores the importance of looking beyond survey scores to understand the root causes of those problems and developing plans to address them. Given the critical nature of DHS's mission to protect the security and economy of the United States, it is important that DHS employees are satisfied with their jobs so that DHS can attract and retain the talent required to complete its work. GAO will continue to assess DHS's efforts to address employee job satisfaction and expects to issue a report on its results in September 2012.

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee: I am pleased to appear today to provide our preliminary observations on the Department of Homeland Security's (DHS) efforts to address employees' job satisfaction. DHS is the third-largest Cabinet-level agency in the Federal Government, employing more than 200,000 employees in a broad range of jobs, including aviation and border security, emergency response, cybersecurity analysis, and chemical facility inspection. The DHS workforce is situated throughout the Nation, carrying out activities to support DHS's mission to: (1) Prevent terrorism and enhance security, (2) secure and manage the Nation's borders, (3) enforce and administer immigration laws, (4) safeguard and secure cyberspace, and (5) ensure resilience from disasters. DHS carries out an additional set of activities to provide essential support to National and economic security.

Since its creation in 2003, DHS has faced challenges implementing its human capital functions, and its employees have reported having low job satisfaction. For example, DHS's scores on the 2011 Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS)—a tool that measures employees' perceptions of whether and to what extent conditions characterizing successful organizations are present in their agency—and the Partnership for Public Service's (Partnership) 2011 rankings of the *Best Places to Work in the Federal Government* were lower than Gov-

ernment-wide averages.[1] In the 2011 FEVS survey, DHS's percentage of positive responses was 64 percent for the job satisfaction index, 33rd out of 37 agencies surveyed, and 4 percentage points below the Government-wide average.[2] In addition, in 2011, DHS was ranked 31st out of 33 agencies in the Best Places to Work ranking on overall scores for employee satisfaction and commitment, which is similar to its ranking in past years.[3]

DHS employee concerns about job satisfaction are one example of the challenges the Department faces across its management functions. In January 2003, we designated the implementation and transformation of DHS as high-risk because it represented an enormous and complex undertaking that would require time to achieve in an effective and efficient manner, and it has remained on our high-risk list since that time.[4] This high-risk area includes challenges in strengthening DHS's management functions—financial management, information technology, acquisition management, and human capital.[5] DHS has issued various strategies and plans for its human capital activities and functions, such as a human capital strategic plan for fiscal years 2009 through 2013[6] and a workforce strategy for fiscal years 2011 through 2016, which contains the Department's workforce goals, objectives, and performance measures for human capital management.[7] In addition, DHS recently updated its plans for improving the Department's scores on the FEVS.

We have previously reported that successful organizations empower and involve their employees to gain insights about operations from a front-line perspective, increase their understanding and acceptance of organizational goals and objectives, and improve motivation and morale.[8] DHS has consistently been behind the rest of the Federal Government in key measures of workforce satisfaction, but it is taking actions aimed at improvement. As requested, my testimony presents preliminary observations regarding: (1) How DHS's employees' workforce satisfaction compares with that of other Federal Government employees and (2) the extent to which DHS is taking steps to improve employee job satisfaction.

My statement is based on on-going work for your committee regarding DHS's employee job satisfaction survey results and its actions and plans to improve them as well as prior reports we issued from January 2003 through February 2012 on high-risk and morale issues in the Federal Government and at DHS.[9] Detailed information on our scope and methodology for our prior work can be found in these reports. We plan to issue a report on the final results from our on-going work in September 2012. For our on-going work, among other things, we analyzed DHS and component planning documents relevant to employee morale, interviewed DHS officials about employee morale, and analyzed 2011 FEVS results. We shared the information in this statement with DHS and incorporated its comments where appropriate.

All of our work was conducted in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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[1] OPM conducted the FEVS in April/May 2011. The survey sample included employees from 29 major Federal agencies, as well as 54 small and large independent agencies. The survey results represent a snapshot in time of the perceptions of the Federal workforce.

[2] The job satisfaction index, comprising seven FEVS questions, indicates the extent to which employees are satisfied with their jobs and various aspects thereof.

[3] Partnership for Public Service and the Institute for the Study of Public Policy Implementation at the American University School of Public Affairs, *The Best Places to Work in the Federal Government.*

[4] We have identified six high-risk areas involving DHS that need broad-based transformation to address major economy, efficiency, or effectiveness challenges. DHS has key responsibility for four of these six areas: (1) Implementing and Transforming DHS, (2) The National Flood Insurance Program, (3) Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructure, and (4) Establishing Effective Mechanisms for Sharing Terrorism-Related Information to Protect the Homeland. DHS does not have primary responsibility for the other two areas: (1) Strategic Human Capital Management and (2) Managing Federal Real Property. GAO, *Department of Homeland Security: Progress Made in Implementation and Transformation of Management Functions, but More Work Remains,* GAO–10–911T (Washington, DC: Sept. 30, 2010).

[5] GAO, *Department of Homeland Security: Continued Progress Made Improving and Integrating Management Areas, but More Work Remains,* GAO–12–365T (Washington, DC: Mar. 1, 2012).

[6] DHS, *Human Capital Strategic Plan, Fiscal Years 2009–2013* (Washington, DC).

[7] DHS, *Workforce Strategy for Fiscal Year 2011–2016* (Washington, DC).

[8] GAO, *High-Risk Series: Strategic Human Capital Management,* GAO–03–120 (Washington, DC: January 2003).

[9] See related GAO products at the end of this statement.

DHS EMPLOYEES INDICATED LESS JOB SATISFACTION THAN THE REST OF THE FEDERAL GOVERNMENT

Over time, Federal surveys have consistently found that DHS employees are less satisfied with their jobs than the Government-wide average.[10] Shortly after DHS was formed, 2004 Federal survey data indicated a disparity between DHS and Government-wide averages in job satisfaction. At that time, 56 percent of DHS employees responded that they were satisfied with their jobs, compared to the 68 percent Government-wide.[11] In subsequent years when comparative data were available using the job satisfaction index, the disparity continued—ranging from a difference of 8 percentage points in 2006 to a 4 percentage point difference in 2008, 2010, and 2011.

In 2011, DHS employees also consistently indicated less satisfaction on key items in OPM's 2011 FEVS than employees in the rest of the Federal Government. On the basis of its analysis of its FEVS, OPM determined that responses to these items—called impact items—make a difference in whether people want to come, stay, and contribute their fullest to an agency. Specifically, DHS employees were less positive on 14 of the 16 impact items. In some key areas, DHS's percentage of positive responses was lower than the rest of the Federal Government averages. For example:

- Slightly less than half of the DHS employees surveyed reported positive responses to the statement "My talents are used well in the workplace," nearly 12 percentage points less than the rest of the Federal Government average of 61.6 percent.
- DHS employees had nearly 10 percentage points fewer positive responses to the statements "I am given a real opportunity to improve my skills in my organization" and "Managers communicate the goals and priorities of the organization" than the rest of the Federal Government averages of 66.0 and 65.3 percent respectively.

In two areas, DHS's percentage of positive responses was nearly the same or higher than the rest of the Federal Government average. Specifically:

- DHS's percentage of positive responses to the statement "Considering everything, how satisfied are you with your pay?" was not statistically different than the rest of the Federal Government average, with responses of 62 percent for DHS and 63 percent for the rest of the Federal Government.
- DHS was nearly 2 percentage points higher than the rest of the Federal Government average for the statement "My workload is reasonable."

The percentage of DHS respondents with positive responses on each of 16 impact items and the difference between DHS and the rest of the Federal Government appear in appendix I. OPM calls for Federal leaders to pay attention to the 16 impact items as key indicators of engagement and commitment to continued service. While improvement in any of the impact items that OPM identified could help DHS improve its attractiveness as an employer of choice, the items for which DHS is farthest behind the rest of the Federal Government could provide a focus for targeting improvement efforts.

The 2011 job satisfaction data also indicate that satisfaction levels vary across components within DHS. For example, as shown in table 1, job satisfaction index results for the 2011 FEVS show the Transportation Security Administration (TSA) as 11 percentage points below Government-wide averages while other large components, such as U.S. Customs and Border Protection (CBP) and the U.S. Coast Guard (Coast Guard), posted above-average results. Identifying this variation across components could help target efforts to improve employee satisfaction.

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[10] The annual employee surveys cited in this testimony are overall assessments of an agency's climate and culture. While measures of job satisfaction were part of over 80 survey questions asked, according to OPM, the surveys are a comprehensive analysis of an employee's experience in his or her agency covering areas including leadership, work/life balance, training, and performance management. However, responses from a single survey provide only a partial picture of the level of job satisfaction and other concerns among employees.

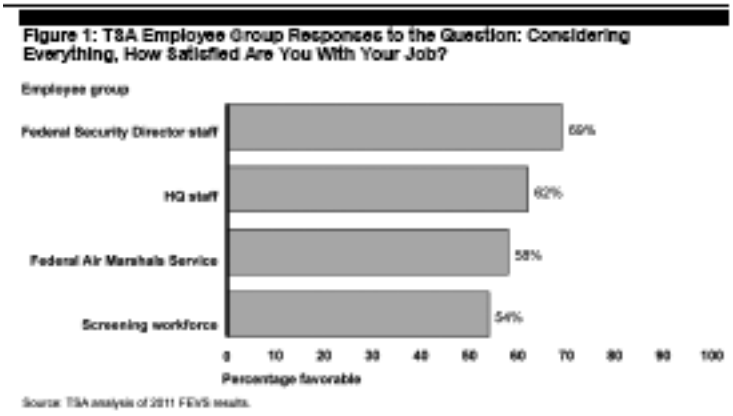
[11] OPM's job satisfaction index was not used in 2004; as a gauge of job satisfaction, the figures reported here are responses to the following question: Considering everything, how satisfied are you with your job? The index and DHS versus Government-wide averages are available for 2006, 2008, 2010, and 2011.

TABLE 1.—DHS COMPONENT JOB SATISFACTION SCORES, 2011

DHS Component	Job Satisfaction Score (Percentage)	Difference From Government-wide Average (Percentage Points)
Federal Law Enforcement Training Center	72	4
Office of the Inspector General	71	3
U.S. Coast Guard	70	2
U.S. Secret Service	69	1
U.S. Customs and Border Protection	69	1
U.S. Citizenship and Immigration Services	67	−1
Management Directorate	66	−2
Office of the Secretary	63	−5
Federal Emergency Management Administration	63	−5
National Protection and Programs Directorate	62	−6
Immigration and Customs Enforcement	61	−7
Undersecretary for Science and Technology	60	−8
Undersecretary for Intelligence and Analysis	58	−10
Transportation Security Administration	57	−11
Government-wide (average score)	68	0
DHS (average score)	64	−4

Source: GAO analysis of DHS data.

TSA performed analysis of its 2011 FEVS results to gain a better understanding of whether employee satisfaction varies across location, program office, or level. This analysis identified variation in job satisfaction within the component; specifically, with Federal Security Director staff at airports providing more positive responses for job satisfaction (69 percent positive) than the airport screening workforce (54 percent positive), as shown in figure 1.



DHS HAS ON-GOING ACTIONS TO ADDRESS JOB SATISFACTION, BUT HAS NOT YET IMPROVED EMPLOYEE SATISFACTION RESULTS

DHS has taken steps to identify where it has the most significant employee satisfaction problems and has developed plans for addressing those problem areas. DHS has conducted some analysis of employee survey results and developed action plans to address some employee satisfaction problems, but it has not yet addressed the key goals related to job satisfaction—to improve DHS's scores on OPM's job satisfaction index, among other indexes, and to improve its ranking on the Partnership's Best Places to Work in the Federal Government. The results from our prior work at DHS and other departments identify a wide variety of issues that can lead to employee morale problems. Thus, conducting an analysis of the root causes of employee satisfaction problems and developing plans to address them are important.

DHS Has Taken Action to Address Employee Satisfaction Problems

DHS's job satisfaction scores could pose challenges to DHS in recruiting, motivating, and retaining talented employees that DHS needs to meet its mission requirements. Specifically, an agency's reputation is a key factor in recruiting and hiring applicants. A Partnership for Public Service report published in 2010 noted that a good reputation is the most frequently-mentioned factor in choosing potential employers, and agencies with high satisfaction and engagement scores were seen as desirable by college graduates seeking employment.[12] Similarly, the Merit Systems Protection Board (MSPB) reported that employees' willingness to recommend the Federal Government or their agency as a place to work can directly affect an agency's recruitment efforts, the quality of the resulting applicant pool, and the acceptance of employment offers.[13] In addition, MSPB noted that prospective employees would rather work for an agency billed as one of the best places to work compared to an agency at the bottom of the list.

DHS has taken or has a variety of actions under way or planned to address employee satisfaction problems, including analyzing the results of employee surveys and developing action plans to improve employee satisfaction.

Survey Analyses

Components and DHS have used a variety of approaches to analyze survey results to gain insight about employee satisfaction. As part of our on-going work on employee morale, we reviewed survey analyses conducted by DHS's Office of the Chief Human Capital Officer, TSA, and U.S. Immigration and Customs Enforcement (ICE).

DHS.—DHS completed an evaluation of the 2008 Federal Human Capital Survey results to determine root causes of job satisfaction Department-wide, according to DHS officials.[14] In that analysis, DHS determined that the drivers of employee satisfaction across DHS included the DHS mission, senior leadership effectiveness, and supervisor support. According to DHS officials, DHS is currently working with a contractor on a Department-wide analysis of root causes of employee morale. As of March 2012, this analysis was not complete.

TSA.—TSA's analysis focused on areas of difficulty across groups, such as pay and performance appraisal concerns, and also provides insight on which employee groups within TSA may be more dissatisfied with their jobs than others. The analysis results are descriptive, showing where job satisfaction problem areas may exist, and do not identify the causes of dissatisfaction within employee groups. For the 2011 FEVS, TSA benchmarked its results against CBP results, as well as against DHS and Government-wide results. When comparing CBP and TSA scores, TSA found that the greatest differences in scores were on questions related to satisfaction with pay and with whether performance appraisals were a fair reflection of performance. TSA scored 40 percentage points lower on pay satisfaction and 25 percentage points lower on performance appraisal satisfaction. In comparing TSA results to DHS and Government-wide results, TSA found that TSA was below the averages for all FEVS dimensions.[15] TSA also evaluated FEVS results across employee groups by comparing dimension scores for headquarters staff, the Federal Air Marshals, Federal Security Director staff, and the screening workforce. TSA found that the screening workforce scored at or below scores for all other groups across all of the dimensions.

ICE.—ICE analyzed the 2011 FEVS results by identifying ICE's top FEVS questions with high positive and negative responses. ICE found that its top strength was employees' willingness to put in the extra effort to get a job done. ICE's top negative result was employees' perception that pay raises did not depend on how well employees perform their jobs. ICE did not perform demographic analysis of the survey results or identify the roots causes of employee satisfaction problems, but did benchmark its results against DHS and Government-wide results, identifying those questions and Human Capital Assessment and Accountability Framework (HCAAF) indi-

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[12] Partnership for Public Service, *Great Expectations: What Students Want in an Employer, and How Federal Agencies can Deliver It* (Washington, DC: January 2009).

[13] Merit Systems Protection Board, *The Federal Government: A Model Employer or a Work in Progress? Perspectives from 25 Years of the Merit Principles Survey* (Washington, DC: September 2008).

[14] The FEVS was preceded by the Federal Human Capital Survey, which included the same questions asked in the FEVS.

[15] The FEVS includes questions grouped into the following dimensions: Work experiences, supervisor/team leader, agency, work unit, leadership, satisfaction, and work/life.

ces where ICE led or trailed DHS and the Government.[16] ICE found, among other things, that employee views on the fairness of its performance appraisals were above DHS's average but that views on employee preparation for potential security threats were lower. When comparing ICE's results with Government-wide figures, ICE found, among other things, that ICE was lower on all of the HCAAF indices, including job satisfaction.

Action Plans

DHS and the components are taking actions that could improve employee satisfaction, with a focus on improving components' positive responses to selected survey items.

DHS's Integrated Strategy for High-Risk Management.—In December 2011, DHS provided us with its updated *Integrated Strategy for High-Risk Management* (Integrated Strategy), which summarized the Department's plans for addressing its implementation and transformation high-risk designation. In the Integrated Strategy, DHS identified corrective actions to improve employee job satisfaction scores, among other things. The corrective actions include the Secretary issuing guidance to component heads to address gaps in the 2011 FEVS results; launch of an Employee Engagement Executive Steering Committee, which held its first meeting in February 2012; implementation in June 2009 of an on-line reporting and action planning tool for components; and execution of a DHS-wide exit survey in January 2011 for departing employees to gain additional insight into why employees are leaving the Department.[17] According to the Integrated Strategy, DHS has begun implementing corrective actions but has not yet achieved its key outcome related to job satisfaction—to improve DHS's scores on OPM's job satisfaction index, among other indexes, and to improve its ranking on the Partnership's Best Places to Work in the Federal Government. According to the Integrated Strategy, FEVS index scores did not improve appreciably relative to Government-wide averages from 2010 to 2011. DHS's Partnership ranking also remains near last among Federal agencies.

Within the Integrated Strategy action plan for improving job satisfaction scores, DHS reported that three of six efforts were hindered by a lack of resources. For example, fewer resources were available than anticipated for DHS's Office of the Chief Human Capital Officer to consult with components in developing action plans in response to 2011 FEVS results. Similarly, fewer resources were available than planned to deploy on-line focus discussions on job satisfaction-related issues. Sufficient resource planning to address the key high-risk human capital outcome of enhanced employee satisfaction scores is essential as DHS works to transform itself into a high-performing department.

DHS and component action plans.—We reviewed the most recent DHS action plans to address 2011 FEVS outcomes Department-wide as well as component plans for TSA, the Coast Guard, CBP, and ICE. The plans state objectives and identify actions to be taken, among other things. Examples of initiatives from the plans are listed in table 2.

TABLE 2.—DHS-WIDE AND TSA, COAST GUARD, CBP, AND ICE ACTION PLAN INITIATIVES

DHS Unit	Action Plan Initiatives
DHS-wide	Enhance leadership, recruitment, employee retention, and DHS unification.
TSA	Launch a corporate action planning team to study employee issues and develop recommendations, enhance employee performance management, and improve TSA communication mechanisms.
ICE	Advance telework opportunities, increase communication between employees and management, and develop an awards handbook for distribution to employees.

[16] The HCAAF indices provide metrics for measuring progress toward OPM goals for Federal agencies, which include employee job satisfaction, leadership effectiveness and knowledge management, a results-oriented performance culture, and effective talent management.

[17] The Employee Engagement Executive Steering Committee's purpose is to address areas of improvement identified in the 2011 FEVS.

TABLE 2.—DHS-WIDE AND TSA, COAST GUARD, CBP, AND ICE ACTION PLAN INITIATIVES—Continued

DHS Unit	Action Plan Initiatives
CBP	Address results, enhance communication between management and employees, create career and leadership development opportunities, replace pass/fail performance appraisal with multi-leveled performance management system, implement training improvements, and maintain an existing virtual focus group to enable upward feedback to senior leaders.
Coast Guard	Improve communication with employees and training options.

Source: GAO analysis of DHS-wide TSA, Coast Guard, CBP, and ICE 2011 action plans based on FEVS results.

As part of our on-going work, we are comparing DHS and component action plans with OPM guidance for action planning and will report on our results in September 2012.

Several Issues Can Contribute to Employee Dissatisfaction

Our prior work at DHS and other departments and agencies illustrates the variety of issues that can lead to morale problems.

- In July 2009, we reported that the funding challenges FPS faced in fiscal year 2008 and its cost savings actions to address them resulted in adverse implications for its workforce, primarily low morale among staff and increase attrition.[18]
- In June 2011, we reported that the Federal Emergency Management Agency's (FEMA) human capital plan did not have strategies to address retention challenges, among other things.[19] FEMA experienced frequent turnover in key positions and divisions that could result in lost productivity, a decline in institutional knowledge, and a lack of continuity for remaining staff. We recommended that FEMA develop a comprehensive workforce plan that addressed retention issues, among other things. FEMA concurred with the recommendation and noted that a contractor had begun work on a new human capital plan.
- In August 2011, we reported that the Forest Service's centralization of human resources management and information technology services contributed to several agency-wide improvements, but it has also had widespread, largely negative effects on field-unit employees. Under centralization, the agency relies on a self-service approach whereby employees are generally responsible for independently initiating or carrying out many related business service tasks. Field-unit employees consistently told us that these increased administrative responsibilities, coupled with problems with automated systems and customer support, have negatively affected their ability to carry out their mission work and have led to lower employee morale.[20]
- In June 2009, we reported that employees from a number of different agencies and pay systems worked overseas in proximity to one another. Each of these pay systems was authorized by a separate statute that outlines the compensation to which employees under that system are entitled, certain elements of which are set without regard to the location in which the employees are working. We reported that when these employees are assigned overseas and serve side-by-side, the differences in pay systems may become more apparent and may adversely affect morale.[21]
- In September 2008, we reported that the 2004 and 2006 employee survey results for the Small Business Administration (SBA) showed a lack of respect for

[18] GAO, *Homeland Security: Federal Protective Service Should Improve Human Capital Planning and Better Communicate with Tenants,* GAO–09–749 (Washington, DC: July 30, 2009).

[19] GAO, *FEMA: Action Needed to Improve Administration of the National Flood Insurance Program,* GAO–11–297 (Washington, DC: June 9, 2011).

[20] GAO, *Forest Service Business Services: Further Actions Needed to Re-examine Centralization Approach and to Better Document Associated Costs,* GAO–11–769 (Washington, DC: Aug. 25, 2011).

[21] GAO, *Human Capital: Actions Needed to Better Track and Provide Timely and Accurate Compensation and Medical Benefits to Deployed Federal Civilians,* GAO–09–562 (Washington, DC: June 26, 2009).

and trust in SBA leadership and a concern about training opportunities.[22] The SBA Administrator's efforts to address the survey results included soliciting information from employees and visiting field locations to obtain their input on how to improve agency operations and morale.

The variation in potential issues that can result in morale problems underscores the importance of looking beyond survey scores to understand where problems, such as low employee satisfaction, are taking place within the organization, along with the root causes of those problems. Effective root cause analysis can help agencies better target efforts to develop action plans and programs to address the key drivers of employee satisfaction.

Given the critical nature of DHS's mission to protect the security and economy of our Nation, it is important that DHS employees are satisfied with their jobs so that DHS can retain and attract the talent required to complete its work. We will continue to monitor and assess DHS's efforts to address employee job satisfaction through our on-going work and expect to issue a report on our final results in September 2012.

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

APPENDIX I.—COMPARISON OF DHS AND NON-DHS RESPONSES TO KEY SURVEY QUESTIONS

Survey Question	Percentage Positive: Excluding DHS	Percentage Positive: DHS	Difference: DHS Minus Non-DHS
My talents are used well in the workplace	61.6	49.7	−11.8
I am given a real opportunity to improve my skills in my organization	66.0	56.0	−9.9
Managers communicate the goals and priorities of the organization	65.3	55.7	−9.6
Employees have a feeling of personal empowerment with respect to work processes	49.2	39.6	−9.6
How satisfied are you with your involvement in decisions that affect your work?	54.2	44.7	−9.5
How satisfied are you with the policies and practices of your senior leaders?	46.4	37.1	−9.3
My work gives me a feeling of personal accomplishment	74.6	65.9	−8.7
How satisfied are you with the information you receive from management on what's going on in your organization?	51.4	42.9	−8.6
How satisfied are you with the recognition you receive for doing a good job?	51.4	42.9	−8.6
I have a high level of respect for my organization's senior leaders	57.3	49.4	−7.9
How satisfied are you with your opportunity to get a better job in your organization?	40.1	35.1	−5.0
How satisfied are you with the training you receive for your present job?	55.3	50.7	−4.6
Overall, how good a job do you feel is being done by your immediate supervisor/team leader?	69.6	66.1	−3.5
Considering everything, how satisfied are you with your pay?	62.6	61.6	*
I like the kind of work I do	85.0	84.1	−1.0
My workload is reasonable	58.9	60.6	1.7

*Not statistically significant.

Source: GAO analysis of 2011 Federal Employee Viewpoint Survey.

Note: All percentage estimates have 95 percent margins of error equal to +/− 1 percentage point. Percentage differences between DHS and the rest of Government are statistically distinguishable from zero at the .02 level, except where noted.

[22] GAO, *Small Business Administration: Opportunities Exist to Build on Leadership's Efforts to Improve Agency Performance and Employee Morale,* GAO–08–995 (Washington, DC: Sept. 24, 2008).

Mr. MCCAUL. Thank you, Mr. Maurer.

The Chairman now recognizes Mr. Stier for his testimony.

STATEMENT OF MAX STIER, PRESIDENT AND CEO, THE PARTNERSHIP FOR PUBLIC SERVICE

Mr. STIER. Thank you, Mr. Chairman, and thanks for the opportunity to be here. It is a very important issue that you are focusing on and I do want to just highlight two things.

First, Admiral Allen is on the board of the Partnership for Public Service, so that ought to be disclosed. Second, this really is critical that you are focusing on—this is not about happy employees; it ultimately is about performance. So as Admiral Allen says, you see morale challenges as a byproduct of other issues that are going on, but in the environment we are in right now in the public sector you don't have financial metrics where you can measure end outcome; you are trying to do—trying to pursue public goods. So actually, employee engagement numbers—satisfaction numbers are quite important in understanding what is actually going on inside these organizations.

What is also really important to recognize is that many of the problems that exist at DHS are problems that exist Government-wide. One of the attractive things to note, though, is that other agencies are doing some extraordinary things.

An example, Secretary Ray LaHood at Department of Transportation was the most improved agency in 2010, saw almost a 16 percent increase in their scores. At the end of the day it was all about his taking this issue on personally. He talks about employee morale; he acts on it; and as I will mention later on in my comments, he has done some very specific things that have turned things around.

FDIC is another great example. They were near the bottom of our rankings in 2005; they are now the No. 1 ranked agency. Sheila Bair—again, top leadership—said this is something I want to do something about. It was a 5-year program and she made a very real difference.

So there are other agencies where you can see some real change.

You asked earlier, what can Congress do about this? There are four things that I want to focus on.

The first is—coming back to your example of the Defense Department and Goldwater-Nichols—the joint duty requirement for the military is one of the things that had the most substantial changes in the culture of DOD—the requirement that in order to become a flag officer you actually had to work on a joint duty assignment with others from other services. Mobility is a real challenge in the Federal environment at the senior executive service level.

At DHS specifically, I think it is only 6 percent of the SES had actually come from outside of Government; only 12 percent of those that are in the SES at DHS have worked in multiple agencies. Some—more than half—have never worked in any job than they are in currently right now, as an SES member.

In order to have the real executive group, in order to bring components together, in order to connect to other organizations, having worked in those other organizations is absolutely critical and we believe that pushing mobility is one way that you could actually

create some real change, and I think very powerfully trying to think about exchange with the private sector, as well. FEMA has a very interesting program where they bring some private executives—sector executives in. We need to see that flow and I think that will improve things a great deal.

No. 2, we need continuity of focus. Again, you mentioned earlier the turnover in the chief human capital officer position—eight different members. Capital is a great—it is great to have Catherine Emerson here as a career CHCO in this position as a career person.

I would argue that all the management positions ought to be career positions. You can set your policy on a political level, but if you really want to see change it is going to take a long time. You need a long runway. If people turn over real quickly at those top positions it is not going to happen, so actually converting the positions formally into career positions—CHCO, CFO, which they still don't have—would make a very, very big difference.

No. 3, we need accountability. I mentioned Secretary LaHood at Transportation. He has actually built in requirements in all their career and non-career SES—that means the political, as well—requirements around performance standards and engaging employees, and he has built it into how they are evaluated, which means they actually really pay attention to it. There are a whole bunch of things we can talk about if you want that they have done that I think could be replicated.

Clearly, your oversight here matters a huge amount. It has to be a regular thing that you are looking at. That will actually generate, I think, continuous interest in the Executive branch, and that is absolutely vital.

No. 4, and that is we need improved data. One of the challenges right now is we are asking these employees—Federal employees—you know, their opinion about what is happening inside their agencies in April; the information is not coming out until September, sometimes even later than that. That is a real problem.

We also need more data. We ought to be able to get information by occupation. It would be terrific to be able to compare the IT shops at DHS versus other agencies, and that would actually be a very powerful indicator about where things that are happening well could be replicated and where there are real challenges.

You look at organizations like IBM. They do 400,000 surveys; they produce 40,000 reports. Smart private sector organizations use this information to drive their management, and that is what we ought to see here.

Finally, we do have some real bright spots in the Department of Homeland Security. The Coast Guard, at Secret Service—there is a lot to be learned from what is already happening. My view is almost everything that should be happening in Government is happening some places, just not everywhere, and the key is how do we spread it?

But thank you very much for this opportunity.

[The statement of Mr. Stier follows:]

PREPARED STATEMENT OF MAX STIER

MARCH 22, 2012

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, thank you for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to revitalizing the Federal civil service and to transforming the way the Federal Government works. I was honored to testify before this subcommittee both in 2007 and in 2009 on the human capital challenges facing the Department of Homeland Security (DHS) and the morale of the Department's employees. I appreciate you inviting me back today to discuss the current state of the Department's workforce and to suggest areas which I believe would benefit most from this subcommittee's attention.

The Partnership has two principal areas of focus. First, we work to inspire and educate mission-critical talent about the benefits of Federal service. Second, we work with Government leaders to prepare them to build strong teams, drive innovation, and work across organizational boundaries to deliver results for America. Our work includes all aspects of how the Federal Government manages people—attracting them to Government, leading and engaging them, supporting their development, managing performance—all the essential ingredients for creating, developing, and maintaining a world-class workforce.

You have charged the witnesses for today's hearing with discussing challenges at the Department of Homeland Security, including low morale and consistent scores near the bottom of the Partnership's *Best Places to Work in the Federal Government*® rankings. Since starting the *Best Places to Work* rankings in 2003, the Partnership has seen how employee morale affects an agency's ability to execute on its mission. A low ranking may be a warning that serious management attention is needed, sometimes urgently. An unfortunate but noteworthy example is the Federal Emergency Management Agency (FEMA), which was an independent agency in 2003 when it ranked last in the rankings just 2 years before Hurricane Katrina. In hindsight, given the low level of satisfaction and engagement of FEMA employees, it seems unsurprising that the agency was roundly criticized for its response to that disaster.

Highly engaged employees are likely to be more motivated and productive in achieving agency goals, leading to greater efficiency, more innovation, and better results. Therefore, increasing employee engagement is important for driving performance. The Partnership's annual *Best Places to Work in the Federal Government*® rankings quantify and analyze employee satisfaction levels across the Federal Government, providing measurable indicators of employee satisfaction and commitment and offering an important tool by which Congress and the administration can hold agency leaders accountable for the health and performance of their workforces. This is especially important at DHS, where failure to execute on the agency's mission to secure the Nation could mean widespread disaster.

ABOUT "BEST PLACES TO WORK IN THE FEDERAL GOVERNMENT"®

Designed to help a broad audience of Government leaders, employees, Members of Congress, job seekers and researchers, the 2011 *Best Places to Work in the Federal Government*® rankings were produced by the Partnership for Public Service with support from Deloitte and Hay Group. This year's rankings draw on responses from more than 266,000 civil servants to produce a detailed view of employee satisfaction and commitment across 308 Federal agencies and subcomponents.

The Partnership for Public Service uses data from the Office of Personnel Management's Federal Employee Viewpoint Survey (FEVS) to rank agencies and their subcomponents according to a *Best Places to Work* index score. A few organizations, such as the Government Accountability Office, are not covered by the FEVS but independently conduct valid surveys and provide the data to the Partnership. Agencies and subcomponents are not only measured on overall employee satisfaction, but are scored in ten workplace categories, such as effective leadership, employee skills/mission match, pay, and work/life balance.

The *Best Places to Work* rankings are an important tool for Congressional oversight and for ensuring that employee satisfaction is a top priority for Government managers and leaders. The rankings provide a mechanism to hold agency leaders accountable for the health of their organizations, serve as an early warning sign for agencies in trouble, offer a roadmap for improvement and give job seekers insights into how Federal employees view their agencies.

Ideally, the *Best Places to Work* rankings can aid Congress in fulfilling its oversight responsibilities by highlighting the Federal Government's high-performing

agencies and raising a red flag when agencies suffer from conditions that lead to low employee satisfaction and, consequently, poor performance.

THE BIG PICTURE

Last November, the Partnership for Public Service released the scores for the 2011 *Best Places to Work in the Federal Government*® rankings.[1] The 2011 rankings include 33 large agencies, 35 small agencies, and 240 agency subcomponents. In looking at the big picture, the 2011 *Best Places to Work* results show a Government-wide decline in employee satisfaction compared to 2010, but not as big a drop as one might have expected given the difficult economic and political climate that has led to a Federal pay freeze, the possibility of reduced worker benefits, threats of Government shutdowns, and the certainty of significant agency budget reductions.

The *Best Places to Work* Government-wide employee satisfaction score for 2011 stood at 64 out of 100, representing a 1.5 percent decrease from 2010, but still 5.7 percent higher than 2003 when our rankings were first published.

The new rankings show improvement in worker satisfaction scores for only 31 percent of Federal organizations, compared with 68 percent in 2010, demonstrating that 2011 was a challenging year for most agencies. At the same time, the rise in employee satisfaction at some agencies suggests that a determined focus on good management can have a positive workplace impact in the workplace even in tough times.

Generally, for an agency to successfully improve its *Best Places to Work* ranking and overall employee morale, the Partnership has found that several things need to happen:

(1) The agency needs to understand its survey data through careful analysis and discover what may be driving the perceptions reported.

(2) Senior agency leaders must create a powerful vision around the change they want to see and paint a clear vision for the future.

(3) The agency should actively work with managers, employees, and other stakeholders to translate the vision into action plans and manage the change effort.

(4) The agency needs to develop a credible communications strategy to ensure information and goals are understood at all levels.

(5) Senior political and career leaders are held accountable for actions and results in their performance plans.

(6) The agency celebrates success.

Mr. Chairman, this year's results tell a compelling story about DHS. The Department is fortunate to have a workforce that is committed to its mission, yet varying degrees of weakness in all ten workplace categories, as well as a few low-scoring subcomponents, keep the Department and its employees from performing at their best. As one of the largest agencies in the Federal Government (behind only the Departments of Defense and Veterans' Affairs), DHS has challenges that some smaller agencies do not. In essence, DHS is a large ship and will take longer than many smaller agencies to change course. However, it is also worth noting that there are ten DHS subcomponents in the rankings (plus an "All Other" category) and their scores range from a low of 41.0 to a high of 70.9. So, while DHS is large, it is not monolithic. There are undoubtedly some "lessons learned" that can be shared profitably among the subcomponents.

Overall, the Department again finds itself near the bottom of the 2011 *Best Places to Work* rankings. While steady progress had been made each year since the first rankings came out, DHS went down on its overall index score in 2011. The Department's scores on its "effective leadership" dimension are troubling and deserve this subcommittee's sustained attention. The effective leadership category measures the extent to which employees believe leadership at all levels of the organization generates motivation and commitment, encourages integrity, and manages people fairly, while also promoting the professional development, creativity, and empowerment of employees. While the Department's current score of 47.6 is up substantially from its score of 40.1 in 2005, it still ranks at the bottom of all the large agencies ranked on this dimension.

Among DHS subcomponents, FEMA and the Transportation Security Administration (TSA) stand out as two of the lowest-scoring subcomponents and continue to have low employee satisfaction. On the other hand, there is positive news in this year's results at the U.S. Coast Guard and the Secret Service. Both subcomponents saw their index scores rise, and Secret Service improved in nearly every category.

[1] Visit *bestplacestowork.org* to access the complete 2011 rankings.

OVERALL DHS RANKINGS

This year, DHS ranks 31 of 33 among large agencies. The Department's overall index score decreased 3.5 percent from 58.6 in 2010 to 56.6 in 2011. Prior to this year, the Department was trending steadily upward, showing gains from a score of 49.1 in 2005 to a high of 58.6 in 2010.

In addition to the index score, agencies and subcomponents are ranked by ten workplace categories: Employee skills/mission match, effective leadership, work/life balance, teamwork, pay, training and development, support for diversity, strategic management, performance-based rewards and advancement, and family-friendly culture and benefits. DHS decreased in each of these categories, and ranked last for all large agencies in the categories of effective leadership and family-friendly culture and benefits.

The effective leadership category is particularly noteworthy and troubling. A regression analysis conducted each year by the Partnership's partner, the Hay Group, determines which workplace categories are the best predictors of the *Best Places to Work* index score. Government-wide, and for DHS, the No. 1 driver of employee satisfaction in 2011—and for the sixth time in a row—was effective leadership. As previously noted, there was a decrease of 2.2 percent in the score given to effective leadership by employees at DHS, putting the Department last of all large agencies with a score of 47.6. It is important to note that prior to this year's survey, DHS had been making steady progress in this category, up from a score of 40.1 in 2005 to 48.7 in 2010.

One positive trend to highlight is in the subcategory of fairness, one of four subcategories under effective leadership. DHS increased its score 1.6 percent this year, indicating that employees feel an increased belief that arbitrary action and personal favoritism is not tolerated.

In addition to effective leadership, employee skills/mission match and pay are the other two key drivers of employee satisfaction at DHS. This matches the Government-wide key drivers. Subcomponents at DHS all showed effective leadership and employee skills/mission match as the top two drivers, although the third driver was something other than pay for eight of the subcomponents.[2] The key driver analysis is useful for agencies and subcomponents looking for high-impact areas to focus their transformation efforts; in other words, improving in the workplace dimensions that are key drivers of employee satisfaction, like leadership or skills/mission match, is most likely to impact overall employee satisfaction scores.

Private sector employee satisfaction scores offer another benchmark by which to measure the Department's progress on improving workforce morale. The Partnership has access to data that allows for some comparison between Federal Government employee satisfaction and private sector employee satisfaction.[3] Both for DHS and for Government as a whole, the news is not great. The Federal Government lags behind the private sector in employee satisfaction, and this is certainly true at DHS.

Comparative data with the private sector is available for 13 questions that are in the Office of Personnel Management's Federal Employee Viewpoint Survey. One question that covers satisfaction with leadership is, "How satisfied are you with the information you receive from management on what's going on in your organization?" The Government falls 14 points behind the private sector on this question, while DHS falls 25 points behind. Satisfaction with leadership is just one area where Government—DHS in particular—needs to close the gap. A Federal Government workforce that is less engaged and less satisfied will not be able to match the private sector in delivering on its mission.

DHS SUBCOMPONENT RANKINGS

Of the 11 DHS subcomponents that were included in the *Best Places to Work* rankings in 2011, only the United States Coast Guard and Secret Service saw their overall index score increase. The subcomponent data provides a fascinating look at where things are going well, or are not going well, in the Department. Some of the more troubling data points for DHS subcomponents include the following:

[2] FEMA's third key driver was work/life, while Immigration and Customs Enforcement, Citizenship and Immigration Services, and the United States Coast Guard had strategic management as a third key driver. Secret Service had training as a third key driver.

[3] Private sector comparison data is provided by the Office of Personnel Management.

Transportation Security Administration (TSA)

- TSA is ranked 227 of 228[4] agency subcomponents in the workplace categories of effective leadership and fairness.
- TSA is ranked last of all 228 agency subcomponents in the workplace categories of pay, performance-based rewards and advancement, and family-friendly culture and benefits. Each of these categories decreased by more than 10 percent.
- Overall, TSA is ranked 232 of 240 agency subcomponents, down 6.4 percent from 2010 with an overall index score of 48.0.
- It should be noted that TSA was in the midst of union elections at the time the survey was administered.

Federal Emergency Management Agency (FEMA)

- FEMA is ranked 223 of 228 agency subcomponents in the workplace category of effective leadership.
- FEMA is ranked 222 of 228 agency subcomponents in the workplace subcategory of leaders (one of four subcategories under effective leadership). FEMA is down between 7–13 percent in all four leadership subcategories, and in leadership overall.
- Overall, FEMA is ranked 231 of 240 agency subcomponents, down 13.7 percent from 2010 with an overall index score of 48.3.

When asked if they believe the results of the survey will be used to make their agency a better place to work, only 33.2 percent of employees at FEMA responded favorably. The response was similar at TSA, with only 37.9 percent of employees responding favorably to the same question. Both subcomponents saw a decrease on this question this year, with FEMA's score going down 6 percent and TSA's score declining 2 percent. The subcommittee should use this *Best Places to Work* data to ask the leadership at these agencies about action planning and efforts to communicate to staff. For example, what means is the agency using to hear from employees directly? What is the agency doing to understand the "why" behind the scores, and how are they addressing responses and measuring results?

There is also encouraging data in this year's survey results. Eight of the DHS subcomponents saw an improved score on the question, "My agency is successful at accomplishing its mission." The Secret Service is the most notable, raising its score a full 10 percent to make it the highest-scoring DHS subcomponent on this question at 88.1 percent favorable. Compared to all other agency subcomponents, Secret Service ranks 6 of 228 on this question.

The Secret Service saw its overall index score increase 11.5 percent this year, making it the most improved DHS subcomponent. The agency also saw an increase in nine of the ten workplace categories, including each of the four leadership subcategories. Impressively, the Secret Service saw a 22.6 percent increase in employee satisfaction for employees under age 40. The subcommittee should find out more about what the Secret Service is doing to improve employee satisfaction.

CURRENT EFFORTS TO ADDRESS LOW MORALE

Working in the Department's favor is Secretary Napolitano's personal attention to improving employee morale. The Partnership has learned that Secretary Napolitano has established an Employee Engagement Executive Steering Committee to address the Federal Employee Viewpoint Survey results and has tasked the individual DHS subcomponents with reviewing their results and assuming responsibility for improving employee engagement. We believe top leadership support is an essential first step in bringing about change, and we commend the Secretary and the Office of the Chief Human Capital Officer for recognizing the importance of employee engagement in achieving agency goals.

We also know that the Department is taking steps to improve leadership, which is the No. 1 driver of employee satisfaction. The agency has created a Department-wide leadership development program which the Department plans to implement this year. The program prioritizes developing and training first-line supervisors, followed by executives. The program identifies 44 leadership competencies for all of DHS, with special considerations for the operational side of the Department.

The Partnership runs a leadership program called the DHS Fellows program, which will now become part of the Department-wide leadership development structure. The DHS Fellows program strengthens the leadership skills of GS–14 and GS–15 employees through a proven combination of innovative coursework, best practices benchmarking, challenging action-learning projects, executive coaching, and DHS-

[4] Not all 240 ranked agency subcomponents have data available for the various workplace categories.

wide networking. The program was launched in 2007 and has proven to be a popular, and successful, professional development opportunity for DHS's next generation of leaders.

The Department has also made strides to understand why its employees leave. The DHS Human Capital Strategic Plan for fiscal year 2009–2013 noted that 72 percent of DHS career executives left the Department from October 1, 2003 to September 20, 2007, the highest rate of any Cabinet department. At the time, no one knew why executives were leaving and no process existed to find out. More recently, the rate of career executives leaving the Department has declined, and DHS has implemented a new exit survey that can help identify the reasons DHS senior leaders leave the Department. This is a positive change that will reveal valuable insight into why talented people leave DHS and what it might take to keep them.

We are encouraged by the steps that DHS is already taking to tackle some of its challenges, although there is still much to be done. We urge the subcommittee to monitor the steps DHS is taking to improve satisfaction and pay attention to the impact and results of Department efforts to improve.

CASE STUDIES ON IMPROVING SCORES

One way to identify a path forward is to look at the successes of other agencies and apply best practices at the Department of Homeland Security. The Partnership has worked with several agencies that have dramatically improved their *Best Places to Work* rankings, and I will highlight their keys to success here.

Federal Deposit Insurance Corporation (FDIC)

Amid enormous pressures and greatly increased workloads stemming from the Nation's financial crisis, the Federal Deposit Insurance Corporation (FDIC) has risen to the top of the 2011 *Best Places to Work in the Federal Government*® rankings.

The FDIC moved from third place in 2010 to first place among large agencies in the 2011 rankings. The FDIC recorded a *Best Places to Work* score of 85.9 out of 100, an 8.5 percent jump from 2010. The 2011 score represented the largest percentage improvement for any large agency that year. The new rankings also placed the FDIC first among large agencies when it comes to employee views on overall effective leadership, senior leaders, the match between skills and mission, strategic management, teamwork, and pay.

The FDIC began a multi-year culture change program in 2008 after being ranked 21 of 30 large agencies in 2007. The culture change program included the development of a core set of values to guide the agency, clear and repeated messages from agency leaders that they were dedicated to improving workplace conditions, and a commitment to soliciting staff input and communicating how and why decisions are made.

The FDIC established an internal ombudsman who reports directly to the chairman and handles problems and grievances; created a website for employees to submit questions and get answers on workplace issues; held town hall meetings; instituted conference calls with the chairman and all employees to answer questions and get direct input; and established a culture change council and teams to explore workplace improvements.

Department of the Treasury

The U.S. Mint and the Bureau of Engraving and Printing (BEP), both part of the Department of the Treasury, registered significant gains in employee job satisfaction and commitment in 2011, showing improvements on a wide range of workplace issues that include leadership and opportunities for rewards and advancement.

Both the Mint and BEP were at the bottom of the rankings for Federal agency subcomponents in 2010, and made dedicated efforts to engage employees, and improve morale and workplace conditions—strategies that were undertaken at the behest of the leadership of the Treasury. The leaders of the bureaus are held accountable for making progress on workplace issues, with goals embedded in their performance plans.

The Mint was the most improved agency subcomponent in the 2011 *Best Places to Work* rankings. The organization recorded a *Best Places to Work* score of 68.5 out of 100, up from 56.5 in 2010, for a 21.2 percent gain. It also catapulted in the rankings from 201 of 224 in 2010 to the 57th spot in 2011 out of 240 agency subcomponents.

At the Mint, there was a focus on increasing communication with employees to explain the challenges faced by the organization and the reasons for various decisions. Mint executives are now working more cooperatively with labor unions to

bring about change and resolve outstanding issues, and are seeking to empower employees with greater flexibility to do their jobs.

The Mint has held regular town hall meetings in concert with the president of the Mint's chapter of the American Federation of Government Employees, and the deputy director of the Mint has visited all of the Mint's facilities to hear employee concerns. In addition, the senior leaders are pulling together as a team and providing a unified sense of direction for the organization.

The Bureau of Engraving and Printing was the third-most improved agency subcomponent in 2011, raising its *Best Places to Work* employee satisfaction and commitment score from 51.5 out of 100 in 2010 to 60 in 2011. This represents a 16.6 percent increase. In addition, the BEP's ranking rose to 174 out of 240 agency subcomponents in 2011. While still low, it marked a positive step from being ranked 219 out of 224 in 2010.

The BEP was given improved marks by employees for effective leadership, including a 25.7 percent improvement in the scores for the senior leaders. The scores went up in every workplace category surveyed, including opportunities for training and development and support for diversity.

The agency held focus groups that included white-collar workers and those doing manual labor, mid-level managers, and entry-level employees to take the pulse of the workforce, and to find out the reasons behind the historically low employee ratings.

The No. 1 concern was lack of communication, which resulted in development of an action plan to let employees know what was happening in the organization and why decisions were being made. Mechanisms have been put in place to get feedback, to act on concerns, and to let employees know that they are being heard.

Supervisors meet regularly with employees as part of their performance requirements to discuss and address workplace issues, to understand what motivates the workforce, and to ensure active engagement. The leadership also has worked closely with union leaders and held off-site meetings to find areas where all parties can collectively improve the work environment.

In addition, senior executives regularly take part in the "Walking in Your Shoes" program by spending a day doing line work in the printing plants to better understand the nature and stresses of the jobs, and to get suggestions on ways to make improvements. BEP has undertaken skill assessments of many of its workers, increased internal training programs to address skill gaps and helped workers adapt to new technologies being introduced into the printing process.

Department of Transportation (DOT)

The Department of Transportation (DOT) has taken a number of steps to improve its *Best Places to Work* scores. DOT has embedded senior executive performance plans with a requirement that executives model leadership behaviors that will reduce communication barriers, build employee trust, address employee concerns and more effectively engage employees. All other things being equal, such behaviors should lead to increases in positive responses on the Federal Employee Viewpoint Survey.

DOT has also developed a "Leadership Quick Wins" document to give senior leaders ideas on how to improve employee satisfaction and commitment. The ideas include having an open-door policy, engaging regional and field employees outside of Washington, and perusing employee suggestions on DOT's IdeaHub. IdeaHub was created in 2010 to give leaders an easy and simple way of hearing what employees have to say about DOT and how to improve it.

As the case studies show, agencies that actively participate in raising employee satisfaction and commitment can and most often will have success. It starts with top leadership engagement and commitment to change and is executed at every level of the agency. In each of these case studies, agency leaders took actions consistent with the model the Partnership has found to be most effective. Agencies leaders created a vision, led a culture change initiative headed by influential leaders across the agency, communicated frequently to all employees about the effort and progress, held senior staff accountable for results and celebrated success.

PARTNERSHIP RECOMMENDATIONS TO CONGRESS

Congress has a vital role to play in overseeing the Department of Homeland Security's efforts to improve employee satisfaction. The Department is taking steps to understand its data, bring together senior leaders to create a vision for change and develop action plans, but change at the Department has come slowly and with only sporadic leadership focus.

Improving the performance of DHS depends on having an engaged workforce. That will only come if the Department's leaders communicate a clear vision that res-

onates with employees and hold themselves accountable for action and results over the long-term. Change is hard, and it will require sustained attention from the Department's leadership team. We commend the subcommittee for your needed and thoughtful attention to the role of employee morale in the Department's performance, and we encourage your on-going oversight keep the Department moving in the right direction. To that end, we offer the following recommendations:

Strengthen Leaders

(1) Given the importance of having great leadership at DHS, Congress should encourage and fund leadership development programs for DHS employees at all levels. Improving the skills of existing leaders and developing the next generation of leaders will improve employee engagement and organizational performance.

More specifically, Congress should focus on developing leaders for the Senior Executive Service (SES). Currently, 27 percent of the senior executives at DHS are eligible to retire, and by 2016 that number increases to 59 percent. With this knowledge, DHS has a unique opportunity to invest in future executive leaders to build a highly effective leadership cadre.

To ensure that DHS recruits executives with a diversity of experiences and perspectives, Congress should require that prior to being selected for a position in the SES, an individual must have had significant experience in another agency, level of government or sector, or must have participated in a CDP, IPA, extended detail, sabbatical, or other agency rotation program.

In addition, DHS should provide more mobility opportunities for current members of the SES. Currently, only 49 percent of the SES at DHS has ever changed positions and only 12 percent has ever changed agencies. Mobility helps agencies build executive managerial skills, fill vacancies strategically, and infuse new thinking into the organization. Mobility also has a Government-wide impact, as it increases the Government's ability to fulfill cross-agency mission and promotes greater sharing of information and resources. Congress should direct DHS to submit a plan that outlines steps the agency will take to advance mobility, including efforts to reduce barriers and create greater incentives.

Further, Congress should consider establishing a public/private sector talent exchange at DHS to provide developmental opportunities for DHS executives and expose them to private sector best practices. In these arrangements, business and Government exchange key managers, executives, specialists, or operational experts for limited periods so that each side can benefit from the other's expertise and perspective. For business, the direct benefits include gaining a better understanding of how Government operates; for Government, the primary benefit is exposure to cutting-edge operational techniques and best practices in the areas of strategy, talent management, work processes and systems, and leadership development.

(2) Political appointees at DHS and across Government need orientation, training, and mentoring (collectively known as "onboarding") to maximize their effectiveness in the Federal environment. The Partnership's Ready to Govern report[5] found that many political appointees are unfamiliar with the workings of their departments and agencies, and many are schooled more in policy than management. Congress should seek information regarding how DHS appointees are prepared to succeed in their new roles, including what training and orientation activities are available. Ultimately, Congress should be satisfied that a robust on-boarding program exists to improve political appointees' ability to increase employee engagement, improve retention, enhance performance, and work within and across the Department to achieve results.

Improve Management and Hold Agencies Accountable

(1) Frequent turnover in senior political leadership causes a lack of continuous focus on employee satisfaction and commitment issues. We propose converting a number of appointed positions from political to career positions with fixed terms and performance contracts. This makes sense for positions that are truly of a managerial nature, and would enable a longer time horizon to address agency management challenges. For example, the current Chief Human Capital Officer (CHCO), Catherine Emerson, is the first real career CHCO at DHS. Having career experts serving in key management positions allows an agency

[5] Partnership for Public Service, *Ready to Govern: Improving the Presidential Transition,* January 2010.

to retain institutional knowledge and ensure continuity between administrations.

(2) The Federal Employee Viewpoint Survey is a critical source of data about the health of an organization, but it is not enough by itself. A lack of real-time information hinders an agency from moving swiftly to address challenges. Additional instruments, such as pulse surveys and focus groups, are effective sources of information that the subcommittee should encourage DHS to use to focus attention on critical management issues. The subcommittee should encourage DHS to use the data it collects from FEVS, exit surveys, and other instruments to drive change and hold the Department accountable for results.

(3) While the Federal Employee Viewpoint Survey is a rich source of information, the legislation on which it is based needs updating. For example, Congress should update the 2003 language to give OPM responsibility for conducting the annual survey, and should direct that the data is collected and reported by occupation to the extent feasible. This latter change would allow Congress to view the survey results for particular occupations—those engaged in law enforcement, for example—and would enhance the richness and usefulness of the data.

(4) DHS should hold executives accountable for addressing employee satisfaction and morale issues in their agency, as identified through employee surveys and feedback. To ensure this happens, Congress should pass legislation requiring that performance plans for senior executives include an objective for holding executives accountable for taking steps to improve satisfaction in their workplace. Such efforts might include reducing communication barriers, building employee trust and confidence through open communication, holding employee listening sessions, improving internal communication, and implementing at least one "quick-win".

(5) The large number of Congressional committees with jurisdiction over DHS complicates the prioritization of programs and funding. With approximately 88 committees and subcommittees having authority over DHS, its leaders often receive conflicting directives that hinder the functioning of the Department. Congress has taken steps to consolidate oversight of the Department—including the creation of this committee—but further reorganization is possible and highly encouraged.

CONCLUSION

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, thank you again for the opportunity to share the Partnership's views on the personnel challenges facing the Department of Homeland Security and our recommendations for the best way forward. We look forward to being of assistance to this subcommittee and to Congress as you consider the future of the Department.

Mr. MCCAUL. Thank you. You made some excellent points and I appreciate your testimony.

The Chairman now recognizes Dr. Pon.

STATEMENT OF JEFF T.H. PON, CHIEF HUMAN RESOURCES OFFICER, SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Mr. PON. Good morning, Mr. Chairman. Thank you for inviting me to testify.

My name is Jeff Pon. I am the human resources and strategy officer for the Society for Human Resources Management. With more than 260,000 members, SHRM is the world's largest organization dedicated to the HR profession.

Having served in the Federal Government before, I understand and appreciate the organizational challenges and their impact on morale by relatively a new agency and so many assimilating their 22 subcomponents. As a citizen I feel privileged today here, along with the Partnership for Public Service, Government Accountability Office, and DHS. I hope that I and SHRM can help serve the people who serve us.

My Federal service began in 2003 as the deputy director for e-Government, a lot of the HR IT initiatives, such as USAJobs. In

2006 I was appointed to be the chief human capital officer for the Department of Energy and I have worked with Partnership for Public Service in the past.

I have transformed workplaces in—with challenging predicaments like DHS. I know the domino effect that low morale has on loyalty, engagement, and productivity.

Energy had to put together five separate organizations in the last 1970s with the very distinct history, cultures, and origins under one Secretary and under one organization. The roller-coaster ride of employee morale is a Government-wide issue, not one unique to DHS.

At a technology manufacturing organization once I worked for it had 13 layers of management and 57 EVPs and SVPs. Due to the lack of proper integration of acquiring companies there was a lack of coordination, increased duplication, slower communication, decision-making, and confusion about the organization's purpose.

Transformation helped alleviate many of those things. It was an example of how an organization is put together and it often defines behavior of an organization.

In a book called "The Heart of Change" by John P. Kotter, of Harvard Business School, he presents the steps for successful change. It is a framework that has been used by many public and private organizations to address challenges similar to those facing DHS. Briefly: Form a strong cross-functional change team, create a vision, communicate honestly, break down the barriers for impeding success, and demonstrate progress that shows changes are making a difference, and celebrate with resistance the short-term wins and don't exaggerate and spin those successes.

Finally, don't give up. Exhaustion can be the enemy. DHS is in its ninth year of evolving as an organization. It is relatively new to the Federal Government still.

SHRM's most recent annual survey of employee satisfaction actually shows a decrease in overall satisfaction in the private sector and public sector. It found that compensation and benefits was somewhat low on the list, so pay is not clearly the Holy Grail of employee satisfaction. Among factors related was relationship with employees had with their immediate supervisor, as some people have previously stated.

Employees also want to recognize—have a recognition of contributions to the organization's mission. Because of the integration challenges DHS may see some employees as lacking in clear understanding of the mission that inspires a—core.

The gold standard is to move satisfaction to a higher plane of engagement. That is when people find meaning in their work, when they stop watching the clock and start embracing their role in moving the organization forward.

At SHRM we believe that workforce flexibility and reimagining the workplace is the next major strategic competitive advantage for all organizations and the way to engage employees. It is the next business imperative.

No organization will be able to cut enough, streamline enough, and boost effectiveness enough to come close to what happens when you optimize talent and allow staff to flourish. Then employees have a sense of pride and sense of connection to a sense of passion.

A successful culture can be—can happen at DHS and SHRM stands ready to serve by reimagining and redesigning the workplace and the Department for transformation for the present and the future. Thank you.

[The statement of Mr. Pon follows:]

PREPARED STATEMENT OF JEFF T.H. PON

MARCH 22, 2012

Good morning Chairman McCaul, Ranking Member Keating, and distinguished Representatives. I am Dr. Jeff T.H. Pon, Chief Human Resources and Strategy Officer of the Society for Human Resource Management (SHRM). I will describe SHRM and summarize my experience in just a moment, but first, with the panel's indulgence, I would like to acknowledge the importance of this discussion. Notably, I must emphasize that I am here to support DHS, not to criticize DHS.

Having served in Federal Government myself, I can understand and appreciate the organizational challenges—and their related impact on morale—faced by a relatively new agency working to assimilate more than 10 subcomponents. Just as important, as a citizen, I have enormous respect and admiration for the men and women of DHS, and the vital role they play in protecting our Nation and its people.

It is the DHS that leads the Federal Government's efforts to guard against terrorist attacks on our soil, to protect and secure our borders, and to prevent or respond to all nature of threats to our Nation. In doing that, DHS employees may at times be asked to place the Nation's safety above their own. They accept that responsibility with courage, professionalism, and love of country. For all these reasons, I feel privileged to be here today, along with the Partnership for Public Service, the Government Accountability Office, and the DHS. I hope that I and SHRM can play some role in serving the people who serve us.

Recently, I joined the executive staff of the Society for Human Resource Management. With more than 260,000 members, SHRM is the world's largest organization dedicated to the HR profession. A non-partisan organization, we advocate for workforce laws and regulations that are fair to employers and employees alike, and it has been our honor to be asked to testify before Congressional panels many times in the past.

Our top priority, however, is serving each of our members. Through a broad array of research products, individual assistance, professional development opportunities, and other resources, the Society helps HR professionals advance their careers through the creation of fair, productive, and forward-thinking workplaces.

More broadly, inclusive human asset utilization, along with priority attention to employee satisfaction and engagement, will be critical to our Nation as we continue recovering from economic storms while staying competitive globally. Across the globe, HR professionals know that the success of their organizations, public or private, rides on the success of their people, more than any other asset.

Those professionals recognize the importance of recruiting and retaining employees with the highest value that can be brought to each individual job. They know that successful recruitment and retention is heavily dependent on executive dedication to creating and maintaining a fair, flexible, inclusive, and engaging workplace culture.

As for myself, I have spent more than 20 years leading organizations and transforming talent management, in both the private and public sectors. For instance, I helped develop a National human resource standard for the National Academy of Public Administration, and I helped the Corporate Leadership Council develop courses for HR business partners.

As a principal at Booz Allen Hamilton, I provided strategic human capital management services, with a special focus on change management, to such Federal agencies as the Department of Defense, the Department of Energy, General Services Administration, the Office of Personnel Management, the IRS, and Social Security. Similarly, I have assisted such companies as Federal Express, Hewlett-Packard, Seagate Technology, Hyperion Solutions, and Williams-Sonoma.

My Federal service began in 2003, when I was named Deputy Director of e-Government at the Office of Personnel Management. Key HR initiatives such as USAJobs, e-Payroll, and the Human Resources Line of Business I led there that have resulted in saving taxpayers an estimated $2.6 billion. During my service with OPM, I was awarded the Grace Hopper Award, e-Gov Explorers Award, and the Federal 100 Award.

In 2006, I was appointed to the Senior Executive Service as the Chief Human Capital Officer for the Department of Energy. During my tenure there, I played a key role in implementing a top priority for the department—re-inventing its human capital management. I helped develop increased capability, capacity, and individual and departmental performance accountability. While with Energy, I was awarded the Secretary's Distinguished Service Award and the Career Achievement Award. In recognition for other Federal HR assistance I provided, I received the Gold Medal from the Director of National Intelligence, and the Distinguished Service Award from the Administrator for the National Nuclear Security Administration.

And, I should add that I have worked with the Partnership for Public Service before, helping them advise Government executives, and celebrate and recognize the unsung heroes of Federal Government staffs.

I outline my experience only to illustrate that I have been in—and transformed—workplaces with challenges not unlike those now being faced by the DHS. I have seen similar instances of low morale, and the domino-like effect that it has on loyalty, engagement, and productivity. What I've seen is that there is sometimes less concern about the abilities and professional qualities of employees, and more worry about placing square pegs in square holes.

The Department of Energy was organized in the late seventies. Like DHS it put together five separate organizations that were under one Secretary, but had very distinct history, cultures, and origins. The challenge has been to clarify what you are trying to accomplish as an organization, and how to tie-in each member of the organization with his or her role and relevance in achieving that culture, mission, and purpose.

As evident today in the lobby of the Forrestal Building on Independence Avenue, you can see the department's shared history. Starting from Einstein's letter to President Franklin Delano Roosevelt, to the latest research on alternative fuels, Energy is about National Security, Energy Security, Scientific Discovery, Environmental Responsibility, and Management Excellence—engaging each with a shared purpose and mission.

Obviously, DHS faces challenges of low morale, satisfaction, and engagement within its ranks—that's why you have called this hearing. My colleague from the Partnership for Public Service is more versed in the fine details, but I've seen enough from their annual ranking of the "Best Places to Work in Federal Government" to know that there's work to be done at DHS.

Based on responses from 266,000 Federal employees, not only did the 2011 rating for DHS drop 3.5 percent from the prior year, the Department is now ranked 31 out of 33 large Federal agencies. If its rating is compared to those of all large and small agencies, plus their subcomponents, DHS would rank 268 among those 308 organizations. As was the case in what I saw at the Department of Energy, much of that employee assessment can be attributed to difficulties a relatively new agency has in the integration of seemingly disparate subcomponents. Not surprisingly, it has not been a smooth journey for DHS. Additionally, the roller coaster of employee morale is a Government-wide issue, one that each agency must address in its most appropriate and mission-specific way.

However, even considering inherent differences in workplaces within both sectors, there are lessons that the public sector can learn from the experience of the private sector. My role here today, representing SHRM and its 260,000 HR professionals, is to talk about what works in the private sector, not to critique DHS for what hasn't worked there. Not every approach or solution is transferable to the public-sector workplace, but each contains at least a seed for growing improvement.

Typically, when private organizations face similar challenges to those being addressed by DHS, those situations can be traced back to uncertainty and disconnects within a weak organizational culture. A strong and enriching culture is not just about the people themselves. It's about creating the right environment for them to flourish, incorporating shared experience, beliefs, artifacts, and the power of teamwork. It's about identifying who and what the organization is, why it's here, and about everyone embracing its mission. It's about the limited and judicious reliance on silos.

Within DHS, there may be silos that are important for many critical missions, but there could also be competitive silos, built for the quest for critical limited resources. When that happens in any organization, there is not enough sharing of information, inter-department collaboration, and respect for both commonalities and differences.

For example, one of the private-sector technology manufacturing organizations I worked with matured after 25 years into 13 layers of management, and 57 general ledgers (57 EVPs and SVPs with their own budget bowls). The lack of integrating acquired companies, and the accompanying growth, organically resulted in unintended silos and layers. This organization had business units competing for re-

sources, a lack of coordination, increased duplication, slower communication, slower decision-making, and confusion on the organization's purpose.

The organization moved toward seven layers, and started to manage across product sets—three product groups, not 57 general ledgers. This provided greater speed, and a sense of increased control over sourcing materials, production, and distribution. Although DHS is very different than this example, what remains is an example of how an organization is put together often defines how it behaves.

In both the private and public sectors, smart organizations—those that want to be successful, meet goals, and be an employer of choice—often come to the realization that they must make intrinsic change. They have to change the way they operate, and they must commit to improving the organization's root culture.

At a glance, it would seem logical that change management is all about gathering and analyzing information, and making change based on that information. Certainly, that is part of change management, but it's far from everything that's needed. Information can bring a change intellectually, but true change can only come when individuals are touched emotionally.

In his book, "The Heart of Change," John P. Kotter, instructor at the Harvard Business School for 40 years and respected author on the subject of change, has analyzed many successful organizational transformations and suggests that the path to change within the "hearts" of a staff is one of eight steps. I'll paraphrase him in explaining just some of those steps, which have been followed by countless private-sector and public-sector organizations to improve morale and productivity. It's a simple framework that has been used to address challenges similar to those facing the DHS.

FORM A STRONG CHANGE TEAM

To lead the effort, start by selecting a cross-functional change team from throughout the organization, including both people who can inspire other team members, and those who may need to be redirected because they are ineffective in old ways but entrenched in them. This selection process won't be easy. As Professor Kotter says, in a reference that could well be applied to DHS, "An organization's politics and history, especially if it has undergone mergers, can undermine efforts to construct a strong team."

CREATE A VISION

With the team in place, it must create a common vision for the organization, and identify goals that everyone can rally behind. A vision isn't a strategic plan, or an extension of status quo. Professor Kotter suggests, rightly, that developing a workable vision requires venturing into unknown territory, and exploring ways that a good vision can motivate people. Simply laying down the law with managers won't motivate them; it may even impede their growth. Find a vision that inspires—that touches the heart—and then start removing the impediments to achieving that vision.

COMMUNICATE HONESTLY

Direct communication creates trust. Communicate early and often about the change initiative. Early responses might include fear, cynicism, and anxiety. Those realities cannot be ignored; they must be addressed. Present the vision clearly and honestly, and then treat every response with respect and consideration. As communication spreads, there must be evidence that it's not just talk—executives and managers must "walk the walk." Demonstrate that leadership takes transformation seriously, even if that change creates some discomfort for those at the top of the pyramid.

BREAK DOWN BARRIERS

With a full-communication philosophy in place, along with proof of executive buy-in, focus more attention to the impediments mentioned earlier. A typical barrier is a stubborn manager who greets the vision with a declaration that, "We tried that once and it didn't work." Don't give up on that manager, or assume that he or she is impossible to convince. Consider steps such as a temporary change of venue—change may come when the manager is allowed to see things differently through the prism of a new experience. Also, fear of failure is an impediment. Don't ask people to take risks and make change in return for modest rewards, yet maintain a culture in which they're conditioned to expect punishment if they fail. Break down the silos that keep employees from full engagement.

DEMONSTRATE PROGRESS

Show that the changes are making a difference. Celebrate—with restraint—short-term wins. Although a good vision is long-term, short-term successes reaffirm the vision, boost those employees who helped achieve them, and help to turn around skeptics. But don't exaggerate, or "spin" the wins for anything more than what they are. Employees see through that, and then mistrust news of even more important and better documented achievements.

DON'T GIVE UP

Stick with the course of change. Don't let up; be tenacious and fully engaged with the process. Even when short-term successes are recognized, it still emphasizes that much more needs to be done. With those early successes on-board, heighten urgency, and keep alive the initial flame of the change campaign. At this point in the campaign, exhaustion can be an enemy—people are making rapid change while still doing all of their old work. They may feel there is no hope, and abandon the new work. The solution is to intensely analyze some of the old work, and streamline or eliminate what isn't really critical. A manager's mandatory 25-page monthly report may be just as effective in 2 pages.

When change management is employed correctly, there will be not only acceptance of and comfort with the transformation, but also higher employee satisfaction. Every step of the process, as I've just outlined, conveys messages of team, commonality of mission, and fairness in the workplace.

Those elements lead to employee satisfaction, and advances from there to the highest achievement—employee engagement. For the last 10 years, the Society for Human Resource Management has conducted an annual National survey focusing on levels of employee satisfaction and engagement.

According to our 2011 findings, there is evidence of both good and bad news. We found that 83 percent of U.S. employees reported overall satisfaction with their current job, with 41 percent of employees indicating they were "very satisfied," and 42 percent "somewhat satisfied." However, despite the seemingly positive findings, there has been a steady decrease in overall satisfaction since 2009.

In most cases, job security ranked among the top two "very important" aspects of job satisfaction, regardless of the organization's staff size or employees' tenure, age, or gender. Farther down the list was compensation and benefits (54 percent and 53 percent, respectively), so pay is clearly not the Holy Grail of employee satisfaction.

That corresponds with surveys completed in 2011 by the staffing firm OfficeTeam. Workers were asked, "Aside from salary, which aspect of your job is most tied to your satisfaction?" The top response was "work-life balance." When managers were asked what aspect, aside from pay, affected their employees' morale, work-life balance was again the leading choice.

In the SHRM research, among the factors that employees rated higher than benefits and compensation in affecting their satisfaction was the relationship they had with their immediate supervisors. This finding could be particularly relevant to DHS, which has experienced a high frequency of turnover among senior-level management.

Similarly, 71 percent of employees said that acknowledgment of their contribution to the organization's business goals satisfies and engages them. Because of its integration challenges since the agency was formed, DHS may be seen by some of its employees as lacking a clear and unified mission.

Effective communication from senior management, especially during times of uncertainty, can provide the workforce with direction. Our research in 2011 found that 53 percent of employees said communication between employees and senior management was very important to their job satisfaction. And a full 60 percent said a proper organizational culture could engage them.

MOVING FROM EMPLOYEE SATISFACTION TO ENGAGEMENT

If there is a gold standard in human capital management, it's to move a workforce from employee satisfaction to the higher achievement of employee engagement. That's when people find meaning in their work. It's when they stop watching the clock, and start embracing their role in moving the organization forward.

Rising to that plane is not easy, whether in the private or public sector. Nor is doing so a guarantee of key staff retention. For instance, we can't assume that an era of financial uncertainty is going to lock in our staffs, and keep key members from going elsewhere. Many employees will still feel anxious, alienated, adrift—and maybe even a little distrustful of management. That's why, even in a still uncertain

market, many of them are poised to flee. In the fall of 2009—before the economic skies started to brighten a little bit—staffing firm CareerBuilder surveyed 5,200 U.S. workers and found that nearly one in five, or about 20 percent, said they planned to get a new job in 2010.

And, last fall, Randstad U.S. released its Employee Attachment Index. It showed that nearly 30 percent of the most engaged employees—the ones who say they like working for their employers—said they would seriously consider a new job offer in 2011. Plus, one out of five of those same people said they would accept one, if offered.

Last year, SHRM did a webcast with Mike Ryan, an expert on workforce engagement and recognition. He said that high unemployment levels are giving employers a false sense of security—they assume people are happy to simply have a job.

But, he said, the willingness of employees to put in discretionary effort—to go the extra mile—has declined; employees are feeling like disposable commodities. He said, "Emotionally, many of them have checked out." They're simply waiting for the economy to improve in order to find a better environment.

Despite the lack of any guarantees, achieving employee satisfaction is still the top priority for HR professionals. The first step is to recognize the distinction between satisfaction and engagement. Satisfaction is fickle, and can vary from day to day. But true engagement is steady and locked in.

An engaged employee has an understanding of what must be done to add value to his or her organization. That understanding is accompanied by a sense of pride, a sense of passion, and a connection to the organization's mission. A little farther down the scale, a non-engaged employee has checked out, with no energy or passion.

Finally comes the actively dis-engaged employee, who acts out his or her unhappiness and undermines the spirit and accomplishments of others. This is the toxic employee; one who poisons the organization's culture. A recent Gallup poll of 42,000 workers determined that only a third of U.S. workers feel engaged. Gallop estimated that lack of engagement—and resulting lack of productivity—costs U.S. businesses $350 billion every year. That's more than the annual GDP of Israel, Portugal, or Singapore.

We're conditioned to think that "recognition for good work" is the best way of engaging employees. That helps, but it's not the No. 1 driver. Research shows that progress is. Employees feel most engaged when they can make headway—when the challenge is neither too easy nor too hard—and when they receive the support they need to overcome obstacles.

Progressive employers have concluded that engaged employees and the management philosophy of command-and-control aren't good cubicle partners. As noted author Daniel Pink says, blind compliance can be an effective strategy for physical survival, but it's a lousy one for personal fulfillment. In a recent best-selling book, "Drive: The Surprising Truth about What Motivates Us," he said, "We have way too much compliance and way too little engagement. The former might get you through the day, but only the latter will get you through the night." Engagement could get any organization through the night—when it's darkest, and when everything is just a little more unknown and challenging.

Dr. Mihaly Csikszentmihalyi, noted psychologist, author and expert on well-being, analyzed people who were totally engaged in free-time activity. He labeled what they were enjoying as autotelic experiences—effort in which the activity itself is its own reward. Later he re-labeled that simply as flow—a place where goals are clear and commonly reached, where feedback is immediate. He said that in a state of flow, "the effort itself is the most delicious reward."

Human resource professionals have found that the costs are high when a workplace is a no-flow zone. Leading innovators like Microsoft and others have realized that flow-friendly workplaces help people move toward satisfaction, engagement, and higher productivity.

THE POWER OF A FLEXIBLE WORKPLACE

Not long ago, SHRM surveyed its members globally and asked them what will be their biggest challenges in the next 10 years. The No. 1 response was retaining and rewarding their best talent to achieve their organizational mission, the type of people who could be satisfied with their work, and eventually engaged with it. The No. 2 response was attracting those types of people to their organizations.

Then we asked, what is the most important factor in achieving those goals? Nearly 60 percent of those polled, in organizations large and small, said the creation of flexible work arrangements—that is, creating work environments that don't focus on where, when, or how people do their work, as long as the results the organization needs are met; work settings in which employees are also offered opportunities for

self-improvement, either through employer-funded education, personal finance education, or others. "Compensation," was much farther down the list.

At SHRM, we believe that workplace flexibility—re-imagining the workplace—is the next major strategic competitive advantage for the business of both private-sector and public-sector organizations. It is the next business imperative.

A flexible workplace is one where human capital is held with esteem, and where personal priorities and responsibilities don't have to compete with organizational vision. And, for the employer, flexible arrangements increase productivity; boost engagement and loyalty; reduce absenteeism; save money on overhead; attract new employees; and help retrain the best talent the employer already has.

We at SHRM feel so strongly about this issue that we have partnered with the Families & Work Institute, the preeminent research organization on workplace flexibility, to promote this new paradigm through research and experience-based advice on implementation. We feel that any organization will never be able to cut enough, streamline enough, or boost efficiency enough, to come close to what happens when you optimize the talents of the workforce and allow employees the freedom to flourish. All of us want work that is meaningful and rewarding, and a work setting that reflects the best of who we are.

The Federal Government and its agencies deserve credit for the strides they have already made in creating flexible work settings, but even more can be done. Every workplace in 21st Century must be adaptive enough to benefit employers and employees alike. Every workplace must be free from discrimination of any kind, a place where we celebrate—and take full advantage of—our differences, the wonderful mix of our ethnic, cultural, religious, and societal influences. In such a workplace, both the organization and every one of its employees can realize their goals, and become the best they can be, all due to a place where workers have a sense of pride, a sense of connection—a sense of passion.

OTHER CHALLENGES FACED BY EVERY EMPLOYER

In today's challenging environment, it's little wonder that an organization such as DHS can be facing human capital issues, particularly within an agency that has been in flux since its creation under National crisis. Similarly, human resources professionals have a lot on their plates specifically the following issues.

There is an unprecedented mix of generations in the workforce. For the first time in history, we have four generations in the workforce, and in just a few years, there will be five. The work behaviors and motivations of such a diverse mix need accommodation. All of these people have different needs, different ways of communicating, and different expectations of their employing organization. The organization's challenge is to align them, to help them collaborate, and to work together toward the common interests and goals of the organization.

A boomer brain drain is looming on the horizon. The first wave of baby boomers started turning 65 last year, and 10,000 more will be turning 65 every day for the next 20 years. Both private and public employers don't want to suddenly lose that reservoir of experience, maturity, and judgment—especially when they will need someone to help foster a positive work environment among those four or five generations in the workplace.

Also, despite unemployment levels, we are facing a major skills shortage. Recruiters in both the public and private sectors are having difficulty in finding the necessary talent to do the job. A survey not long ago by the staffing firm Manpower found that 52 percent of U.S. employers have a hard time filling critical positions with necessary skills sets, up 14 percentage points from the previous year.

In SHRM's own research, we have found that our members' employers have more than 3 million jobs today that simply can't be filled, or what is called "structural unemployment." If we could fill these jobs alone, the National unemployment rate could be lowered a full percentage point. We match 100-percent fits, as opposed to connecting the 70-80-percent fits to development opportunity, and then to employment.

Finally, due to an education gap, our schools are not adequately preparing the workforce of tomorrow. The Georgetown University Center on Education and the Workforce says that by 2018, the Nation will need 22 million new college degrees to remain competitive—but we will fall short of that number by at least 3 million.

Forty years ago, in 1973, only 28 percent—or one out of four—jobs in the United States required a post-secondary education. That number is expected to rise to 63 percent over the next decade. If something is not done soon to address this problem, high school graduates and dropouts will be largely left behind—unemployable. And, as a Nation, we will not have the workforce we need to fill our jobs. As a result, the competition for skilled talent will become even fiercer, and organizations like

DHS and others will need to develop new strategies to differentiate their organizations in order to recruit and keep the best workers.

CONCLUSION

Admittedly, we at SHRM are biased in focusing on the human resources staff of DHS, knowing that successful change management will come from their creativity. Their wisdom is in anticipation, in knowing what comes next, because that's what HR does—and then building the right workforce to seize the opportunities that come with change.

There's a reason we so often hear the line that an organization's most important assets walk out the door at end of every work day. The reason is because it's true. There is ample evidence from both the private sector and public sector that a culture change at DHS can be successfully implemented, and the Society for Human Resource Management stands ready to serve.

With the right vision, a bold and tenacious commitment to change at every executive level, and with honest and open communication, DHS will be able to look over the horizon and foresee more changes. By re-imagining and re-designing the workplace and the workforce, it will be able to transform the present, and plan for the future.

Mr. MCCAUL. Thank you, Dr. Pon.

The Chairman now recognizes himself for 5 minutes. I just want to start by saying, you know, this is a bad report card. It is a referendum on leadership within the Department.

Mr. Stier, I thought you made an excellent point about leadership at the top. Ray LaHood, who I served with in the Congress and the House, has turned around the Department of Transportation and the morale has gone up.

I remember working in the Department of Justice for many years—over a decade—and a lot of it—you know, we believed in the mission but whoever was appointed at the top as attorney general had a lot—a very big impact on our morale, whether we believed in that attorney general or not, whether we thought that attorney general was—were proud of that attorney general, for instance, whether that attorney general was being political. One thing we prided ourselves on was that we weren't political. We had integrity in the process because we were devoid of politics and we didn't look at things through that prism.

We had—I have to be honest—a little bit of distrust for the political appointees within the Department because we thought they had a political agenda, and oftentimes they did. We felt that we were the ones who were really holding the standard of integrity within the Department of Justice by not being political. Certainly criminal prosecutions should be devoid of politics.

So you mentioned I thought an excellent point, and it relates to Ms. Emerson as well, the idea of putting some of these positions out of the political appointee realm and rather as a career appointee.

I think, Ms. Emerson, you being a career person gains the trust of the rank-and-file within the Department of Homeland Security. So I think that is a positive thing that I see.

But could you—perhaps the two of you—expand upon what impact really does the top leadership have, and in this case Secretary Napolitano, within the Department of Homeland Security and some of the top leadership? Because again, this referendum is not a positive referendum. It basically says that the rank-and-file view the top leadership as really—there is a bit of distrust and the morale is low, and they don't approve of their leadership.

What do you make of that and what needs to be done?

Mr. STIER. Okay. So to begin with, there is no question that leadership—and we have very deep data on this—is the No. 1 driver for employee engagement, and in the broader leadership, effectively leadership category, the old saw is, you don't leave your job; you leave your boss. But what we see in the data, actually, is that senior leadership is a more important component of employee engagement than the first line supervisor. Both are important.

I say that. When we say senior leadership the data does not allow us to disaggregate political from career, so if you are a—you know, a GS–9 border patrol person senior leader is not going to just be the Secretary; it is going to be, you know, many layers down from that as well. So one of the things I would say—and this is the point that Greg made earlier, which is that this gives us a lot of ideas about questions that we should be asking. We need further follow-up information to understand. Frankly, we might even be able to improve the instrument of collecting information so we can understand better whether people are talking about the political leadership versus their career SES.

But plainly, the focus on employee morale has to come from the very top. You see that with Secretary LaHood. You see that with, you know, Sheila Bair, who was head of FDIC. You are hearing that right now from Secretary Napolitano in the engagement that she is, you know, working on right now and the set of things that you heard from Catherine Emerson. That is vital.

It is also critical that it be sustained, and I think the point that you make about career leadership is very important for a variety of reasons, one of which is that by design political leaders are going to be turning over fairly quickly and there is no way they are going to be able to maintain focus over time on a set of issues that require, you know, 4 or 5 years, maybe more. That is one of the reasons why that makes a lot of sense to have these management positions actually be career positions—not just the chief human capital officer, but frankly, across the board. When we talked about acquisition issues; we talked about, you know, financial issues at the Department.

They still don't have a—you know, a confirmed CFO. In fact, I believe only—there are only five of the Cabinet agencies that actually have confirmed CFOs. That is a real problem.

So not only are these people not staying around a long time, it is hard for them to get into their job, and that means that there isn't the leadership that ultimately can focus on very challenging problems over time.

The last thing I would say on this point, though, is that this is an issue that DHS has seen for its whole existence. Interestingly, though, when you dig beyond the Departmental level you see components that have made a very, very real difference with their employees, and those are the ones that we need to emulate.

Mr. MCCAUL. That is a great point. I think that, you know, certainly any administration has, certainly, the right to place political appointees in trusted positions to move forward their agenda. But I think, having been a rank-and-file Federal employee myself, there is that sort of feeling that, as you said, it is a very short-term. You know, they are going to be around for a couple of years and they

leave, and you are—you feel like you are really the one upholding the Department—sustaining it over a long term.

So the idea of maybe—I don't know if you convert some of these political appointees to career, necessarily, or perhaps under secretary positions you appoint a deputy who is a career person. Perhaps maybe that is a potential solution.

Mr. STIER. My own view on that—and I am glad you mentioned the under secretary position as—obviously an under secretary for management, I think, actually Under Secretary Borras has done a very good job at DHS—and there are some real results of the work that he has done. I would love to see that position itself, frankly, be made career.

At the end of the day, again, the reason why we have political appointees isn't to ensure that the policy choices that are being made reflect the will of the President. The management needs are independent of those policy choices, and if you don't have very senior people—there is, in fact, I believe, a career deputy in that office—if you don't have those—a very senior person themselves being career—it may even be a term appointment with a performance contract; doesn't have to be the same flavor of career. But you need them to be around long enough with the expectation that they are focusing on that long-term health of the organization so that the political team coming isn't going to be, in the—in that—rapid turnover, actually disruptive to those critical management issues.

Mr. MCCAUL. I couldn't agree with you more.

Ms. Emerson, do you have any comments on that?

Ms. EMERSON. Having recently come from FAA, which was part of Department of Transportation, and leading employee engagement there, I echo what you say, how important it is for top-level leadership to support employee engagement and morale initiatives. I have to tell you that Secretary Napolitano is very dedicated to improving employee morale and satisfaction in DHS. In fact, she was—one of the reasons I was hired was because of my work that I had done in employee engagement in—at DOT.

But also, she has recently sent out a memorandum and held meetings with the component heads regarding this very issue. In fact, we had Partnership for Public Service at our last meeting to come and talk about what we can do in DHS to improve employee morale and satisfaction.

I have to say, the component heads were all very engaged themselves and reported out on action planning that they were doing in their components. The Secretary is holding them accountable for that, so——

Mr. MCCAUL. Well, I do commend the Secretary for putting you in that position and making it a career position, as well. I think that is a positive development. I know you have only been in the job for less than a year so you have quite a challenge in front of you, and I wish you all the best success with it.

Mr. Maurer, you know, as I mentioned earlier, DHS is—I really don't envy anybody who is appointed Secretary of Homeland Security. It is a real challenge; you are always in the bull's eye; it is always—you know, they call it step-child, they call it a whipping boy.

You know, Tom Ridge came in, I thought provided great leadership; Mr. Chertoff came in and had a lot of challenges on his plate. Now currently Secretary Napolitano has an enormous challenge.

But when we hear about, you know SBInet, the failure of SBInet, which you and I have talked about, you know, I feel for TSA screeners because that is, in some respects, a thankless job. We hear the stories about patting down, you know, children and grandmothers and that sort of thing.

In the last hearing we heard testimony about border patrol agents taking bribes and actually working with the drug cartels. We heard about the mismanagement of FEMA disaster funds, and that could go on and on.

What impacts do you believe these issues have on the morale at the Department?

Mr. MAURER. Thank you, Mr. Chairman.

Certainly problems like that don't help morale at the Department, so that certainly is not a—doesn't create a kind of work environment where people are going to be necessarily looking forward to getting up every morning and going in and meeting those kind of challenges. Now, the good news is at DHS there is overwhelming support among the rank-and-file and they believe strongly in the mission that they are performing. I think that is a very good thing.

But I think the—one of the—key after-effects of having low morale scores within the Department is that it affects the Department's ability to brand itself with the taxpayers and prospective employees. Because when people are thinking about where they want to work you would like them to think about DHS in a very positive light. You would like them to think about DHS as being a place where there is top-notch talent, it is a great place to work, there is great morale and I can make a difference in securing this Nation.

They are making great strides, but having relatively low morale scores and being in the headlines for not having good morale certainly doesn't help with that. So that is one of the things that, you know, we sort of highlighted in some of our prior work.

I think to address that—and the Department is on the right path—I mean, they do need to have this clear leadership commitment from the very top of the Department. I think it is certainly going to help if they can make progress in integrating the management functions to form a common support base across all of DHS.

But I think the really critical thing they need to do is dig into, within the individual components and figure out, what are the root causes behind the morale issues? Because what they may find is that there is a wide variety of issues that are specific to individual components or even within components.

I mean, a lot of these organizations within DHS are large in their own right. There are six major components within DHS that employ more than 10,000 people. So there are different stories embedded within DHS, and so we would like to see a combination of this high-level strategic support for addressing morale issues combined with a better, more granular understanding of the root causes.

Mr. MCCAUL. It is a good point. You know, I look at when I went on a trip on Veterans Day to Afghanistan, Pakistan, and Iraq, and

I see our military serving, and they have a great pride of service under very difficult circumstances, and they are protecting America's interests abroad.

Yet, I think the Department—there is an opportunity to turn it around. I think when you look at the mission of the Department it is to protect the American people at home, and they should take great pride in that. I know a lot of them do. I applaud the efforts of the rank-and-file within the Department, and sometimes it is a thankless job.

I think that we—I think the Department has a lot to learn from the Department of Defense and the military. If we could transpose that—that public—that, mission of service to protecting Americans as the military has—if we could somehow place that upon the Department of Homeland Security, protecting Americans at home, I think that would go a long way.

Mr. Stier, you talked about, you know, the DOD model, and you talked about Goldwater-Nichols. Can you expand upon that, and what can the DHS learn from the Department of Defense?

Mr. STIER. Thank you, Mr. Chairman.

I think one of the most interesting stories at Department of Defense is that there really are two organizations there: There is the military, as you described, and there is also the civilian service. So there are close to 700,000 civilian employees at DOD and they are managed quite differently than those that are in uniform.

Importantly, I think, that the military has a very different perspective on its investment in its talent. They have a strong culture and belief that they are going to develop their talent in all ways possible and leadership is, you know, No. 1 for them.

So I think the No. 1 lesson that, frankly, could be learned is just the priority that is placed on viewing employees as an asset not a cost, and really growing their skills and abilities, and I think that has a lot to do with the success of our military.

Interestingly, that same approach isn't, in fact, taken for the civilians at DOD. Their scores are better than DHS but they are still not at the top of the heap, and I think that is worth, you know, some further exploration and the opportunity is really there.

There are some things that DOD has done historically with the military—and I mentioned joint duty as being one of them—as a way of really integrating their services. I think they recognize you can move the boxes around as much as you want but you are going to actually create relationships and understanding much better by moving the people instead.

So in order—they created an incentive and requirement—in order to become a flag officer you actually had to have worked with the other services. They are now taking that model and applying it to the civilian side. I believe this year is the first year they are going to have that requirement. So they are looking at a—from their—for their career executives on the civilian side—an expectation that they have the experience of having worked cross-organizationally.

I believe that same opportunity exists at DHS. I think that having their folks there, you know, rotate through intra-agency, but frankly, inter-governmentally, and even better, intra-sector—inter-sector—would create better skills, better understanding, better re-

lationships. The challenges they have to address are multi-sector challenges and we need to have a workforce that reflects a knowledge base and an understanding of how those other sectors work better.

So the mobility point, I think, is extraordinarily important and would have long-term impact on bringing the agency together and improving its ultimate performance.

Mr. MCCAUL. Very good point. I think that is part of why the Coast Guard ranked so high in the survey, whereas the rest of the Department probably did not. So I think we have a lot—and I think you are right, it is the culture.

Mr. STIER. Yes.

Mr. MCCAUL. It is the culture.

I think that is the great challenge, Ms. Emerson, that you have and the Secretary has is to try to change the culture—culture to inspire them that their mission is important, that they are protecting American lives at home.

Dr. Pon, I want to give you the last word.

Mr. PON. Mr. Chairman, thank you. I appreciate the last word.

Mr. MCCAUL. Course, the Ranking Member just showed up so you can have another word.

Mr. PON. Mr. Keating, you will have the last word, I believe.

From my experience as the chief human capital officer of the U.S. Department of Energy many of the same issues occur, and you nailed it on the head, which is it is culture. It is shared mission and story.

When I first started Department of Energy people in the complex talked about the Department of Energy as the DHS of the 1970s. It was never integrated very well.

But if you actually go in the lobby of the Forrestal Building, where the headquarters is, what we did was we made sure that we had a common history. It starts with walking to the left you have Einstein's letter to FDR warning about Germans actually acquiring different scientists around Eastern Europe and Western Europe for the harnessing of the atomic weapons. Then it goes on to celebrate the Nobel Prize winners, the nuclear complex, the scientific discovery of the 17 National laboratories, the management excellence that we had.

It really talked about how, under five things—defense, energy security, scientific discovery, environmental responsibility, and management excellence—everybody could hang their hat on. It made the people understand that they had relevance and role to the mission of the Department.

With an organization like DHS you have 22 separate cultures and agencies, and as Admiral Allen previously stated, you have different cultures with different maturity levels. Also, you are compounding the complexity there because you have over 200 occupations. We have addressed some of the things about the career professional being a CHCO in human resources or acquisition. There is another, you know, 190 different occupations you have to actually occur to.

So having different types of standards for each and every one of the support professions may be a good way to ensure the continuity of the support functions there. What I have found is that many of

my fellow CHCOs and many of the CFOs, political or whatnot, didn't really have qualifications—didn't grow up in HR functions or financial functions. That happens too often when you have the criteria of a chief human capital officer not having any HR background.

As the Society for Human Resources Management what we are trying to do not only in the Government but elsewhere is to make sure the standards of practices is well known, make sure we can have a body of knowledge and a practice that can be certified eventually so that you will have common parallels to accounting.

Mr. MCCAUL. Excellent point. I want to thank you for your testimony.

The Chairman is pleased that the Ranking Member has arrived at this hearing, and I now recognize the Ranking Member.

Mr. KEATING. Thank you, Mr. Chairman. Quick housekeeping: I would just like to submit for the record a written statement submitted by the National Treasury Employees Union, if I could.

Mr. MCCAUL. Without objection, so ordered.

[The information follows:]

STATEMENT OF COLLEEN M. KELLEY, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION

MARCH 22, 2012

Chairman McCaul, Ranking Member Keating, distinguished Members of the subcommittee: Thank you for the opportunity to provide this testimony on morale issues at the Department of Homeland Security (DHS). As President of the National Treasury Employees Union (NTEU), I have the honor of leading a union that represents over 24,000 DHS Customs and Border Protection (CBP) Officers and trade enforcement specialists in the Office of Field Operations (OFO) who are stationed at 331 land, sea, and air ports of entry (POEs) across the United States. CBP employees' mission is to protect the Nation's borders at the ports of entry from all threats while facilitating legitimate travel and trade. CBP trade compliance personnel enforce over 400 U.S. trade and tariff laws and regulations in order to ensure a fair and competitive trade environment pursuant to existing international agreements and treaties, as well as stemming the flow of illegal contraband such as child pornography, illegal arms, weapons of mass destruction, and laundered money. CBP is also a revenue collection agency, processing approximately $2 trillion in imports—28 million trade entries a year—at the POEs and collecting more than $32 billion in revenue for the U.S. Government in fiscal year 2010.

According to the Partnership for Public Service's most recent *Best Places to Work in the Federal Government* "Overall Index Scores for Employee Satisfaction and Commitment," DHS came in 31st out of the 33 large Federal agencies surveyed. One of DHS' largest component agencies, CBP, ranked 145 of 228 Federal agency subcomponents surveyed and continues to rank near the bottom for strategic management, teamwork, effective leadership (all categories), support for diversity, and family-friendly culture and benefits (see Appendix 1.)

A significant cause of low morale at CBP is the on-going staffing shortages at the ports of entry. Sufficient staffing should be provided to maintain expertise, ensure security, and promote trade and travel by reducing wait times at our Nation's air, sea, and land ports of entry. Despite demonstrated need—long lines and unmanned booths facing those waiting to deliver goods and services through commercial lanes and travelers in line for hours waiting to visit our country and spend money—there is no increase in the number of CBP employees at the ports of entry in the fiscal year 2013 budget submission.

In October 2009, the Southwest Border Task Force, created by Homeland Security Secretary Janet Napolitano, presented the results of its staffing and resources review in a draft report. This draft report recommended that the "federal government should hire more Customs [and Border Protection] officers." The report echoes the finding of the Border-Facilitation Working Group. (The U.S.-Mexico Border Facilitation Working Group was created during the bilateral meeting between President George W. Bush and President Felipe Calderón held in Mérida in March 2007.) "In

order to more optimally operate the various ports of entry, CBP needs to increase the number of CBP Officers. According to its own estimate, the lack of human resources only for the San Ysidro POE is in the "hundreds" and the CBP Officer need at all ports of entry located along the border with Mexico is in the "thousands." ("CBP: Challenges and Opportunities" a memo prepared by Armand Peschard-Sverdrup for Mexico's Ministry of the Economy: U.S.-Mexico Border Facilitation Working Group, January 2008, pages 1 and 2.) An example of how staffing shortages affect morale can be found at the San Ysidro POE where many employees are assigned so many hours of overtime that they believe their own safety is endangered.

Despite these independent studies that state that CBP is understaffed at ports of entry by thousands of officers, the fiscal year 2013 budget provides only enough personnel funding to maintain the current number of CBP Officer, CBP Agriculture Specialist, and CBP trade operations positions.

Another significant cause of low morale and a result of continuing staffing shortages at CBP are the constant temporary duty assignments (TDYs) of employees to the Southwest Border, Iraq, Container Security Initiative ports, the National Targeting Center, and the Federal Law Enforcement Training Center to name a few locations. Employees realize that many CBP TDYs are designed to increase the security of our country. Nevertheless, there is an adverse impact on employee work and work-family balance as a result of these TDYs which disrupt the lives of many employees and are on-going. These impacts include a reduction in safety as a result of insufficient staffing, more forced overtime, tension in the annual leave approval process, violations of collective bargaining agreements and the law, in addition to the disruption caused to the employees and their families when they staff these TDYs.

Another source of concern is the resistance by CBP managers to implementing expanded telework programs as authorized by Congress. Non-uniformed trade operations personnel continue to be denied telework for reasons cited by management that have nothing to do with the telework program, such as short staffing, not enough work to justify telework, and the belief that they could not perform their job duties in a telework environment, for example, at their residence. Staffing issues are not a reason to deny telework in a non-uniform, office environment.

Another area of concern for Customs and Border Protection Officers is the One Face at the Border initiative that consolidates immigration and customs inspection specialties into a single front-line border security position at ports of entry. Consolidating inspection functions has caused logistical and institutional weakness resulting in a loss of expertise in critical homeland security priorities and has contributed to undermining CBP Officers' morale.

According to a recent DHS Inspector General report "components that experienced difficulty . . . cited a loss of institutional knowledge of immigration law as the cause. In the 8 years since the creation of DHS, the percentage of CBP . . . officers with prior experience in the former Immigration and Naturalization Service has declined because of attrition and retirements." (See page 16 of DHS OIG–12–39, February 2012.)

It is clear that CBP sees its One Face at the Border Initiative as a means to increase management flexibility without increasing CBP Officer staffing levels. Congress must ensure that institutional expertise is retained by supporting immigration and customs specialties within the CBP Officer corps.

Recently CBP began experimenting with a "One Face One Border" program in which supervisory personnel from OFO and the U.S. Border Patrol work at each other's respective locations. Border Patrol supervisors are temporarily assigned to manage CBP Officers at the ports and OFO supervisors are assigned to manage Border Patrol Agents operating between the POEs so that they "experience the challenges of their respective CBP counterparts."

This experiment is disconcerting to CBP Officers because the U.S. Border Patrol's mission is to stop illegal crossings of people, drugs, and contraband between the POEs. The mission of CBP Officers is to facilitate legal trade and travel, while being trained to recognize illegal documents, counterfeit goods, and enforce customs and trade laws applicable to the expeditious movement of travelers and cargo through the air, sea, and land ports. In a time of extreme staffing shortages and long wait times at the ports, introducing Border Patrol supervisory personnel that are unfamiliar with the mission and skills of CBP front-line port personnel is incomprehensible. The "One Face One Border" experiment should also be abandoned.

NTEU commends the Department for increasing journeyman pay for CBP Officers, Border Patrol Agents, and Agriculture Specialists. The majority of CBP employees received this increase and CBP reported one of its highest scores in the *Best Places* index (27 of 228 for pay.)

Many deserving CBP trade and security positions, however, were left out of this pay increase, which has significantly damaged these workers' morale. NTEU strongly supports extending this same career ladder increase to additional CBP positions, including CBP trade operations specialists and CBP Seized Property Specialists. The journeyman pay level for the CBP Technicians who perform important commercial trade and administration duties should also be increased from GS–7 to GS–9.

Finally, CBP is continuing to increase the number of supervisors when a much greater need exists for new front-line hires. In terms of real numbers, since CBP was created, the number of new managers has increased at a much higher rate than the number of new front-line CBP hires. According to GAO, between October 2003 and February 2006, CBP increased the number of managers by 17 percent, but increased the number of front-line CBP Officers by only 2 percent (See GAO–06–751R, page 11).

According to NTEU's most recent data, of the 21,186 CBP Officers on board, nearly 5,600 are not in the bargaining unit. It is NTEU's understanding that nearly 1,000 CBP Officers are serving either at CBP headquarters or non-OFO field locations. This means that as many as 4,600 CBP Officers are serving in supervisory positions. CBP's top-heavy management structure contributes to the lack of adequate staffing at the ports, excessive overtime schedules, and flagging morale among the rank-and-file.

The tremendous increase in CBP managers and supervisors has come at the expense of National security preparedness and front-line positions. Also, these highly-paid management positions are straining the CBP budget.

RECOMMENDATIONS

Sufficient CBP staffing must be provided to ensure security, mitigate prolonged wait times for both trade and travel at our Nation's ports of entry, and improve morale.

Therefore, NTEU urges the committee to:

- significantly increase both port security and trade enforcement staffing at the ports of entry;
- extend enhanced pay and retirement recognition to additional CBP personnel, including Import and other Commercial Operations Specialists, CBP Seized Property Specialists, and CBP Technicians;
- expand inspectional expertise by ending the One Face at the Border and One Face One Border programs; and
- examine the cost and necessity of CBP's top-heavy management structure.

The more than 24,000 CBP employees represented by NTEU are proud of their part in keeping our country free from terrorism, our neighborhoods safe from drugs, and our economy safe from illegal trade, while ensuring that legal trade and travelers move expeditiously though our air, sea, and land ports. These men and women are deserving of more resources to perform their jobs better and more efficiently.

APPENDIX I

CUSTOMS AND BORDER PROTECTION (DHS)

Index Score: 62.4 (Ranked No. 145 out of varied totals)

To secure the homeland by preventing the illegal entry of people and goods while facilitating travel and trade.

SCORES AND RANKINGS BY CLASS

Class	2011 Score	Rank (out of varied totals)
Employee Skills/Mission Match	76.1	158
Strategic Management	51.9	203
Teamwork	59.9	211
Effective Leadership	50.1	201
Effective Leadership—Empowerment	41.9	206
Effective Leadership—Fairness	51.1	167
Effective Leadership—Leaders	45.2	173
Effective Leadership—Supervisors	58.4	214
Performance-Based Rewards and Advancement	42.5	190
Training and Development	56.1	173
Support for Diversity	53.4	202

SCORES AND RANKINGS BY CLASS—Continued

Class	2011 Score	Rank (out of varied totals)
Pay	71.2	27
Family-Friendly Culture and Benefits	25.2	205
Work/Life Balance	58.2	176

SCORES AND RANKINGS BY CLASS

Scores by Class	2010	2009	2007	2005	2003
Employee Skills/Mission Match	75.5	75.0	71.1	71.6	.....
Strategic Management	51.6	49.5	47.2	46.7	.....
Teamwork	61.2	67.5	64.2	64.9	.....
Effective Leadership	49.9	46.9	41.9	43.7	.....
Performance-Based Rewards and Advancement	42.7	37.8	31.9	33.9	.....
Training and Development	57.9	55.8	50.7	50.5	.....
Support for Diversity	52.5	54.9	49.4	54.1	.....
Pay	70.0	67.2	64.7	.....	.....
Family-Friendly Culture and Benefits	27.9	.....	.....	.....	.....
Work/Life Balance	59.6	56.7	52.1	56.6	.....

INDEX SCORES

Year	Score
2011	62.4
2010	63.3
2009	58.2
2007	53.2
2005	55.0
2003	.....

Mr. KEATING. Thank you. Thank you.

Ms. Emerson, just want to focus on the leadership development program and similar type of initiatives. We had hearings before that dealt with this. It is great to do it on the morale side and the human service—human resource side to see how we are doing specifically.

As you are going through the program do you have any metrics in place to measure success with that at all, or——

Ms. EMERSON. It is my understanding that there are metrics in place. Right now what we have underway is our Cornerstone program that is providing leadership training to all first-line supervisors, and that is well underway in all the components. They have provided input on that and it is to be wrapped up the end of this fiscal year.

Also, this summer we are going to be kicking off a pilot for our Capstone program, which is leadership training for our executives. So we will be getting feedback on that. It will be about 20 executives in DHS going through that program and then we will go ahead, measure that, get feedback, and we will tweak our program and go forward with Capstone.

Mr. KEATING. Thank you very much.

Mr. Maurer, I just—sort of dealing with an issue that was brought up in the efficiency portion of the hearings we looked at before, in terms of the morale, when you have a situation where the chief human capital officer, or the CHCO, at the Department—it has been sort a revolving door back and forth. How has that affected the morale or other problems in that respect?

Mr. MAURER. Well, it has certainly complicated efforts to have a common, consistent hand on the till in addressing human resources issues across the Department. I think it is a good step to having a more permanent—permanency in that position will certainly help in that regard.

I know Ms. Emerson's predecessor was at the Department for about 2 years and I think that made him the longest-serving chief human capital officer in DHS history. That helps, because then you can have someone who is tied in with the leadership team at the Department and can help drive change throughout the organization on an on-going basis. If people are coming in and out of that position with less than 12 months there is not really much that they can accomplish and have those changes stick.

Mr. KEATING. Actually, I will throw this open to any of the panel members: How can we help in those regards so you don't have the revolving door occurring? What kind of things could you say that could be helpful in that regard, just institutionally?

Mr. PON. May I?

I think some of the best practices out there is to make sure you have a succession plan, make sure you understand the talent that you have and have a workforce plan. I think a good executive is a replaceable executive. You have a good second bench, if you will.

What we see in the Federal Government when I was there, you have a lot of good leaders but the people that are coming up are not rotating, finding the development in—you know, at Energy I often chided my counterparts, such as the CIO, for their prowess in budget because we actually spend more—at the time we spent more in IT support than we did in leadership development. That is a concern when you are spending more on your systems infrastructure than your people infrastructure.

The focus on cutting budgets will actually compound the amount of funding that Ms. Emerson would have, as well as all the other components. So one of the things, if I were to recommend, is to make sure that you ensure that there are resources for developing talent in the organization.

Without that you are going to have a lot of people "get promoted" without ever learning how to be managers, and that is why, as Max and others have stated, most people leave jobs. It is because of the managers and the supervisors that they have.

Mr. KEATING. Yes.

Mr. Stier.

Mr. STIER. Thank you.

I think the place you started—which is what are your accountability metrics?—is a good one. If you have an accepted set of accountability metrics that this committee comes back to on a regular basis that will enable continuity of focus even if there is a change in personnel. So that would be the first thing.

The second, as we discussed earlier, is converting permanently the management—the chief management positions of the Department to career or term appointment positions so that they don't roll over as quickly as the political appointees do. My proposition, that would be not only the chief human capital officer, the CFO, and frankly, I think, the under secretary for management, which all these folks should pull up to so that you have continuity of management. Policy can change but managers stay there in order to ensure that your organization has the capacity to perform.

Mr. KEATING. Great.

My time is up, Mr. Chairman. Thank you very much.

Mr. MCCAUL. Thank the Ranking Member.

I want to thank the witnesses for your valuable testimony. I think this has been a very productive exercise and I have learned a great deal, and hopefully we can move forward and improve the morale within the Department.

So thank you for your testimony. This hearing is adjourned

[Whereupon, at 10:29 a.m., the subcommittee was adjourned.]