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and the District of Columbia  
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Chairman Akaka, Ranking Member Voinovich, and members of the subcommittee, thank you for the opportunity to come before you today to discuss how the Department of Homeland Security (DHS) is strengthening its acquisition workforce. When we discuss the Department's acquisition workforce, we have to look at it in three time frames: where we were, where we are, and where we are going.

### ***WHERE WE WERE***

In the aftermath of September 11th, Congress created the Department of Homeland Security to provide a central point of command for the protection of our country and citizens. On March 1, 2003, we opened our doors with the combined efforts of 180,000 people from 22 agencies and several newly established offices in the DHS Headquarters.

In March 2003, there were seven contracting activities supporting legacy components: The Transportation Security Administration (TSA), U.S. Coast Guard, U.S. Secret Service, Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the Federal Law Enforcement Training Center (FLETC) and the Federal Emergency Management Agency (FEMA). Initially, a single contracting officer at DHS Headquarters personally handled and coordinated procurement requests from all newly established offices within Headquarters, which included the Science and Technology Directorate (S&T), the Information Analysis and Infrastructure Protection (IAIP) Directorate, and the Border and Transportation Security (BTS) Directorate. The first Chief Procurement Officer, Greg Rothwell, came on board in the summer of 2003.

In FY 2004, the Office of the Chief Procurement Officer (OCPO) established the Office of Procurement Operations (OPO) and began defining specific policy and oversight functions of the OPO. As the newest DHS contracting activity, OPO had the responsibility to support the contracting requirements of the DHS Headquarters and any other DHS organizational element that did not have its own contracting activity. OPO reported directly to the Chief Procurement Officer (CPO); while the other component contracting activities reported through their respective chain of command. All DHS component contracting activities received their procurement and contracting authority from the OCPO. In Fiscal Year (FY) 2004, OCPO had only four employees while the entire Department employed 603 GS-1102 contracting specialists. By the end of FY 2005, OCPO had grown to 30 staff members performing procurement policy and oversight functions, which included grants oversight, competitive sourcing oversight, strategic sourcing and e-business initiatives, and acquisition workforce management.

Between 2003 and 2005, DHS saw significant increases in spending on federal contracts. During this period procurements at DHS increased from \$3.5 billion to \$10 billion, an increase of \$6.5 billion or 189 percent. The total number of contracts entered into by DHS during this period grew from 14,000 in 2003 to 63,000 in 2005. The increase in DHS procurement spending also grew 11 times faster than the growth of the rest of the government.

In these early days, the OCPO was focused on supporting the newly-formed department through procurement. Procurement, however, is only one element of acquisition

management. Procurement is the actual transaction for goods or services and plays only a part in the overall acquisition process.

Acquisition is the process that starts with identifying a mission need, developing requirements and budget to meet that need, analyzing alternatives for meeting that need, contracting with industry to deliver the products and services to fulfill the need, and sustaining the delivered system through its life. Acquisition includes managing operational and life-cycle requirements—from formulating concepts of operations, developing sound business strategies, and exercising prudent financial management, to assessing trade-offs and managing program risks. Procurement or contracting teams act as business partners with the program office in the acquisition process. During our initial period of establishment and growth of the acquisition function at DHS we knew that best practice acquisition management is executed by an integrated team of acquisition professionals who manage the entire life-cycle of a major program effort. However, DHS had a serious shortage of people experienced in program management, including its related functional areas such as acquisition logistics, earned value management, test and evaluation, cost estimating and systems engineering.

## ***WHERE WE ARE***

We recognize that a successful acquisition program is more than policy and oversight—it requires a talented workforce. We are focused on improving our ability to attract and retain needed resources. Currently, there are more than 1,000 contract specialists across

the Department, and we continue to recruit candidates at all grade levels. However, one of the most hard-to-fill occupational series within the federal government is the GS-1102 contracting specialist position. The great demand far exceeds the number of qualified mid-level and senior-level contracting professionals. As this testimony is being prepared there are 1,432 vacancy announcements for the 1102 job series across the federal government. At DHS, our targeted efforts include open and continuous job vacancy announcements at all grade levels, GS-9 through GS-15; aggressive use of the Department's direct-hire authority for the 1102 contracting series; expansive use of the OCPO's Acquisition Professional Career Program; and the use of re-employed annuitants to serve as mentors to our newly hired acquisition professionals, in training and in oversight.

The same attention given to the recruitment of staff is being directed to the retention of our existing staff. Our contracting organizations are committed to providing their employees with the tools, developmental opportunities, and workplace flexibilities inherent to best places to work. For example, the Head of Contracting Activity (HCA) of OPO instituted a tuition assistance program, an annual employee satisfaction survey, an exit survey, and structured rotational/development work assignments. Other initiatives are being finalized that include expanded alternate work schedule and telecommuting options.

The Department received funding in the FY 2007 budget to hire additional acquisition personnel. However, competition for qualified and seasoned procurement personnel is

intense across the federal government and the private sector. DHS has initiated aggressive staffing solutions to resolve these personnel shortages and has centralized recruiting activities to better manage similar needs across the Department.

Our Acquisition Professional Career Program (APCP) began in FY 2009 with 66 new entry-level positions in the contracting field; we are expanding to other acquisition career fields and will grow to 300 positions by FY 2010. This program is modeled after highly successful Department of Defense (DOD) programs and is especially critical for contracting. Unlike engineering, IT, or finance, contracting is a field that is essentially learned through on-the-job training. DOD and others have successfully utilized intern programs to develop the leadership pipeline for this profession, and it is perhaps the most critical of our programs for strengthening the acquisition workforce.

We have a partnership agreement with the Under Secretary of Defense (Acquisition, Technology and Logistics) and the Defense Acquisition University president to leverage existing DOD training and development opportunities as well as to use their capabilities and talent pool to help develop our workforce on a long-term partnership basis. This partnership, in conjunction with our existing relationship with the Federal Acquisition Institute will improve our human capital management.

In FY 2007, we established the Acquisition Oversight Division, which is dedicated to assessing the Department's procurements and acquisition programs. In FY 2008, as the quantity and complexity of programs supporting DHS missions continued to increase, the

need to evolve and establish additional functions within OCPO became necessary. OCPO established two new divisions to support critical acquisition functions; the Acquisition Program Management Directorate (APMD) and the Cost Analysis Division (CAD). APMD and CAD provide essential competencies that are core to the infrastructure of the Department's acquisition program. The APMD develops, implements, and manages Departmental acquisition policies and processes, in parallel with providing in-process support to the DHS components in their acquisition efforts. This division developed and implemented multiple initiatives that significantly improve DHS acquisition and program management policy and processes.

### ***WHERE WE ARE GOING***

The APCP serves as the pipeline for providing talented, trained acquisition personnel for DHS and the APCP component working group has made significant progress in recruiting personnel and determining needs across component organizations. More than 30 percent of the DHS procurement workforce is approaching retirement eligibility; and more than half of those would be eligible to retire under the Civil Service Retirement System (over age 55 with 30 years of service). The APCP is therefore crucial, as current and continuing levels of procurement professional employment is being sustained by this aging workforce who continues to work even beyond their retirement eligibility.

As DHS expands its acquisition workforce, the APCP also will expand to include other acquisition career fields. In September 2009, DHS will have its first "technical cohort,"

consisting of approximately thirteen participants (including program managers and systems engineers). In fiscal years 2010 and 2011, DHS anticipates expanding this program to include other planned members of the acquisition workforce such as test and evaluators, logisticians, and program cost estimators and financial managers. Similar to the contract specialists in the program, the expanded program envisions having participants rotate through acquisition program offices at three DHS components. In addition to on-the-job experience, participants will attend classroom training on both acquisition and leadership; further all participants are assigned a senior mentor to use as a resource for their professional growth and development.

In addition to the APCP, the OCPO is exploring the benefits of developing a career transition program. Although still in the concept phase, the vision is to recruit seasoned mid-level professionals in other career fields into acquisition positions, most specifically, contracting. By targeting professionals in current federal positions or those in private industry that possess transferable skills, such as purchasing managers and purchasing agents, DHS anticipates a compressed lead time in developing these individuals into acquisition professionals.

The success of this effort will position the Department to resolve potential procurement skill gaps. DHS hiring and attrition rates are in line with other non-DOD agencies, meaning we are competing with other agencies for scarce resources. Preliminary indications from our APCP indicates a quality workforce can be grown and maintained as the program matures and expands, and this will increase our ability to better compete for

the journeyman-level resources needed to ensure quality contracting and quality acquisition. The result will be a highly skilled workforce effectively and efficiently executing the DHS acquisition mission. It should be noted that the announced DOD initiative to vastly expand their contracting workforce by thousands in the next few years could negatively impact other federal agencies as we compete for the same pool of acquisition professionals.

The Department has made tremendous strides in respect to acquisition oversight. The acquisition review process and the Acquisition Review Board (ARB) are the formal means for a program or project to receive authorization to proceed from phase to phase through the acquisition life cycle. The process allows program managers to summarize progress relative to the criteria of the acquisition life cycle and provides the ARB as a forum to assess progress and bring essential issues to the Acquisition Decision Authority (ADA).

Over the past year, we initiated program reviews of our largest programs, including 37 quick-look reviews. We held eight ARBs in FY 2008 and have had 20 ARBs in FY 2009. These reviews have provided visibility at the highest levels and a disciplined process to get documented decisions and approvals to proceed. We currently have five ARBs scheduled, and 17 ARBs are in planning. The Secretary and I are planning program discussions with level 1 (\$1 billion in life cycle costs) and select level 2 (between \$300 million and \$1 billion in life cycle costs) programs that have not completed or have not been scheduled for an ARB. We have also applied the principles and practice of the

Acquisition Review Board to the oversight of the additional acquisitions DHS is making using the funds from the American Recovery and Reinvestment Act. I have personally chaired six ARBs tailored to the review of those investments as a key element in the responsible stewardship of those funds. I want to express my appreciation to the Senate Homeland Security and Governmental Affairs Committee and the Senate as a whole for supporting our request in the FY 2010 budget to fully staff the APMD; as well as approving the staff positions for the Office of Selected Acquisitions, our newest procurement organization dedicated to the proper and secure processing of classified programs at DHS.

## **OVERVIEW**

In the past, DHS Inspector General (IG) and Government Accountability Office (GAO) reports have pointed out a continued need for improvement in DHS acquisition programs. We appreciate the oversight, which give us more information to continue to improve our acquisition program. However, those reports are a look backward, and I think it is important to review the achievements to date as well as the ambitious path forward that DHS is on with its acquisition program. I am proud of the progress DHS has made to date in building a strong acquisition program. DHS has developed and implemented some key building blocks to a world-class acquisition program. These include:

- Expanding DHS's Chief Procurement Office from strictly a procurement office to an acquisition office. This is not just a matter of semantics. It recognizes that the root cause of DHS' challenges in acquisition is not in the contract itself, the

root cause is often in the initial requirements process. This initiative adds program managers, test and evaluation experts, cost estimators, logisticians, and systems engineers to the DHS workforce to ensure DHS's acquisition programs are developed with sound principles at every stage of the acquisition process.

- Developing a certification program for acquisition personnel that requires necessary experience, training, and education to ensure they have the necessary skills to perform their duties effectively.
- Designing an Acquisition Professional Career Program to bring entry-level contract personnel into the Department. The program began in 2009, and DHS will have 100 new contracting professionals in the Department by the end of this fiscal year.
- Establishing the Office of Procurement Operations to manage the contracting spending of the headquarters components. The contracting needs for headquarters quickly grew from a few hundred million to over \$5 billion in the first years of the Department. The Office of Procurement Operations provides the properly trained and certified contracting staff to manage this operational contracting workload.
- Designing and implementing a test and evaluation program for the Department's major acquisition programs. The test and evaluation program provides a formal

structure to ensure that appropriate developmental and operational testing is built into DHS' acquisition programs. It also provides an independent review of test and evaluation planning, including specific authorities for the Operational Test and Evaluation director. The current position is held by a seasoned test and evaluation professional working from the Office of the Under Secretary for Science and Technology.

- After developing a certification program for program managers, working diligently to ensure a properly certified program manager is running each of its major acquisition programs. The percentage of properly certified program managers running the 42 largest (Level 1) programs has increased from approximately 20 percent to more than 80 percent since the start of this certification program. Additionally, DHS is committed to ensuring every Level 1 program is run by a properly certified program manager by the end of this calendar year.
- Completing a comprehensive revision of its acquisition review program. The original program was modeled after the Department of Defense, and targeted developmental, hardware acquisition programs. In reality, DHS' acquisition is generally service and information technology, not developmental hardware. The revised acquisition review program is tailored to match DHS' actual spending, and effectively queues programs for leadership review and decision based on milestones and risk management.

- Realizing a net increase of more than 300 contracting personnel over the last three years through intense efforts to recruit and retain staff.
- Developing and implementing an electronic system, which provides information to senior leadership on the cost, schedule, and performance of DHS' acquisition programs. This electronic system provides timely and succinct management information. The system is key to timely action and intervention in managing risk of cost, schedule or performance slippage in DHS's acquisition programs.

## ***CLOSING***

It is important to note that DHS developed and implemented all the initiatives I've outlined above while simultaneously managing an existing acquisition workload that has grown to over \$15 billion in the first six years of the Department. We are proud of our progress to date, and we remain committed to continuous improvement and dedicated management of DHS' acquisition programs.

While we have strengthened many aspects of our acquisition program over the first six years of the Department, we will continue to seek improvements in our processes and provide our acquisition professionals the tools they need to both meet our mission and achieve acquisition excellence.

Thank you, Mr. Chairman and members of the subcommittee for your interest in and continued support of the DHS acquisition program. Thank you for the opportunity to testify before the subcommittee about the DHS acquisition program. I am glad to answer any questions you or the members of the subcommittee may have.