WHO'S WATCHING THE COOP? A RE-EXAMINATION OF FEDERAL AGENCIES' CONTINUITY OF OPERATIONS PLANS

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

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WHO'S WATCHING THE COOP? A RE-EXAMINATION OF FEDERAL AGENCIES' CONTINUITY OF OPERATIONS PLANS

THURSDAY, APRIL 28, 2005

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 2 p.m., in room 2154, Rayburn House Office Building, Hon. Tom Davis (chairman of the committee) presiding.

Present: Representatives Davis of Virginia, Shays, Duncan, Dent, Waxman, Cummings, Kucinich, Davis of Illinois, Watson, Ruppersberger and Norton.

Staff present: David Marin, deputy staff director/communications director; John Hunter, counsel; Rob White, press secretary; Drew Crockett, deputy director of communications; Jaime Hjort, Michael Layman, and Brien Beattie, professional staff members; Teresa Austin, chief clerk; Sarah D'Orsie, deputy clerk; Tania Shand and Mark Stephenson, minority professional staff members; Earley Green, minority chief clerk; and Jean Gosa, minority assistant clerk.

Chairman TOM DAVIS. Good afternoon. I want to welcome everybody to today's hearing on Federal agencies' continuity of operations planning [COOP].

Continuity of operations planning is the mechanism by which Federal agencies ensure that essential Government services continue to be delivered during a major crisis that disrupts normal operations. This is a complex process involving the identification of essential functions, the exploration of numerous emergency contingencies, and the allocation of appropriate resources to prepare for catastrophic events.

In the stark new reality that now confronts our society, after the attacks on the World Trade Center and the Pentagon, much has been said and written about the continuity of Federal leadership, including Congress. However, more important than anything that goes on up here is the hard work that Federal employees do every day to keep the wheels of government churning. Members of Congress don't guard our borders; they do not deliver the mail or keep the government's payroll books in order. It is Federal employees who do these things and more, and they do a spectacular job day after day with no pomp or circumstance.

However, what happens if the headquarters of a Federal agency or many Federal agencies is incapacitated in the aftermath of an

attack or a major natural disaster? Federal Government agencies need to be prepared with a plan to continue doing the most important tasks to serve the American people under any circumstances, and it is this issue that we grapple with this afternoon.

In a hearing held by the committee almost a year ago to the day, the Government Accountability Office reported significant inadequacies in Federal continuity of operations planning, including deficient guidance for Federal agencies in identifying their essential functions, and insufficient allocation of resources to ensure a continued delivery of services in a crisis.

Consequently, I asked the GAO to continue to monitor Federal COOP planning to ensure that agencies are in compliance with the latest executive and congressional guidance and report back to us annually. We now have the results of GAO's first update.

In its survey of 45 Federal agencies' COOP plans, the number of essential functions ranged from 3 to 538. This begs the question: If an agency has 538 essential functions, how essential can they be? What is the priorities? Since last April's hearing, FEMA, the executive agency for Federal COOP preparedness, has issued updated guidance designed to better assist agencies in the identification of essential functions. The committee is interested in hearing today about what progress has been made in clarifying this important first step in the continuity planning process.

GAO also reported the majority of COOP plans did not fully identify the mission-critical systems and data, or fully establish resource requirements necessary to maintain essential services during a crisis. GAO has cited inadequate oversight by FEMA as a contributing factor in this problem, focusing, in particular, on the fact that FEMA will no longer be verifying agency readiness information submitted via an on-line reporting system. However, FEMA has told us that the on-line reporting system was never designed to be an assessment tool, but rather to provide authorities with status reports during a crisis. FEMA has also expressed its concern that GAO has not taken into account the field exercise that it has conducted to test readiness.

We will be delving into these issues today to try to get at the true state of Federal COOP planning with the goal of providing FEMA and all Federal agencies the support they need to perform this important function and to prepare all Federal agencies so they can continue essential functions for our citizens in the event of disaster.

Finally, it is imperative that we incorporate telework into its Government's continuity planning. Telework, or allowing employees to work from home or other remote locations, leverages the latest technology to give significant flexibility to managers. The committee held a hearing last July on this issue, because frankly, many Federal managers have been slow to implement telework at their agencies. The Federal telework, mandate in the fiscal year 2001 Transportation Appropriations Act made the Office of Personnel Management responsible for the establishment of telework policies across all agencies by last April. This deadline was not met, and it is unacceptable.

I look forward to hearing from OPM today what progress it has made in encouraging telework implementation government-wide.

This should be a no-brainer for Federal agencies. But, unfortunately, politics is like a wheelbarrow; nothing happens until you start pushing.

A provision in the fiscal year 2005 Appropriations Act will withhold $5 million from the budgets of several agencies if they continue to balk at telework implementation. Telework is not just common-sense efficiency, but an important national security consideration as well. The decentralization of Federal agency functions inherent in a healthy telework strategy can greatly increase the survivability of those agencies in the event of a terrorist attack or other disruptive crisis. It can even serve to reduce traffic congestion, which, as we all know, is a major problem around here, particularly when one considers the various evacuation scenarios in the event of a disaster in Washington.

It doesn't take a disaster, however, to cause significant disruption of daily life in this region. I am sure we all remember what happened when a disgruntled farmer had a bad day and decided to park his tractor in a pond on the Mall. We need to make progress on this.

I am pleased to note that FEMA has added some telework language in its revised COOP guidance, and I look forward to hearing from our witnesses today about how we are translating that guidance into practice. The committee looks forward to hearing from FEMA, OPM and GAO in the first panel on the government's progress in all of these areas. We will also be hearing from some experienced private sector witnesses today on their insight into what we in Government call COOP, and what they refer to as business continuity.

I want to once again welcome all of you and thank you for being here today.

[The prepared statement of Chairman Tom Davis follows:]

Opening Statement of Chairman Tom Davis
"Who's Watching the COOP?
A Re-Examination of Federal Agencies' Continuity of Operations Plans"
April 28, 2005
2:00 p.m.
2157 Rayburn House Office Building

Good afternoon. I want to welcome everyone to today's hearing on federal agencies' continuity of operations planning.

Also known as COOP, continuity of operations planning is the mechanism by which federal agencies ensure that essential government services continue to be delivered during a major crisis that disrupts normal operations. This is a complex process involving the identification of essential functions, the exploration of numerous emergency contingencies, and the allocation of appropriate resources to prepare for catastrophic events.

In the stark new reality that now confronts our society after the attacks on the World Trade Center and the Pentagon, much has been said and written about the continuity of federal leadership, including Congress. However, more important than anything that goes on up here is the hard work that Federal employees do every day to keep the wheels of government turning. Members of Congress don't guard our borders, deliver the mail, or keep the government's payroll books in order. It is federal employees who do these things and more, and they do a spectacular job day after day with no pomp or circumstance. However, what happens if the headquarters of a federal agency, or many federal agencies, is incapacitated in the aftermath of an attack, or a major natural disaster? Federal governmental agencies need to be prepared with a plan to continue doing the most important tasks to serve the American people under any circumstances, and it is this issue that we grapple with this afternoon.

In a hearing held by the Committee almost a year ago to the day, the Government Accountability Office reported significant inadequacies in federal continuity of operations planning, including deficient guidance for federal agencies in identifying their essential functions and an insufficient allocation of resources to ensure continued delivery of services in a crisis. Consequently, I asked GAO to continue to monitor federal COOP planning to ensure that agencies are in compliance with the latest executive and congressional guidance and report back to us annually.

We now have the results of GAO's first update. In its survey of 45 federal agencies' COOP plans, the number of essential functions ranged from three to 538. This begs the question, "If an agency has 538 essential functions, how *essential* can they be?" Since last April's hearing, the Federal Emergency Management Agency, or FEMA, the executive agent for federal COOP preparedness, has issued updated guidance designed to better assist agencies in the identification of essential functions. The Committee is interested in hearing today about what progress has been made in clarifying this important first step in the continuity planning process.

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The Committee looks forward to hearing from FEMA, OPM, and GAO on the first panel today on the government's progress in all of these areas. We will also be hearing from some experienced private sector witnesses today on their insight into what we in government call COOP and what they refer to as business continuity. I want to once again welcome all of you and thank you for being here today.

Chairman TOM DAVIS. I'm now going to recognize our distinguished ranking member, Mr. Waxman, for an opening statement.

Mr. WAXMAN. Thank you, Mr. Chairman.

The Federal Government's continuity of operations planning is a critical first step necessary to ensure its effective response to a terrorist attack, natural disaster or other catastrophe. I am pleased that you, Mr. Chairman, are giving this issue sustained attention, given some of the troubling reports we have from the Government Accountability Office and others. The attention is well deserved.

If September 11 and the anthrax attacks here on Capitol Hill were wake-up calls on the importance of effective contingency planning, this year's Patterns of Global Terrorism report, which will be released by the State Department tomorrow, demonstrates the continuing urgency we need to give this issue.

Early this week, I wrote to Secretary Rice urging the release of the detailed data in this report, and yesterday the administration did release it. The report shows a dramatic uptick in terrorist incidents in 2004. And, in fact, there were about 650 significant incidents in 2004, more than triple the 175 terrorist incidents from 2003, the previous 20-year high.

The terrorism data the administration has released should foster a sense of urgency in Federal agencies, urgency needed to improve their contingency plans, and which they seem sorely to need. If September 11 was a wake-up call, then it seems some agencies may be nodding off when it comes to contingency planning.

One of the first steps in effecting contingency planning is the identification of the central agency functions, yet GAO reports agencies may not be doing this basic first step effectively and thoroughly. Though there has been some recent improvement, GAO reports that the Federal Emergency Management Agency [FEMA], has inadequate oversight over agency contingency plans. The most troubling, FEMA apparently no longer plans to even try to verify readiness information agencies report to it.

Mr. Chairman, these are very troubling findings which must clearly be addressed quickly. I commend you for this hearing and urge you to continue your efforts.

I would also like to commend my colleague, Representative Danny Davis, for his work in seeking to improve agencies' telecommuting policies. His legislation from last year, H.R. 4797, would require agencies to create and evaluate a demonstration project on telework. This is a good idea that deserves bipartisan support.

Thank you, Mr. Chairman.

Chairman TOM DAVIS. Thank you very much.

Mr. Davis, any opening statement?

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman. Normally I wouldn't, but I do indeed, because I think this is such an important discussion, and such an important topic.

Chairman Davis, Ranking Member Waxman, in the late 1990's, the Government Reform and Education and the Workforce Committees held oversight hearings to examine the barriers to telecommuting and the Federal agencies' development and promotion of telework programs.

It was then thought that the primary benefits of telecommuting were reduced traffic congestion and pollution, improved recruitment and retention of employees, reduced the need for office space, increased productivity, and improved quality of life and morale of Federal employees. These continue to be compelling and valid reasons for implementing agency-wide telework programs. Representative Frank Wolf is to be commended for moving legislation that pushes agencies to increase the number of Federal employees who telecommute.

However, with the Oklahoma City bombings and September 11, we have another very compelling reason to push Federal agencies and our staffs to develop and to implement the infrastructure and work processes necessary to support telecommuting. It is for emergency preparedness and the continued threat of terrorism. The question we must ask ourselves is this: In the event of an emergency, are we, this committee, our staffs, and all of the Federal agencies, prepared to serve the American people if, in an emergency situation, our primary places of work are no longer available to us?

You only have to read the Government Accountability Office's [GAO's], updated report on continuity of operations entitled, "Continuity of Operations: Agency Plans Have Improved, But Better Oversight Could Assist Agencies in Preparing for Emergencies," to know that the answer is no. The GAO report notes that in addition to the threat of terrorism, severe weather conditions and environmental hazards at Federal buildings can lead to the prolonged closure of Federal buildings and can interrupt essential government services. The report states that prudent management, therefore, requires that Federal agencies develop plans for ensuring the continuity of such services in emergency situations. These are referred to as continuity of operations [COOP], plans. These plans lay out an agency's approach to maintaining services, ensuring proper authority for government actions, and protecting vital assets.

Neither the Office of Personnel Management [OPM], nor the Federal Emergency Management Agency [FEMA], the agencies responsible for providing emergency preparedness guidance in COOP, have adequately addressed workforce considerations related to the resumption of broader agency operations. While COOP efforts should give priority to the safety of all employees and address the needs of those who directly support essential operations, the resumption of all other operations is crucial to achieving mission results and serving the American people.

The GAO report states that only 1 of the 21 agency continuity plans in place on May 1, 2004, documented plans to address some essential functions through teleworking. Two other agencies reported that they planned for nonessential staff to telework during a COOP event, but their continuity plans do not specifically mention teleworking.

In the next few weeks, I will introduce legislation that will push agencies to do just that. The legislation, H.R. 4797, which I introduced last year, would require the Chief Human Capital Officer Council to conduct and evaluate a 30-day demonstration project that broadly uses employee contributions to an agency's operations from alternate work locations, including home. The outcome of the

demonstration project would provide agencies and Congress with approaches for gaining flexibility and identifying work processes that should be addressed during an extended emergency. I intend to revise the legislation to take into consideration GAO's recommendations. I hope that you, Chairman Davis and Ranking Member Waxman, will join me as cosponsors of this bill.

The number and types of potential emergency interruptions are unknown, and we must be prepared in advance of an incident with the work processes and infrastructures needed to reestablish agency operations. In a world where everything is possible, we must be prepared for all of the possibilities.

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

Chairman TOM DAVIS. Thank you.

[The prepared statement of Hon. Danny K. Davis follows:]

**STATEMENT OF THE HONORABLE DANNY K. DAVIS
AT THE COMMITTEE ON GOVERNMENT REFORM HEARING
ON**

"Who's Watching the COOP? A Re-Examination of Federal Agencies' Continuity of Operations Plans"

April 28, 2005

Chairman Davis and Ranking Member Waxman, in the late 1990s, the Government Reform and Education and Workforce Committees, held oversight hearings to examine the barriers to telecommuting and the federal agencies' development and promotion of telework programs. It was then thought that the primary benefits of telecommuting were reduced traffic congestion and pollution, improved recruitment and retention of employees, reduced the need for office space, increased productivity, and improved quality-of-life and morale of federal employees. These continue to be compelling and valid reasons for implementing agencywide telework programs. Rep. Frank Wolf is to be commended for moving legislation that pushes agencies to increase the number of federal employees who telecommute.

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essential operations, the resumption of all other operations is crucial to achieving mission results and serving the American people. The GAO report states that only, "one of the 21 agency continuity plans in place on May 1, 2004, documented plans to address some essential functions through teleworking. Two other agencies reported that they planned for nonessential staff to telework during a COOP event, but their continuity plans do not specifically mention teleworking.

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The number and types of potential emergency interruptions are unknown and we must be prepared, in advance of an incident, with the work processes and infrastructure needed to reestablish agency operations.

In a world where anything is possible, we must be prepared for all the possibilities.

Chairman TOM DAVIS. Members will have 7 days to submit opening statements for the record.

Are there any other Members that wish to make statements?

Mr. RUPPERSBERGER. Real quick, Mr. Chairman. Thank you for the hearing.

During the hearing last year on this subject, we learned that GAO found some significant deficiencies in the various Federal agency COOP plans, and that those deficiencies were due in part to inadequate guidance from FEMA. I was very disturbed by GAO's findings, because, as we all know, the Government cannot function without reliable and realistic plans for continuity.

Now, I understand that GAO did a followup study to gauge FEMA and agency progress as of May 1, 2004, in developing COOP plans. I have conflicting feelings about their findings. On one hand, I am pleased there was some improvement in the number of agencies with COOP plans, but on the other hand, it is disappointing that two major agencies still had no plan as of May 1, 2004, and that FEMA's oversight was still considered inadequate.

I am encouraged that FEMA has since reissued and expanded their Federal Preparedness Circular 65 to address GAO's concerns regarding their lack of guidance to the agencies. Hopefully with the update, FPC–65, all agencies will at least have some plan on the books. The next step is to ensure that the plans are adequate and effective in maintaining essential government operations during a crisis.

I am looking forward to the discussion as to how telework can become a vital part of agency's COOP plans. Last year I cosponsored Mr. Davis's bill, H.R. 4797, which required a demonstration program of conducting an agency's operations from alternate work locations, including employees' homes. I think with a little tweaking, telework could become an important part of our agencies' plans, and I look forward to hearing from the witnesses today.

Thank you, Mr. Chairman.

Chairman TOM DAVIS. Thank you.

[The prepared statement of Hon. C.A. Dutch Ruppersberger follows:]

Congressman C.A. Dutch Ruppersberger
Committee on Government Reform

"Who's Watching the COOP? A Re-Examination of Federal Agencies' Continuity of Operations Plans"

April 28, 2005

Statement:

Thank you Mr. Chairman for calling this follow-up hearing today.

During the hearing last year on this subject we learned that the Government Accountability Office (GAO) found some significant deficiencies in the various federal agency COOP plans and that those deficiencies were due in part to inadequate guidance from FEMA.

I was very disturbed by GAO's findings because as we all know, the government cannot function without reliable and realistic plans for continuity.

Now I understand that GAO did a follow-up up study to gage FEMA and agency progress as of May 1, 2004 in developing COOP plans. I have conflicting feelings about their findings.

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still had no plan as of May 1, 2004 and that FEMA's oversight was still considered inadequate.

I am encouraged that FEMA has since re-issued and expanded their Federal Preparedness Circular (FPC) 65 to address GAO's concerns regarding their lack of guidance to the agencies. Hopefully with the updated FPC 65 all agencies will at least have some plan on the books.

The next step is to ensure that the plans are adequate and effective in maintaining essential government operations during a crisis.

I am looking forward to the discussion as to how telework can become a vital part of agencies COOP plans. Last year I co-sponsored Mr. Davis's bill H.R.4797 which required a demonstration program of conducting an agencies' operations from alternate work locations (including employee homes.)

I think with a little tweeking telework could become an important part of agencies' plans.

I look forward to hearing from our witnesses today on these issues.

Thank you again Mr. Chairman.

Chairman TOM DAVIS. Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman. I appreciate this follow-up hearing, because I believe, based on the GAO report, that continuing oversight is going to be necessary to get the kind of more rapid movement that these hearings have asked for from COOP.

We do note some improvements. I think it is always important to note improvements, because I know agencies and their employees strive to make improvements. One has to wonder why the improvements have been so slow, the improvements in such a vital notion as making sure that the Federal Government keeps operating in the event of an emergency. I cannot help but think that one of the reasons why is that these agencies are not in the security business, and in essence, without a whole lot of help, they are having difficulty doing what we have asked them to do.

There is going to have to be a lot more help, a lot more leadership, in my judgment. It is simply not their expertise. You are the ABC Agency, you are trying your best to get that done. Here comes folks concerned, as well they might be, with homeland security and tell you, by the way, make sure you can continue your operations, and since you know your operations best, do it.

Well, it turns out to be harder than that. The level of detail that the GAO report, for example, indicates is necessary in order to really have a plan is simply not there. Many of the agencies, they can't tell you how many folks they would need to have on duty in order to have continuous operations—that is a detail, that is a very basic detail—or what kind of data, what kind of computers you need to have. That is a harder one, because that involves secure measures. You would have to have not only computers and data, but you would have to know how to get to them.

Mr. Chairman, I am particularly concerned, because a lot of the fall-out would be right here in the District of Columbia. That is where most of the Federal employees are. That is certainly where headquarters are, where the most essential employees are, and where people are going to look to see if our Government is running, if it is not running, where agencies are located here, is just not running.

I looked at what FEMA's responsibility is. I can only conclude that FEMA needs help, too. And I understand that the White House is itself giving some leadership. They need to give a lot more leadership on this issue, especially if there is going to be any consistency here. In some cases it will not matter if one agency knows how to keep running and another does not, because you know what, this is one seamless government, and it will not do to have certain agencies up and certain agencies down, and that is how the administration has to look at it. They either are all up, able to communicate with one another, able to keep the Government working, or if one or two of them are down, all the rest of them may be down because of the particular function that agency serves.

Yes, at bottom it is complicated, so complicated that I don't even think it is fair to ask agencies to do this without a great deal of help, and I think the two GAO reports that we have are a real indication of that.

So I look forward to hearing what has occurred and what we can do to help improvements come about.

Thank you, Mr. Chairman.

Chairman TOM DAVIS. Well, thank you very much.

We are going to now move to our panel. We have Reynolds Hoover, the Director of Office of National Security Coordination at FEMA, Department of Homeland Security; Marta Brito Perez, the Associate Director, Office of Personnel Management; and, of course, Linda Koontz, the Director of Information Management, Government Accountability Office. Thank you all for being here.

Would you rise with me and raise your right hands. And can we have the two people behind you state their names for the record.

Mr. SWEETMAN. Jim Sweetman, GAO.

Mr. MARINOS. Nick Marinos, GAO.

[Witnesses sworn.]

Chairman TOM DAVIS. Thank you very much.

Mr. Hoover, we will start with you.

STATEMENTS OF REYNOLD N. HOOVER, DIRECTOR, OFFICE OF NATIONAL SECURITY COORDINATION, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY; MARTA BRITO PEREZ, ASSOCIATE DIRECTOR, U.S. OFFICE OF PERSONNEL MANAGEMENT; AND LINDA KOONTZ, DIRECTOR, INFORMATION MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF REYNOLD N. HOOVER

Mr. HOOVER. Good afternoon, Mr. Chairman and members of the committee. My name is Reynold Hoover. I am the Director of the Office of National Security Coordination in the Federal Emergency Management Agency [FEMA], which, as you know, is a part of the Department of Homeland Security. I thank you very much for the opportunity to be here today to discuss FEMA's role in supporting continuity of operations programs [COOP], for the Federal Government.

As you know, FEMA was designated as the executive branch lead agent for COOP and continuity of government programs by multiple authorities, which also requires departments and agencies to develop COOP plans and procedures to support their essential functions.

In our capacity as lead agent, I am proud to report that we have provided and continue to provide a wide range of support and assistance to the Federal executive branch to develop this critical capability. This afternoon I would like to briefly highlight for you and the committee the progress that we have made to ensure that the Government's ability to deliver those essential services following a disaster from an alternate facility will be maintained.

As you may recall from Under Secretary Mike Brown's testimony a year ago, we published Federal Preparedness Circular 65 that combines all previous COOP-related Federal preparedness circulars into one comprehensive document that includes definitive guidance on the essential elements of a viable COOP capability. But more importantly, the FPC also incorporates many of the GAO's previous recommendations for COOP capability improvement, including detailed information on essential functions, the importance of inter-

dependencies between departments and agencies, and the identification of telework as an option for COOP planners.

In addition, we have produced a series of documents, including templates, self-assessment tools and awareness materials, that have been widely distributed to the interagency community and are available through FEMA's Web site.

As a part of our ongoing initiative to better define essential functions, and to provide a more coordinated approach to government-wide COOP planning, we have been working with the Homeland Security Council to help identify department and agency primary mission essential functions that support eight national essential functions identified previously by the Homeland Security Council. As a result of this initiative, we expect to incorporate those national essential functions into the Department's primary mission essential functions in future planning and exercises.

But our COOP coordination responsibilities are not limited to the national capital region. In fact, we have established numerous interagency working groups at the headquarters and regional level. The centerpiece of this effort is the COOP Working Group in the National Capital region that is comprised of 76 departments and agencies, and has members as planners from the legislative branch, the judicial branch and the District of Columbia.

At the regional level, FEMA has established COOP working groups with the assistance of GSA and OPM that support many of the Federal executive boards and Federal executive associations across the country.

Because training readiness is a key to COOP preparedness, we believe exercises are critical to identifying, assessing and correcting COOP plan and program deficiencies. In that regard, we have been concentrating on building a national COOP exercise program, and as you know, Mr. Chairman, in May of last year, we conducted Exercise Forward Challenge 2004, the first-ever, full-scale COOP exercise for the Federal executive branch.

Today we have already begun preparations for Forward Challenge 2006, which will be an externally evaluated exercise. Our support, however, for COOP exercises extends beyond the Washington, DC, area, and in partnership with GSA, our FEMA regions have conducted and will continue to conduct interagency COOP exercises nationwide.

The foundation of this exercise program is a robust training component, which has been a primary focus of FEMA. Working in close collaboration with OPM, GSA and the COOP Working Group, we have developed and delivered the COOP Managers Training course, in a train-the-trainer-type format, and I am proud to say that as of March of this year, all 30 major departments and agencies have participated in the training courses that we have delivered across the Nation. In fact, a total of 682 Federal, State, local and tribal officials have been trained and certified as COOP instructors. An additional 41 course offerings will be coordinated across the country by the end of this fiscal year.

Recognizing the GAO's concerns for FEMA to take a greater role in assessments, and realizing a need to better understand COOP alternate facility requirements, we have been conducting Federal department and agency alternate facility site visits to provide an

assessment of current capabilities and identify common issues facing COOP relocationsites. Through these site assessments, we will be in a better position to address and coordinate planning and preparedness needs for departments and agencies.

Mr. Chairman and members of the committee, let me conclude by saying I believe that FEMA, in our role as the lead agent for the executive branch continuity of operations and continuity of government programs, and the Department of Homeland Security has significantly enhanced the Federal Government's preparedness to perform its essential functions across the full spectrum of all hazards, threats and emergencies. Working with our partners throughout the government, we will continue our leadership role by providing planning and programming guidance, conducting exercises and assessments, developing resource capabilities, and building the relationships necessary to ensuring an effective government-wide COOP program that is coordinated and responsive to any threat or emergency.

Thank you for your time, Mr. Chairman. I look forward to your questions and the questions of the committee.

Chairman TOM DAVIS. Thank you very much.

[The prepared statement of Mr. Hoover follows:]

STATEMENT OF

REYNOLD N. HOOVER

DIRECTOR OF THE OFFICE OF NATIONAL SECURITY COORDINATION

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ON

EXECUTIVE BRANCH
CONTINUITY OF OPERATIONS (COOP)

Introduction

Good afternoon, Chairman Davis and members of the Committee. I am Reynold N. Hoover, Director of the Office of National Security Coordination, in the Federal Emergency Management Agency (FEMA), Department of Homeland Security. Thank you for the opportunity to appear before you today to discuss FEMA's role in supporting Continuity of Operations (COOP).

FEMA was designated as the Executive Branch's Lead Agent for COOP and Continuity of Government (COG) by multiple authorities which also require that Federal Departments and Agencies develop COOP plans and procedures to support their essential functions. In our capacity as Lead Agent, I am proud to report that we have provided and continue to provide a wide range of support and assistance to the Federal Executive Branch in order to help Departments and Agencies develop this critical capability. Our assistance and support includes comprehensive planning guidance, significant outreach to national and regional Departments and Agencies, in-residence and deployed training, Executive Branch-wide exercises, and individualized Department and Agency technical assistance.

Program Guidance Support

As Lead Agent, one of our primary responsibilities is the development of program guidance to assist Departments and Agencies with building COOP plans that will support the performance of their essential functions under all hazard conditions.

To provide detailed guidance for COOP planning, we published a revised Federal Preparedness Circular (FPC) 65, "Federal Executive Branch COOP Operations," in June 2004. FPC 65, originally published in July 1999, outlined the elements of a viable COOP capability and established that all Federal Agencies "shall have in place a viable COOP capability to ensure continued performance of essential functions from alternate operating sites" during any emergency situation that disrupts normal operations. Our new guidance builds on that premise and provides expanded guidance based on input received from a variety of sources, including the Government Accountability Office (GAO).

The product of a year-long, interagency development effort, the revised document combines all previous FPCs into one comprehensive planning document on COOP capabilities, tests, training, and exercises, and the acquisition of alternate facilities. We also expanded the FPC to include new and more definitive planning guidance on the essential elements of a viable COOP capability (i.e., Plans and Procedures, Essential Functions, Delegations of Authority, Orders of Succession, Alternate Operating Facilities, Interoperable Communications, Vital Records and Databases, Human Capital, Test, Training and Exercises, Devolution of Control and Direction, and Reconstitution). With input from the Office of Personnel Management (OPM) and the General Services Administration (GSA) during the drafting of the new FPC 65, FEMA developed the new COOP guidance to incorporate many of the GAO's previous recommendations for COOP capability improvement. For example, this new guidance includes detailed information on essential functions, discusses the importance of interdependencies between Departments and Agencies, and identifies telework as an option for COOP planners.

Further, because we view telework as a valuable tool that can enhance COOP capabilities, we continue to work with our partners at OPM to develop teleworking alternatives as a means to improve our overall preparedness posture. Because of the collective efforts of the Departments and Agencies in drafting the new FPC 65, we view its COOP guidance as the baseline document for Departments and Agencies to use in their COOP plan development, training program initiatives, and exercise participation.

In addition to the FPC, we continue to work closely with our Federal partners to identify other guidance needs and have produced a series of documents that are used nationwide by COOP program managers. These documents include COOP planning templates, self-assessment tools, informational brochures, and awareness materials that are widely distributed to the interagency community and are available online through FEMA's web site.

National Essential Functions Initiative

On January 10, 2005, Assistant to the President and Homeland Security Advisor, Frances Fragos Townsend, issued a memorandum entitled "Department and Agency Essential Functions." This memorandum outlines National Essential Functions (NEFs) that must be performed by the Federal Government in times of crisis. In addition, the memorandum requested that all Federal Executive Branch Department and Agencies identify their Priority Mission Essential Functions (PMEF) that support these NEFs.

We have been working closely with the Homeland Security Council (HSC) on this effort to coordinate, collect, and analyze the essential function data provided by Departments and Agencies in response to Ms. Townsend's directive. In that regard, we have been leading PMEF reviews in an effort to further strengthen COOP policy guidance provided to Departments and Agencies on the most critical of COOP planning activities – identifying those key government functions that must be performed in the face of all hazards. Our work in this area continues and we expect to incorporate the PMEF effort in future planning and exercises.

Interagency and Regional Support

To assist in Federal Executive Branch COOP capability development, we have established numerous interagency working groups at the Headquarters and Regional levels. The centerpiece of this effort is the COOP Working Group (CWG) in the National Capital Region, which was established in 1999. The CWG is comprised of 6 White House elements, 15 Departments and their sub-elements, and 61 Agencies representing their respective Headquarters. Also participating are COOP planners from the Legislative Branch (the Senate, House of Representatives, Library of Congress, and GAO), the Judicial Branch, and the District of Columbia. This group meets monthly and provides a forum for addressing COOP issues facing all Departments and Agencies.

At the Regional level, FEMA has established COOP working groups with many of the Federal Executive Boards (FEBs) and Federal Executive Associations (FEAs) across the country. These working groups are a means of providing COOP program guidance to Federal offices in the field. Our working groups in Boston, Metropolitan New York,

Buffalo, Albany, Philadelphia, Pittsburgh, Atlanta, Albuquerque/Santa Fe, Dallas/Ft. Worth, Houston, New Orleans, Oklahoma City, San Antonio, Kansas City, St. Louis, Denver, Salt Lake City, Oakland/San Francisco, and Seattle are now being used as models for other FEBs and FEAs across the country.

Tests, Training, and Exercising

Since exercises are critical to identifying, assessing, and correcting COOP plan and program deficiencies, we have been concentrating on building a national COOP exercise program. Our initial focus was testing and exercising COOP preparedness for Executive Branch Departments and Agencies headquarters located in the National Capital Region. We have since expanded the program across the country in partnership with the GSA.

As you may recall, we conducted Exercise Forward Challenge 2004, the first-ever, full-scale COOP exercise for the Federal Executive Branch, on May 11-13, 2004. Forward Challenge 2004 required participating Departments and Agencies in the National Capital Region to relocate and operate from their alternate facilities. More than 2,500 individuals representing 45 Departments and Agencies and 332 organizational sub-elements participated in Forward Challenge from over 100 locations. Each Department and Agency developed its own internal COOP exercises that ran concurrently with the larger exercise. In addition, an interagency communications test was conducted as part of Forward Challenge 2004 to test interoperable communications among participating agencies' alternate relocation sites.

Due to the overwhelming success of Forward Challenge 2004, we have already begun preparations for Forward Challenge 2006. The Initial Planning Conference for the Exercise was conducted last month and was attended by 50 organizations. Forward Challenge 2006 will incorporate the significant changes to COOP policy since 2004 and will reflect updates to FPC 65, the implementation of the COOP Continuity of Government Conditions (COOPCON), the establishment of NEFs, and the development of PMEFs.

Like Forward Challenge 2004, the 2006 exercise will be a full-scale deployment of COOP capabilities. Departments and Agencies will be asked to alert their teams and relocate to their COOP site during business hours. Thirty major Departments and Agencies identified by the HSC will be required to participate, but all Federal Departments and Agencies are invited and encouraged to participate.

One of the most significant changes for Forward Challenge 2006 is that it will be an externally evaluated event and in many cases will be the first opportunity for Departments and Agencies to receive an operational assessment of their COOP capability. Our plan is to use future Forward Challenge COOP exercises, held every two years, as the main tool to assess COOP plans and operational programs for the Federal Executive Branch.

Our support, however, for COOP exercises is not limited to the Washington, D.C. area. Working with the FEBs and FEAs, our FEMA Regions, in partnership with the GSA, have conducted interagency COOP exercises in Cincinnati, Columbus, Detroit,

Cleveland, Houston, Denver, Seattle, Fayetteville, Dallas/Ft. Worth, Albuquerque/Santa Fe, and other cities. Over the next few months, the FEMA Regions will conduct interagency COOP exercises in Portland, OR, Atlanta, Kansas City, Philadelphia, and Denver. Other FEBs and FEAs across the country are also interested in conducting COOP training and exercises, and our FEMA Regions are working with them to support their needs. To help facilitate this effort, FEMA and GSA have fielded an interagency COOP exercise template called "Steadfast Response." This exportable training package can be easily tailored to the individual requirements of FEB and FEA COOP exercises. We believe these training programs are an important component of the COOP assessment process as they assist Departments and Agencies in identifying those capabilities that must be enhanced or corrected to ensure performance of their essential functions in response to a "real world" event.

Alternate Facility Assessments

Over the last few months, we have also been conducting Federal Department and Agency Alternate Facility site visits to provide an assessment of current Department and Agency capabilities and to identify common issues facing the COOP relocation sites. We will also work with the COOP Interagency Community to address any issues that arise from these assessments.

COOP Training

COOP training has been a primary focus of FEMA during the last year. Working in close collaboration with OPM, GSA, and the CWG, we have developed and delivered the

COOP Managers Training (Train-the-Trainer) course. This three-day course is designed to train an interagency cadre of certified instructors in COOP program management so that they can take the course materials and train their Department and Agency COOP personnel. The course was first delivered in Boston and New York in July 2004 in advance of the Democratic and Republican National conventions. Since then, we have instructed the course nationwide. As of March 31, 2005, all 30 major Departments have participated in the 18 COOP Train-the-Trainer courses delivered in the National Capital Region and across the Nation. Two hundred and nine smaller Federal, State, local, and tribal organizations have also attended.

To assist the other branches of government, representatives of the Legislative and Judicial Branches have been invited to the training and have completed the course. A total of 682 Federal, State, and local officials have been trained and certified as instructors. One hundred and eight-five were trained in the National Capital Region area. An additional 41 course offerings will be provided and coordinated by FEMA across the country by the end of this Fiscal Year, including two courses in the National Capital Region, one offering at FEMA's Emergency Management Institute, Emmitsburg, Maryland, and another at the Noble Training Center, Anniston, Alabama. Because of the extremely high interest of the Judicial Branch, a special course offering for United States Courts personnel is planned for August 2005, at the Administrative Office of the United States Courts, in Washington, D.C. We anticipate making the course materials available online, through the assistance of FEMA's Emergency Management Institute (EMI), in late 2005.

In addition to the COOP Train-the-Trainer course, we are finalizing other web-based training resources through EMI that will include a COOP Awareness course. This 2-hour module is intended as an overview of COOP for new employees and Senior Managers. We are also developing a course entitled "Introduction to COOP." This 5-hour module is designed for COOP team members and will provide a more in-depth look at COOP and COOP requirements. Both courses are expected to be available by the end of next month and will be available through FEMA's EMI Web Site.

Budget and Funding

The Fiscal Year 2005 Budget provided us with a significant increase in resources available to begin addressing some of the COOP areas that I have discussed with you today, or were identified in previous GAO reports. In addition to the enhanced COOP planning guidance, coordination with the HSC on NEFs, and significant COOP training and assessment capabilities, we are using Fiscal Year 2005 funds to begin procurement and installation of secure video-conferencing capabilities at Department and Agency alternate facilities, designing and deploying improved alternate communication systems between COOP locations, and the initial fielding of a classified Readiness Reporting System that will support our programs. We are confident that the President's Fiscal Year 2006 Budget request for our government-wide COOP program coordination will build on the foundation of success we have established over the past several years. This foundation continues to rely upon the commitment and application of COOP resources at the Department and Agency level.

Conclusion

The ability of the Federal Government to deliver essential government services in an emergency is of critical importance. I believe that FEMA, in our role as Lead Agent for the Executive Branch's COOP and COG programs, has significantly enhanced the Federal Government's preparedness to perform its essential functions across the full spectrum of all hazards threats and emergencies. Working with our partners throughout the government, we will continue our leadership role by providing planning and programming guidance, conducting exercises and assessments, developing resource capabilities, and building the relationships necessary to ensure an effective government-wide COOP program that is coordinated and responsive to any threat or emergency.

Thank you for your time. I will be pleased to answer any questions you may have.

Chairman TOM DAVIS. Ms. Perez, thanks for being with us.

STATEMENT OF MARTA BRITO PEREZ

Ms. PEREZ. Good afternoon, Mr. Chairman. Good afternoon, members of the committee. I am very pleased to be here representing the Office of Personal Management. I appear to you today to discuss the Federal agencies' use of telework and its inclusion in Federal agencies' continuity of operations planning.

It is my responsibility at OPM to work with the agencies to ensure that they have focused their attention on this critical aspect or their continuity of operations. The committee has been consistent in emphasizing the importance of telework and its significant benefits, particularly following the tragic events of September 11. I am pleased to report to you that OPM has played an important role in helping agencies recognize the need of emergency planning, as well as the need for incorporating telework in their COOP plans.

It is, in fact, a reality that since September 11th, telework has become a matter of necessity for many employees and employers. While you and other Members of Congress have long recognized the need and the benefits of telework in reducing traffic congestion and air pollution, in addition to positive impacts on employee morale and retention, we have all come to recognize the important role that telework plays in an agency's ability to continue to perform mission-critical work in times of crisis or calamity.

Using a train-the-trainer approach, OPM has partnered with FEMA to deliver human capital-oriented emergency preparedness training to agency COOP managers. Thus far we have provided training in each of FEMA's 10 regions. This ongoing FEMA-sponsored COOP training includes an OPM segment on the various human capital tools that are available to Federal planners through their human resources efforts and the staff to secure and to ensure the continued operations of Federal agencies during a crisis. Telework is identified in the training as one of those tools for emergency planners to use in developing schemes to leverage the capability of the Federal workforce during times of crisis and disruption.

Since, after September 11, OPM began working with the Federal executive boards to improve communication capability with special emphasis on emergency preparedness. In 2002, OPM identified emergency planning as an integral component of human capital management. In 2003, OPM administered the first annual emergency preparedness survey to assess the extent to which agencies were considering emergency planning, shelter in place, securing the workforce, with particular attention to those with special needs, as well as to look at the use of flexibilities and tools that were available to managers.

Following the completion of the survey, OPM held several briefings in Washington, DC, to share the results with the senior managers and representatives from around the agencies.

As you know, Mr. Chairman, the Federal Government is geographically dispersed. Approximately 90 percent of the executive branch employees work outside of the Washington, DC, metropolitan area, and as such, OPM has been working with the Federal executive boards across the country to deliver an emergency pre-

paredness training to Federal employees throughout the Federal Government.

Since October 2004, 22 training sessions have been held, focusing on the human capital tools that are available to Federal organizations and their emergency planning. Again, as part of that training, OPM emphasizes the importance of a strong telework plan to provide Federal agencies the capacity to employ its workers outside of their normal workplace when emergency circumstances dictate.

Today over 20 agencies have participated in our training. To our cadre of human capital officers at OPM, we provide hands-on, one-on-one assistance to the agencies as well. On numerous occasions during the past year, OPM has provided consultation and support to agencies challenged by weather and traffic disruption. Certainly we have had a number of events in the Washington area where we have supported our agencies.

In summary, Mr. Chairman, OPM has been a leading advocate of the need to better prepare a Federal workforce in order to cope with any possible crisis which could affect Federal workers and government operations. In addition, we are grateful for the attention that this committee has directed to Federal agency's COOP plans, with over 1.8 million nonpostal executive branch employees spread across the agencies, each with a distinct and important mission.

We simply must incorporate employee safety with business needs. OPM's goal is to make telework an integral part of the agency operations, rather than a new or special program. I am sure that—I assure you that OPM will continue to champion telework as a key human capital strategy and do everything that we can to facilitate, to educate, to guide the incorporation of telework into the agencies' overall operations and emergency preparedness planning and use.

Thank you. And I will be happy to answer any questions.

Chairman TOM DAVIS. Thank you very much.

[The prepared statement of Ms. Perez follows:]

Statement of

Marta Brito Pérez
Associate Director for Human Capital Leadership and Merit System Accountability
U.S. Office of Personnel Management

Before the
Committee on Government Reform
United States House of Representatives

On

Telework & Continuity of Operations (COOP) planning by Federal agencies

April 28, 2005

Good Afternoon, Mr. Chairman and members of the committee. On behalf of the Office of Personnel Management (OPM), I appear before you today to discuss Federal agency use of telework and its inclusion in Federal agencies' Continuity of Operations (COOP) planning. I am Marta Brito Pérez, Associate Director for Human Capital Leadership and Merit System Accountability. It is my responsibility to work with the agencies to ensure they have focused their attention on this critical aspect of their COOP planning. This committee has been consistent in its emphasis on the importance of telework and its significant benefits, and its heightened importance following the tragic events of September 11, 2001. I am pleased to report to you that OPM has played an important role in helping agencies recognize the need to incorporate human capital flexibilities into their COOP plans. OPM's role is to ensure that the Federal workforce, as well as the emergency planners for Federal agencies, are aware of the various human capital tools, such as telework, to support emergency planning. This role complements the Federal Emergency Management Agency's (FEMA) primary responsibility in ensuring Federal agencies perform adequate emergency planning and COOP activities.

Your April 18, 2005, letter of invitation asked us to focus on two areas: (1) telework as an essential element of Federal agencies' COOP planning, and also (2) describe how OPM communicates how telework needs to be an indispensable component of agency emergency preparedness plans.

Telework As An Essential Element Of Federal Agencies' COOP Planning

In response to your first question regarding Federal agencies' COOP planning, it is undisputed that in the aftermath of September 11, telework has become a matter of necessity for many employees and employers. While you and other members of

Congress have long recognized the benefits of telework in reducing traffic congestion and air pollution, in addition to its positive impact on employee morale and retention, we have all come to recognize the important role telework plays in agencies' ability to continue to perform mission-critical work in times of crisis or calamity.

Additionally, as a result of weather disasters such as the devastating series of hurricanes that struck Florida and other Southeastern states in 2004, we received reports of Federal agencies using telework arrangements. Telework has become an integral part of the Federal Government's COOP program and there is evidence agencies are including it in their own agency COOP plans.

To further reinforce its importance, in June 2004, FEMA revised its Federal Preparedness Circular (FPC) 65, "Federal Executive Branch COOP" to require agencies to consider Human Capital management in their planning for emergencies. This circular's Annex H emphasizes telework as an important tool as well as the need to address emergency situations in teleworking agreements. The circular was issued by FEMA with consultation and cooperation from OPM.

Using a train-the-trainer approach, OPM has partnered with FEMA to deliver Human Capital-oriented emergency preparedness training to agencies' COOP managers. Thus far we have provided training in each of FEMA's ten regions. This ongoing FEMA-sponsored COOP training includes an OPM segment on the various human capital "tools" available to Federal planners through their human resources staff to ensure the continued operation of Federal agencies during a crisis. Telework is identified in the training as an important tool for emergency planners to use in developing schemes to leverage the capabilities of the Federal workforce during times of crisis and potential disruption.

How OPM Communicates Telework As An Indispensable Component Of Agency Emergency Preparedness Plans

In response to your second question regarding communication of the importance of telework in Agency emergency preparedness plans, the events of September 11, 2001, demonstrated the need for comprehensive emergency planning to ensure the essential functions of Government continue to operate efficiently in times of crisis. Shortly after 9/11, OPM began working with the Federal Executive Boards (FEBs) to improve communication capability focused on emergency preparedness.

In 2002, OPM identified emergency planning as an integral component of human capital management with the agencies. In 2003, OPM administered the first annual Emergency Preparedness survey to assess the extent to which agencies were considering emergency planning, shelter-in-place, securing the workforce, with particular attention to those with special needs, and the flexibilities and tools available to managers in their Emergency Preparedness plans. Following completion of this first survey, OPM held several briefings in Washington, DC metropolitan area, to share the results with the senior management representatives from the agencies.

In preparation for the 2004 Republican and Democratic National Conventions, OPM conducted emergency preparedness surveys in Boston, Massachusetts and New York, New York. Based on these survey results, OPM developed human capital training to support emergency planning, in partnership with FEMA, the General Services Administration (GSA), and others, for these National Special Security Events which included the use of telework. This tool provided an option for maintaining government services during the conventions while reducing the number of employees reporting to the secured areas. OPM strongly encouraged the use of scheduling flexibilities to reduce employee presence within the secured areas.

OPM has developed a human capital perspective component as part of FEMA's two and one-half day COOP training seminar. In addition, OPM has brought the Executive agencies together on a number of occasions to discuss emergency preparedness plans and to present telework as one important tool to continue Government operations during emergencies.

As you know, the Federal Government is geographically dispersed. Approximately 90 percent of over 1.8 million non-postal executive branch employees work outside of the Washington, DC metropolitan area. As such, OPM has been working with the Federal Executive Boards across the country to deliver emergency preparedness training to Federal employees throughout the Federal Government. Since October 2004, 22 training sessions focusing on the human capital "tools" available to Federal organizations in their emergency planning have been held. Again, as part of the training, OPM emphasizes the importance of a strong telework plan to provide Federal agencies the capacity to employ its workers outside their normal workplace when emergency circumstances dictate. To date, over 20 agencies have participated in the training sessions across the country.

In 2005, OPM has conducted three separate surveys, as well as a pilot survey covering the State of Texas, which touched on agencies' emergency planning and preparedness.

- **First, Emergency Preparedness Survey.** This survey conducted in 2003, 2004, and 2005 served a variety of purposes. First, the surveys provide the opportunity to evaluate agencies' efforts to ensure the safety of Federal employees. In addition, the surveys are a means to assess the state of agencies' progress in emergency planning and preparedness, and provide an excellent metric to evaluate agencies' efforts to disseminate information on its emergency preparedness operations as widely as possible throughout their workforces. The survey results have enabled OPM to identify and focus on human capital areas needing improvement in governmentwide emergency planning. Specifically, our 2004 Emergency Preparedness Survey results indicate 40 percent of the sixty-nine responding agencies were using Situational Telework (not regularly scheduled) in emergency planning and 35 percent were using Core Schedule Telework. Preliminary results of the 2005 annual survey indicate general improvement in most areas of emergency preparedness. The report will soon be available.

- **Second, OPM Annual Telework Survey.** OPM administered a 2005 survey to assess the agencies' use of telework in 2004. In 2005, OPM added one new question dealing with how agencies have incorporated telework into their emergency preparedness plans. The trends in past surveys indicate steady improvement, and we anticipate this will continue with the results of the 2005 survey. For example, the 2004 survey of 2003 telework activities showed that:

  - 102,921 employees who have ever teleworked represents a 14 percent increase over the number in 2002.
  - 61 percent of those employees that teleworked in 2003 were Core (telework that occurs on a routine or regular basis away from the principal place of duty, 1 or more days per week) and 39 percent were Situational (telework that occurs on an occasional, non-routine basis).
  - Virtually all agencies have a telework policy in place which provides overarching guidance for the implementation of telework to support agency operations.
  - The number of employees performing health-related telework grew to 3,849, an increase of more than 120 percent from 2002 in which there were 1,749. Health-related telework examples might include recovery after cancer related treatment or major surgery.

- **Third, Federal Human Capital Survey (FHCS).** The 2004 FHCS was also updated to include questions on emergency planning. The FHCS will provide the employee perspective on emergency preparedness in the agencies.

Through our cadre of Human Capital Officers, OPM provides hands-on, one-on-one assistance to the agencies. On numerous occasions during the past year, OPM provided consultation and support to agencies challenged by weather and traffic disruptions. Events such as the Presidential Inauguration, President Reagan's funeral procession, the annual meeting of the World Bank/International Monetary Fund, as well as countless weather-related and other unscheduled situations are just a few examples of activities that may result in street closings, agency closings and/or early dismissals. In these instances, telework arrangements empowered agencies to effectively continue their operations and secure the safety of Federal employees. For agency offices located outside of the Washington Metropolitan Area, we have established a communication network through the FEBs. OPM has designated a single point of contact who works with FEBs and Federal Executive Associations (FEA) on emergency planning matters. This individual is equipped with a laptop and remote access, blackberry and mobile phone to ensure an effective system of communications with the FEBs and FEAs throughout the country.

OPM's COOP Planning

As part of OPM's efforts to improve its own COOP planning and meet its essential mission-critical function of providing human capital and related information to Executive agencies, we have taken the following steps.

- In July 2004, OPM signed agreements with the General Services Administration (GSA) for their Bowie, Maryland and Fairfax, Virginia Telework Centers to provide 10 spaces at each location to be used for COOP (total of 20)
- In the event of COOP, OPM is provided with 10 spaces at each site for up to 30 days
- OPM has 1 seat available at each site weekly to be used for training and orientation
- OPM has identified staff members who would deploy to each location for COOP, and several orientation sessions have been completed. Computer connectivity has been established and tested for each individual
- COOP members assigned to the Telework Centers have been provided entry cards which provide 24/7/365 access
- OPM is issuing government calling cards to COOP members to provide for long distance telephone service
- Offices and Divisions that will use the Telework Centers for COOP have been provided opportunity to identify and store appropriate reference materials at both locations in order to be equipped to carry out essential operations
- OPM will conduct a full COOP deployment later this year and use our Telework Centers as COOP sites. Observers will be assigned to each location to identify issues for follow up as necessary.

OPM has an established an agency COOP Working Group (CWG) that includes representatives from all Offices and Divisions to exchange information and address continuity of operation issues. These representatives are all fully equipped with the latest technology innovations and are able to fully function in a virtual office at a moment's notice. The agency is an active member of the Interagency COOP Working Group and is Chairing the Subgroup on Human Capital. OPM has also implemented a new system that streamlines emergency notification for our key personnel and COOP team members. The system is tested on a regular basis.

Conclusion

Last year, this Committee convened hearings to determine the state of telework programs and policies in the Federal Government with particular emphasis on emergency preparedness and COOP. In the aftermath of the September 11 tragedies, telework clearly attracted greater attention by Federal managers as an essential element in agencies' emergency planning efforts and telework has been integrated into the Federal Government's COOP Plans . Today, OPM believes agencies recognize telework must be considered an essential element of COOP planning and implementation because it:

- **Ensures minimal disruption to agency operations both during COOP operations and in dealing with possible threats.** In the event of COOP activation, telework enables agencies to restart their business operations expeditiously and systematically with employees that have access to resources via technology at home or at telework centers.
- **Assures Federal employees that managers and leaders view their safety as paramount and fosters an environment of trust which is essential for mobilizing employees in times of emergencies.** The need to disseminate critical information and sustain employee confidence is crucial in having employees do the right things which facing threats or other work disruptions.

In summary Chairman Davis, OPM has been a leading advocate of the need to better prepare our Federal workforce in order to cope with any possible crisis which could affect our Federal workers and Government operations. In addition, we are grateful for the attention that this committee has directed to Federal Agencies' COOP plans. With over 1.8 million non-postal executive branch employees spread across the agencies, each with a distinct mission, we simply must incorporate employee safety with business needs. OPM's goal is to make telework an integral part of agency operations, rather than a "new" or "special" program. I assure you that OPM will continue to champion telework as a key human capital strategy and do everything possible to facilitate its incorporation into agency overall operations and emergency preparedness planning and use.

I would be glad to answer questions you may have.

Chairman TOM DAVIS. Ms. Koontz.

STATEMENT OF LINDA KOONTZ

Ms. KOONTZ. Mr. Chairman and members of the committee, I appreciate the opportunity to participate in the committee's hearing on Federal continuity of operations planning.

As has been discussed, a range of events can interrupt essential government services, and so Federal agencies are required by Presidential Decision Directive 67 to develop plans for ensuring the continuity of such services in emergency situations. This directive designates the Federal Emergency Management Agency as executive agent for executive branch continuity of operations planning, and FEMA has issued planning guidance to agencies.

About a year ago we testified before this committee on agency compliance with FEMA guidance. At that time we stated that a number of agencies did not have continuity plans in place as of October 1, 2002. Further the essential functions identified in those plans varied widely in type and number, and the plans generally did not comply with FEMA's guidance.

Since that time the executive branch has taken a number of important steps to improve continuity planning across government. These are fully discussed in the report we did at your request, and that is being released today. Specifically, since our last review, FEMA has issued a new version of its guidance that provides additional needed detail on each of the planning areas, including the identification of essential functions.

In addition, the White House has issued guidance on essential functions and initiated the process to identify and evaluate agency-level functions. In doing so, the White House noted that in the past, many departments and agencies have had difficulty in clearly identifying and articulating their essential functions, which are the foundation of effective continuity planning. This is a condition we recognized in our prior and subsequent reviews of agency continuity plans. However, while the White House efforts should improve the identification of essential functions, the lack of a schedule to complete this effort makes it unclear when these improvements might take place.

You also asked us to look at the Federal plans in place as of May 1, 2004. We found that agencies had made progress in improving compliance with FEMA's guidance, particularly in the area of tests, training and exercises. In addition, all but one of the agencies reviewed now has a plan in place.

However, significant weaknesses remained. For example, 31 of 45 plans did not fully identify mission-critical systems and data necessary to conduct essential functions. In our prior review of 2002 plans, we noted that insufficient oversight by FEMA contributed to agencies' lack of compliance with the guidance. FEMA has since improved oversight by conducting an interagency exercise in May 2004, and providing training to key Federal, State and local personnel. FEMA also plans to collect information from agencies on their readiness, but does not plan to verify this information.

Finally, you asked us to what extent agency plans address the use of telework during emergencies. We found that although FEMA guidance was in place as of May 2004 it did not address telework,

one agency's plan included telework as part of its continuity strategy. Also 10 others reported that they planned to use telework, but these plans were not clearly documented.

Since then FEMA's new guidance directs agencies to consider telework in continuity planning. However, the guidance does not address the steps that agencies should take to ensure they have made preparations necessary to use telework effectively in an emergency situation.

In summary, Mr. Chairman, FEMA's revisions to its guidance and the White House effort have the potential, if effectively implemented, to help agencies better identify their essential functions and thus develop better continuity plans. In addition, agency continuity plans are slowly improving. Finally, agencies appear to be making increasing use of telework in their continuity plans. However, we think there are further opportunities to ensure preparedness. Consequently, in our report that is being released today, we are recommending that a schedule be established for the White House effort, and that FEMA further improve its oversight of agency continuity plans by verifying that these plans are indeed fully compliant with the guidance.

In addition, we are recommending that FEMA, in consultation with OPM, develop more detailed guidance on telework. With executive branch progress to date and the additional steps we have recommended, as well as continuing oversight by this committee, we believe that the Federal Government can ensure that it is fully prepared for emergencies.

Thank you. That concludes my statement. I would be happy to answer questions.

Chairman TOM DAVIS. Well, thank you very much.

[The prepared statement of Ms. Koontz follows:]

United States Government Accountability Office

GAO

Testimony Before the Committee on Government Reform, House of Representatives

For Release on Delivery
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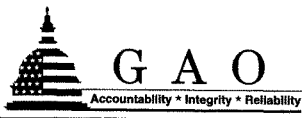
CONTINUITY OF OPERATIONS

Agency Plans Have Improved, but Better Oversight Could Assist Agencies in Preparing for Emergencies

Statement of Linda D. Koontz
Director, Information Management Issues



GAO-05-619T

April 28, 2005

GAO
Accountability·Integrity·Reliability

Highlights

Highlights of GAO-05-619T, a testimony before the Committee on Government Reform, House of Representatives

CONTINUITY OF OPERATIONS

Agency Plans Have Improved, but Better Oversight Could Assist Agencies in Preparing for Emergencies

Why GAO Did This Study

To ensure that essential government services are available in emergencies, federal agencies are required to develop continuity of operations plans. According to guidance from the Federal Emergency Management Agency (FEMA), which is responsible for providing guidance for and assessing agency continuity plans, a key element of a viable capability is the proper identification of essential functions. GAO previously reported on agency continuity plan compliance, and determined that a number of agencies and their components did not have continuity plans in place on October 1, 2002, and those that were in place did not generally comply with FEMA's guidance.

GAO was asked to testify on its most recent work in continuity planning, which is discussed in a separate report, being released today (GAO-05-577). In this report, GAO reviewed to what extent (1) major federal agencies used sound practices to identify and validate their essential functions, (2) agencies had made progress since 2002 in improving compliance with FEMA guidance, and (3) agency continuity of operations plans addressed the use of telework arrangements (in which work is performed at an employee's home or at a work location other than a traditional office) during emergencies.

www.gao.gov/cgi-bin/getrpt?GAO-05-619T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Koontz at (202) 512-6240 or koontzl@gao.gov.

What GAO Found

Many of the 23 agencies that GAO reviewed reported using sound practices for identifying and validating essential functions, but few provided documentation sufficient for GAO to confirm their responses. (GAO identified these sound practices based on published literature and in consultation with experts on continuity planning.) Agency responses indicate that—although aware of the practices—agencies may not have followed them thoroughly or effectively. Further, the essential functions identified by agencies varied widely: the number of functions identified in each plan ranged from 3 to 538 and included ones that appeared to be of secondary importance. The absence in FEMA's guidance of specific criteria for identifying essential functions contributed to this condition. Subsequent guidance significantly addresses the sound practices that GAO identified. Also, the White House has begun a process to improve continuity planning. If this guidance and process are implemented effectively, they could lead to improved identification of essential functions in the executive branch.

As of May 1, 2004, agencies had made progress in improving compliance with FEMA guidance, but significant weaknesses remained. Agencies that had plans in place in both years showed significant improvement in the area of tests, training, and exercises. However, although some improvement occurred for other planning areas, important weaknesses remained: for example, 31 of 45 plans did not fully identify mission-critical systems and data necessary to conduct essential functions. Inadequate oversight by FEMA contributed to the level of weaknesses in agency continuity plans. FEMA plans to improve oversight using an online readiness reporting system, which it plans to have fully operational later this year, and it has already taken other steps to help agencies improve their plans, such as conducting an interagency exercise. However, FEMA does not plan to verify the readiness information that agencies will report in the system.

Finally, even though FEMA's continuity planning guidance in place in May 2004 did not address telework, one agency's continuity plan at that time included plans to use telework in response to an emergency. In addition, 10 agencies reported that they planned to use telework following a COOP event, but their plans were not clearly documented.

In its report, GAO made recommendations aimed at helping to improve continuity planning. These included establishing a schedule for the completion of recently initiated efforts, developing a strategy for short-term oversight in the meantime, and developing and implementing procedures that verify the agency-reported data used in oversight of agency continuity of operations planning. The report includes comments from FEMA. In commenting, FEMA agreed that there has been improvement in COOP plans and that additional oversight is needed.

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to participate in the Committee's hearing on federal continuity of operations planning. As you know, essential government services can be interrupted by a range of events, including terrorist attacks, severe weather, or building-level emergencies. Federal agencies are required by Presidential Decision Directive 67 to develop plans for ensuring the continuity of such services in emergency situations. The Federal Emergency Management Agency (FEMA), which was designated executive agent for executive branch continuity of operations (COOP) planning, issued Federal Preparedness Circular 65 in July 1999 as planning guidance to agencies. The circular states that, in order to have a viable COOP capability, agencies should identify their essential functions. These functions then provide the basis for subsequent planning steps. The circular also identified eight elements of a viable COOP capability.[1]

We previously reviewed agency COOP plan compliance with FEMA's guidance, at your request. At that time, we found that a number of agencies and their components did not have continuity plans in place as of October 1, 2002, and those that were in place did not generally comply with FEMA's guidance.[2]

We subsequently assessed plans in place on May 1, 2004, both from the agencies that had plans in place in 2002 and from agencies that subsequently adopted plans.[3] We examined to what extent

[1] In June 2004, FEMA released an updated version of FPC 65, providing additional guidance to agencies on each of the topics covered in the original guidance, including an annex on essential functions.

[2] GAO, *Continuity of Operations: Improved Planning Needed to Ensure Delivery of Essential Services*, GAO-04-160 (Washington, D.C.: Feb. 27, 2004.)

[3] As agreed with your staff, we evaluated agency continuity plans in place on May 1, 2004. Our methodology included evaluating the headquarters continuity plans for 20 of the 23 largest civilian departments and agencies, as well as for 25 components of departments, for compliance with the eight elements identified in FPC 65. We provided agencies with several opportunities to submit relevant documentation as well as respond to preliminary findings.

- major federal agencies used sound practices to identify and validate their essential functions,
- agencies had made progress in improving compliance with the guidance outlined in FPC 65 since our 2002 review,[4] and
- agency continuity of operations plans addressed the use of telework arrangements (in which work is performed at an employee's home or at a work location other than a traditional office) during emergencies.

At your request, I am summarizing today the findings and recommendations of the report on this most recent work, which is being released today.[5]

Results in Brief

Many of the 23 agencies reported using the eight sound practices for identifying and validating essential functions that we identified (for example, performing a risk and impact analysis for each essential function), but few provided documentation sufficient for us to confirm their responses. This indicates that agencies—although aware of these practices—may not have followed them thoroughly or effectively. In addition, the number of functions identified in each agency plan ranged from 3 to 538 and included ones that appeared to be of secondary importance (for example, "provide advice to the Under Secretary"). Both FEMA's June 2004 revision to its guidance and a recently initiated White House effort have the potential, if effectively implemented, to help agencies better identify their essential functions and thus develop better continuity plans. However, the lack of a schedule to complete the White House effort makes it unclear when these improvements might take place.

[4]Since the June 2004 version of FPC 65 was released after our cutoff date of May 1, 2004, we assessed plans against the July 1999 version of FPC 65.

[5] GAO, *Continuity of Operations: Agency Plans Have Improved, but Better Oversight Could Assist Agencies in Preparing for Emergencies*, GAO-05-577 (Washington, D.C.: Apr. 28, 2005).

Although agency COOP plans have shown improvement since our prior assessment of 2002 plans, most plans in place on May 1, 2004, continued to exhibit inconsistencies in the identification of essential functions and significant lack of compliance with FEMA's guidance. Inadequate oversight by FEMA contributed to the level of weaknesses in agency COOP plans. FEMA plans to improve oversight using an online readiness reporting system, which it plans to have fully operational later this year, and it has already taken other steps to help agencies improve their plans, such as conducting an interagency exercise. However, FEMA no longer plans to verify the readiness information that agencies will report in the system.

Finally, even though FEMA's continuity planning guidance in place in May 2004 did not address telework, one agency's continuity plan in place at that time indicated that it was planning to use telework in response to an emergency. In addition, 10 agencies reported that they planned to use telework following a COOP event, but their plans were not clearly documented.

In our report, we made recommendations to the Assistant to the President for Homeland Security and to the Secretary of Homeland Security to ensure that agencies are adequately prepared to continue performing essential functions following an emergency. In commenting on our findings and recommendations, FEMA agreed that there has been improvement in COOP plans and that additional oversight is needed.

Background

Federal operations and facilities have been disrupted by a range of events, including the terrorist attacks on September 11, 2001; the Oklahoma City bombing; localized shutdowns due to severe weather conditions, such as the closure of federal offices in the Washington, D.C., area in September 2003 due to Hurricane Isabel; and building-level events, such as asbestos contamination at the Department of the Interior's headquarters. Such disruptions, particularly if prolonged, can lead to interruptions in essential government services. Prudent management, therefore, requires that federal

agencies develop plans for dealing with emergency situations, including maintaining services, ensuring proper authority for government actions, and protecting vital assets.

Until relatively recently, continuity planning was generally the responsibility of individual agencies. In October 1998, Presidential Decision Directive (PDD) 67 identified the Federal Emergency Management Agency (FEMA)—which is responsible for responding to, planning for, recovering from, and mitigating against disasters—as the executive agent for federal COOP planning across the federal executive branch. FEMA was an independent agency until March 2003, when it became part of the Department of Homeland Security (DHS), reporting to the Under Secretary for Emergency Preparedness and Response. Under PDD 67, its responsibilities include

- formulating guidance for agencies to use in developing viable plans;
- coordinating interagency exercises and facilitating interagency coordination, as appropriate; and
- overseeing and assessing the status of COOP capabilities across the executive branch.

According to FEMA officials, the directive also required that agencies have COOP plans in place by October 1999.

In July 1999, FEMA first issued Federal Preparedness Circular (FPC) 65. FPC 65 is guidance to the federal executive branch for use in developing viable and executable contingency plans that facilitate the performance of essential functions during any emergency. Specifically, the guidance

- established the identification of essential functions as the basis for COOP planning;
- defined essential functions as those that enable agencies to provide vital services, exercise civil authority, maintain safety, and sustain the economy during an emergency;
- defined the elements of a viable continuity of operations capability according to eight topic areas: identification of essential functions; development of plans and procedures; identification of orders of

succession; delegations of authority; provision for alternate facilities; provision of interoperable communications; availability of vital records; and conduct of regular tests, training, and exercises; and

- set up an interagency working group to coordinate continuity planning.

FPC 65 applies to all federal executive branch departments and agencies at all levels, including locations outside Washington, D.C. It directed the heads of each agency to assume responsibilities including

- developing, approving, and maintaining agency continuity plans and procedures;
- developing a COOP multiyear strategy and program management plan; and
- conducting tests and training of agency continuity plans, contingency staffs, and essential systems and equipment.

At your request, we previously reported on federal agency headquarters contingency plans in place in October 2002.[6] At that time, we determined that most agencies identified at least one function as essential, but the functions varied in number and apparent importance. Furthermore, while 20 of 23 agencies had documented COOP plans, none addressed all the guidance in FPC 65. We identified inadequate guidance and oversight as factors contributing to these weaknesses, and recommended that DHS (1) ensure that agencies without plans develop them, (2) ensure that agencies address weaknesses in their plans, and (3) conduct assessments of plans that included an independent verification of agency-provided data and an assessment of identified essential functions. In response to these recommendations, DHS reported in July 2004 that it (1) was developing an online system to collect data

[6] GAO, *Continuity of Operations: Improved Planning Needed to Ensure Delivery of Essential Government Services*, GAO-04-160 (Washington, D.C.: Feb. 27, 2004) and *Continuity of Operations: Improved Planning Needed to Ensure Delivery of Essential Services*, GAO-04-638T (Washington, D.C.: Apr. 22, 2004).

from agencies on the readiness of their continuity plans that would evaluate compliance with the guidance, (2) had conducted an interagency exercise, and (3) had developed a training program for agency continuity planning managers. DHS added that it planned to conduct an independent validation of each agency's self-assessment after deployment of the readiness system.[7]

Many Agencies Reported Using Sound Continuity Practices, but Few Provided Adequate Supporting Documentation

Based on an analysis of published literature and in consultation with experts on continuity planning, we identified eight sound practices related to essential functions that organizations should use when developing their COOP plans. These practices, listed in table 1, constitute an ongoing process that includes identifying and validating essential functions.

[7] GAO, *Status of Key Recommendations GAO Has Made to DHS and Its Legacy Agencies*, GAO-04-865R (Washington, D.C.: July 2, 2004).

Table 1: Eight Sound Practices for Continuity Planning

Practices
Establish a structured COOP project work group/committee that includes representatives of all agency components, legal advisors, and continuity experts and either includes a member of the agency's executive management or reports to a member of the agency's executive management. Such a committee should be involved in the initial selection of essential functions.
Determine the resources necessary to perform each function.
Determine the dependencies necessary to perform each function.
Develop a schedule or project plan for critical stages in the continuity of operations program effort.
Identify and rank plausible threats, vulnerabilities, liabilities, and/or exposures through a risk assessment.
Perform a risk and impact analysis for each essential function—including prioritization of essential functions and determination of minimum acceptance level of output and recovery time objective for each function.
Develop and implement a strategy for validating the continuity plan and the underlying essential functions.
Change its essential functions as the result of the validation process.

Source: GAO.

With regard to COOP plans in place on May 1, 2004, many of the 23 agencies reported using some of the sound practices in developing plans, included identifying and validating essential functions, but few provided documentation sufficient for us to validate their responses. This indicates that agencies—although aware of these practices—may not have followed them thoroughly or effectively. For example, it is unlikely that a thorough risk analysis of essential functions could be performed without being documented.

Further, the essential functions identified by agencies varied widely: the number of functions identified in each plan ranged from 3 to 538. In addition, the apparent importance of the functions was not consistent. For example, a number of essential functions were of clear importance, such as

- "conduct payments to security holders" and
- "carry out a rapid and effective response to all hazards, emergencies, and disasters."

Other identified functions appeared vague or of questionable importance:

- "champion decision-making decisions" and
- "provide advice to the Under Secretary."

New Guidance and Review Process Could Result in More Consistent Identification of Essential Functions

The high level of generality in FEMA's guidance on essential functions contributed to the inconsistencies in agencies' identification of these functions. As was the case during our 2002 review, the version of FPC 65 in place on May 1, 2004, defined essential functions as those that enable agencies to provide vital services, exercise civil authority, maintain safety, and sustain the economy during an emergency. The document did not, however, define a process that agencies could use to select their essential functions.

In June 2004, FEMA released an updated version of FPC 65, providing additional guidance to agencies on each of the topics covered in the original guidance, including an annex on essential functions. The annex lists several categories that agencies must consider when determining which functions are essential, including

- functions that must continue with minimal interruption or cannot be interrupted for more than 12 hours without compromising the organization's ability to perform its mission and
- functions assigned to the agency by federal law or by order of the President.

The new guidance goes on to outline steps addressing the prioritization of selected functions as well as the identification of resources necessary to accomplish them and of interdependencies with other agencies.

On January 10, 2005, the Assistant to the President for Homeland Security issued a memorandum outlining additional guidance on essential functions and initiated a process to identify and validate agency-level functions. The memorandum noted that in the past

many departments and agencies had had difficulty clearly identifying and articulating their essential functions. It attributed this difficulty, in part, to the lack of a defined set of national-level essential functions to guide agency continuity planning, resulting in multiple efforts to develop agency essential functions for different specific purposes (e.g., planning for Year 2000 computer continuity, information technology planning, and critical infrastructure planning). Further, it noted that departments and agencies sometimes do not distinguish between a "function" and the specific activities necessary to perform the function.

To address these issues, the memorandum identified eight National Essential Functions that are necessary to lead and sustain the country during an emergency and, therefore, must be supported through continuity capabilities. Table 2 lists the eight National Essential Functions.

Table 2: National Essential Functions

Functions
Preserve our constitutional form of government.
Provide leadership visible to the nation and the world; maintain the trust and confidence of the American people.
Defend the country against all enemies, foreign or domestic, and prevent or interdict future attacks.
Maintain and foster effective relationships with foreign nations.
Protect against threats to the homeland and bring to justice perpetrators of crimes or attacks against the nation, its citizens, or its interests.
Provide rapid and effective response to and recovery from the domestic consequences of an attack or other incident.
Protect and stabilize the nation's economy; ensure confidence in financial systems.
Provide for critical federal government services that address the national health, safety, and welfare needs of the nation.

Source: White House.

The memorandum asked major agencies to identify their Priority Mission Essential Functions—those functions that must be performed to support or implement the National Essential Functions before, during, and in the immediate aftermath of an emergency. The document stated that, generally, priority functions must be uninterrupted or resumed during the first 24 to 48 hours after the occurrence of an emergency and continued through full resumption of all government functions.

When identifying their functions, agencies were asked to also identify the National Essential Function that each priority function supports, the time in which the priority function must be accomplished, and the partners necessary to perform the priority function. The memorandum asked agencies to reply by February 18, 2005.

The memorandum emphasized the need for the involvement of senior-level agency officials, calling for each agency's functions to be first approved by an official with agencywide responsibilities. The memorandum then laid out a process by which the functions would be validated by an interagency group within the Homeland Security Council. According to FEMA officials, two agencies' essential functions have already been reviewed, and there are plans to complete all agency reviews by the end of the summer. The validated functions would then be used to support development of a new continuity policy and would be used to develop and implement improved requirements for capabilities, inform the annual budget process, establish program metrics, and guide training and exercises and other continuity program activities. The memorandum did not set any time frames for these later steps.

Together, FEMA's revised guidance and the guidance from the White House significantly address the best practices that we identified. For example:

- Both documents call for agencies to identify dependencies necessary to perform the functions.
- FEMA's guidance calls for agencies to prioritize their essential functions and identify the resources necessary to perform them.
- The White House guidance calls on agencies to identify the recovery time necessary for each function and outlines a process to validate the initial list of functions.

If implemented effectively, the new guidance and the review process conducted by the White House could result in more consistent identification of essential functions across the executive branch. The functions could then form the basis for better plans for continuing the most critical functions following a disruption to normal operations. However, without time frames for completing

the outlined process, it is unclear when the expected improvements will occur.

Agency COOP Plans Have Improved, but None Address All of FEMA's Guidance

When compared with our prior assessment, agency continuity plans in place on May 1, 2004, showed improved compliance with FEMA's guidance in two ways:

- One agency and nine component agencies that did not have documented continuity plans in place at the time of our 2002 review had put such plans in place by May 1.
- For each of the topic areas outlined in the guidance, agencies generally made progress in increasing compliance.

However, two major agencies did not have plans in place on May 1, 2004. As of April 2005, one of these two had finalized its plan.

In addition, after analyzing these plans, we found that none in place on May 1 followed all of FEMA's guidance. Of the eight topic areas identified in FPC 65, these 45 COOP plans generally complied with the guidance in two areas (developing plans and procedures and order of succession); generally did not comply in one area (tests, training, and exercises); and showed mixed compliance in the other five areas. Specifically, when examining the governmentwide results of our analysis of the eight planning topics outlined in FPC 65, we determined the following:

- *Essential functions.* Most agency plans identified at least one function as essential and identified which functions must be continued under all circumstances. However, less than half the COOP plans identified interdependencies among the functions, established staffing and resource requirements, or identified the mission-critical systems and data needed to perform the functions.
- *Plans and procedures.* Most plans followed the guidance in this area, including establishing a roster of COOP personnel, activation

procedures, and the appropriate planning time frame (12 hours to 30 days).

- *Orders of succession.* All but a few agency plans identified an order of succession to the agency head. Most plans included orders of succession for other key officials or included officials outside of the local area in the succession to the agency head. Many plans did not include the orders of succession in the agency's vital records or document training for successors on their emergency duties.
- *Delegations of authority.* Few plans adequately documented the legal authority for officials to make policy decisions in an emergency.
- *Alternate facilities.* Most plans documented the acquisition of at least one alternate facility, and many included alternate facilities inside and outside of the local area. However, few plans documented that agencies had sufficient space for staff, pre-positioned equipment, or appropriate communications capabilities at their alternate facilities.
- *Redundant emergency communications.* Most plans identified at least two independent media for voice communication. Less than half of the plans included adequate contact information, and few provided information on backup data links.
- *Vital records.* Less than half of the plans fully identified the agency's vital records. Few plans documented the locations of all vital records or procedures for updating them.
- *Tests, training, and exercises.* While many agencies documented some training, very few agencies documented that they had conducted tests, training, and exercises at the recommended frequency.

Inadequate Oversight by FEMA Contributes to Noncompliance

During our prior review of 2002 plans, we found that insufficient oversight by FEMA contributed to agencies' lack of compliance with the guidance. Specifically, we noted that FEMA had not conducted an assessment of agency contingency plans since 1999. As a result, we recommended that it conduct assessments of agency continuity plans that include independent verification of agency-reported information. In response, DHS reported that it was developing a

readiness reporting system to assist it in assessing agency plans and planned to verify the information reported by the agencies.

Although neither of these planned actions was completed by May 1, 2004, FEMA has made subsequent efforts to improve its oversight. According to FEMA officials, development of the readiness reporting system was completed in March 2005, and the system is expected to be operational and certified by October 2005, at which time there will be seven locations (including two FEMA locations) using the system. They added that once the system becomes fully operational, agencies will be required to periodically provide updated information on their compliance with FEMA's guidance. These officials also reported that the agency had taken additional steps to improve readiness. Specifically, they stated that the interagency exercise held in mid-May 2004 successfully activated and tested agency plans; they based this assessment on reports provided by the agencies. Furthermore, FEMA has begun planning for another interagency exercise in 2006. In addition, as of April 2005, FEMA had provided training to 682 federal, state, and local officials from 30 major federal departments and agencies and 209 smaller agencies—including state, local, and tribal entities. FEMA officials stated that because of these additional successful efforts to improve readiness, they no longer planned to verify agency-reported readiness data.

While the revised guidance, recent exercise, and ongoing training should help ensure that agency continuity plans follow FEMA's guidance, FEMA's ongoing ability to oversee agency continuity planning activities will be limited by its reliance on agency-provided data. Without verification of such data, FEMA lacks assurance that agency plans are compliant and that the procedures outlined in those plans will allow agencies to effectively continue to perform their essential functions following a disruption.

One Agency Plans to Use Telework in Response to an Emergency

Telework, also referred to as telecommuting or flexiplace, has gained widespread attention over the past decade in both the public

and private sectors as a human capital flexibility that offers a variety of potential benefits to employers, employees, and society. In a 2003 report to Congress on the status of telework in the federal government, the Director of the Office of Personnel Management (OPM) described telework as "an invaluable management tool which not only allows employees greater flexibility to balance their personal and professional duties, but also allows both management and employees to cope with the uncertainties of potential disruptions in the workplace, including terrorist threats."[8]

As we reported in an April 2004 report, telework is an important and viable option for federal agencies in COOP planning and implementation efforts, especially as the duration of an emergency event is extended.[9] In a July 2003 GAO report, we defined 25 key telework practices for implementation of successful federal telework programs.[10]

Although not required to do so, 1 of the 21 agency continuity plans in place on May 1, 2004, documented plans to address some essential functions through telework. Two other agencies reported that they planned to use telework to fulfill their essential functions, and eight agencies reported that they planned for nonessential staff to telework during a COOP event, but their continuity plans do not specifically mention telework.

However, none of the agencies that are planning to use telework during a COOP event documented that the necessary preparations had taken place. These preparations—derived from the 25 key telework practices for the development of an effective telework program—include informing and training the staff, ensuring that there is adequate technological capacity for telework, providing technological assistance, and testing the ability to telework.

[8] U.S. Office of Personnel Management, *Report to the Congress: The Status of Telework in the Federal Government* (Washington, D.C.: January 2003).

[9] GAO, *Human Capital: Opportunities to Improve Federal Continuity Planning Guidance*, GAO-04-384 (Washington, D.C.: Apr. 20, 2004).

[10] GAO, *Human Capital: Further Guidance, Assistance, and Coordination Can Improve Federal Telework Efforts*, GAO-03-679 (Washington, D.C.: July 18, 2003).

In summary, Mr. Chairman, although agency COOP plans have shown improvement since our prior assessment of 2002 plans, most plans in place on May 1, 2004, continued to exhibit inconsistencies in the identification of essential functions and significant lack of compliance with FEMA's guidance. Both FEMA's revision to this guidance and a recently initiated White House effort have the potential, if effectively implemented, to help agencies better identify their essential functions and thus develop better continuity plans. However, the lack of a schedule to complete the White House effort makes it unclear when these improvements might take place. Agencies' efforts to develop continuity plans could also be aided by FEMA's efforts to develop a readiness reporting system, conduct a governmentwide exercise, and train agency COOP planners, as well as by any guidance or policies that result from the White House effort.

Finally, even though FEMA's continuity planning guidance in place in May 2004 did not address telework, one agency's continuity plan at that time included plans to use telework in response to an emergency. In addition, 10 agencies reported that they planned to use telework following a COOP event, but their plans were not clearly documented.

In our report, we make recommendations aimed at helping to ensure that agencies are adequately prepared to perform essential functions following an emergency. We recommended that the Assistant to the President for Homeland Security establish a schedule for the completion of the recently initiated effort to validate agency essential functions and refine federal continuity of operations policy. We also recommended that the Secretary of Homeland Security direct the Under Secretary for Emergency Preparedness and Response to

- develop a strategy for short-term oversight that ensures that agencies are prepared for a disruption in essential functions while the current effort to identify essential functions and develop new guidance is ongoing;

- develop and implement procedures that verify the agency-reported data used in oversight of agency continuity of operations planning; and
- develop, in consultation with OPM, guidance on the steps that agencies should take to adequately prepare for the use of telework during a COOP event.

In commenting on our findings and recommendations, the Under Secretary for Emergency Preparedness and Response of DHS stated that the department agreed that there has been improvement in COOP plans and attributed that improvement to a renewed emphasis by DHS and the White House. The department also agreed with the need for additional oversight and noted that FEMA had begun conducting COOP site assessments at departments and agencies to improve readiness. The Under Secretary's letter drew attention to a number of actions taken after the May 1, 2004, cutoff date for our assessment. Finally, the Under Secretary pointed out that the readiness reporting system that FEMA is developing was not intended to be a COOP plan assessment tool, but that it instead provides key officials with the ability to determine plan status in near real time. We continue to believe that it is important for FEMA to assess agency plans as part of its oversight responsibilities. Regardless of the system's intended use, we believe its capabilities, as described by FEMA, make it a valuable tool that the agency should use when exercising these responsibilities.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions that you or other members of the Committee may have at this time.

Contacts and Acknowledgements

For information about this testimony, please contact Linda D. Koontz at (202) 512-6240 or at koontzl@gao.gov, or James R. Sweetman at (202) 512-3347 or sweetmanj@gao.gov. Other key contributors to this testimony include Barbara Collier, Mike Dolak, Nick Marinos, and Jessica Waselkow.

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Chairman TOM DAVIS. Mr. Hoover, throughout your testimony you characterize FEMA's role in the COOP planning process as lead agent and advisory assistance, to resource and providing training. Doesn't some agency have to exercise comprehensive authority and control over all of the other agencies to compel compliance, and who should that be?

Mr. HOOVER. Well, yes, Mr. Chairman, we are the lead agent, and in that capacity we work very closely with all of the departments and agencies. And I think we have made significant strides in ensuring that departments and agencies are compliant with the COOP guidance that we have put out as well as the most recent guidance that came out from the Homeland Security Council with regard to the national essential functions. And we think that in combination with the efforts and the support that we are getting from the Homeland Security Council, we are making great improvement, and that the guidance that we have now and the role and responsibilities we have now are sufficient to get departments and agencies moving forward in the right direction.

Chairman TOM DAVIS. I have heard it said that data is the one resource that once it is lost can't be recovered. I know that sounds cold and unfeeling, but it does highlight the importance of maintaining security back-up systems.

If Wall Street loses its financial records, they are gone forever, and the result would be financial chaos. Similarly, if the government loses its vital data, it would have profound consequences for the security of the country, and government is behind the private sector because it doesn't have the same market pressures on it. This school of thought, therefore, advocates a datacentric approach of continuity of operations planning.

Let me ask GAO to comment on its views of the Federal Government's efforts to back up and secure its data, and then ask FEMA and OPM how they are working to secure this important resource.

Ms. KOONTZ. Well, I think that, in general, we can say that the vital records area, which is ensuring that you have the information that you need in order to perform essential functions during an emergency, was probably one of the weaker areas that we looked at when we evaluated continuity plans as of May 1, 2004.

Chairman TOM DAVIS. Can you give an example, something that if it really—as of that date, if it were lost, could be a severe problem?

Ms. KOONTZ. There are many things in the Federal Government that I am sure that if they were lost would be very valuable, including all kinds of files involving recipients of benefit programs across the government, any data dealing with economic health of the agency. I could not even begin to enumerate all of the different kinds of information that is so valuable, if it were lost, it would be disastrous.

Chairman TOM DAVIS. OK. Let me just ask FEMA and OPM how you are working to secure these resources.

Mr. HOOVER. Thank you, Mr. Chairman. One of the things that is in the new revised guidance for Federal Preparedness Circular 65 is an area that deals specifically with vital records and functions. Certainly if you go to an alternate facility and don't have

reach-back capability to those vital records and functions, as you mentioned, you won't be as effective as you could be.

So we put out guidance to the departments and agencies, and we help them implement that guidance by ensuring that they have the back-up capability and they have redundant capability not only in communications, but also in maintaining vital records and having that reach-back capability.

We are working with departments and agencies to improve that. We have recognized that is an area that needs to be fixed across the government, and I think we are making some improvement in that area.

Ms. PEREZ. Mr. Chairman, I will speak, obviously, from an OPM, an agency perspective in terms of having its own information and data backed up, but I can tell you that we are certainly following the guidance that is—the FEMA guidance, and that OPM does have all of its data, retirement information and so forth, backed up. So we feel comfortable that we have met all of their requirements and the guidelines.

Chairman TOM DAVIS. The GAO study revealed—Ms. Perez, this is for you. The GAO study revealed that 19 of 23 agencies surveyed have a telework policy in place, but only 1 of the 19 agencies had their telework policies play a role in COOP. Why this disconnect?

Ms. PEREZ. Yes. In fact, Linda and I had a conversation prior to the beginning of the hearing, Mr. Chairman, and frankly, we have—since we survey the agencies on a regular basis, we did a survey in 2003 and 2004, and just surveyed them again in 2005. And I think our data may be a little more current than perhaps what—the GAO information.

All of the agencies, with the exception of one, currently have a policy, a telework policy, in place. The response that we are getting from the agencies with regards to how many of them are actually using telework as a flexibility in their COOP operations, it is a little bit higher than that. We actually surveyed about 65 agencies. We have—about 35 percent of agencies say they have—they are using telework as a flexibility on a situational basis. About 40 percent of the 65 agencies said that they actually have COOP as a permanent part—telework as a permanent part of their COOP planning. So I think that it may be the timing of the survey. Our data indicates that agencies continue to make progress, and that they are doing probably a little bit better than perhaps when the data was collected by GAO.

Chairman TOM DAVIS. In the written testimony on our next panel, Julie Williams from Cisco says the one of the keys to success of Cisco's telework policy is it has provided 100 percent reimbursement on the cost of broadband services to the employees' homes of up to $75 a month. Federal Government currently reimburses workers up to a $100 a month for commuting costs like Metro.

Is employee reimbursement for broadband service an idea the Federal Government could pursue?

Ms. PEREZ. Certainly. We have left up to the agencies what policies they use in terms of implementing what is reimbursable. The Federal Government does not have currently the capability, I don't think, of reimbursing for personal expenses. So I think that is

something that would have to be looked into. Is it a good policy or not would have to be considered.

Chairman TOM DAVIS. You would have no objection to individual agencies having that discretion, I gather, if we gave it to them?

Ms. PEREZ. I think that it would be entirely up to—somebody would have to analyze the costs and so forth and see whether it makes sense in the context of the agency's operations.

Chairman TOM DAVIS. It wouldn't be every employee, but certainly for some employees. I mean, you talk about continuity of operations and the like. It seems that would be something that we might be interested in looking at.

Ms. PEREZ. Certainly something that would be worth considering.

Chairman TOM DAVIS. Thank you very much.

Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Mr. Hoover, do you expect FEMA's June 2004's guidance to improve the agency COOP plans?

Mr. HOOVER. Yes, sir. Thank you for that question. We think that the guidance that we put out is a significant improvement over previous guidance that had been developed before September 11th. In fact, we combined three Federal preparedness circulars that were previously out on the COOP subject.

We included in this Federal preparedness circular that we released in June a section on human capital management that OPM helped us on. We included an annex in there on alternate facility site selection that the GSA helped us on.

So we think that the new guidance that was put out, in addition to the most recent guidance on the eight national essential functions, and we have asked departments and agencies to identify their primary mission-essential functions that support that, are all things that will help improve the Government to be prepared to perform its essential functions from alternate facilities.

Chairman TOM DAVIS. It seems as though some agencies have made less progress than other agencies; that is, some seem to be moving further ahead than others. Would you hazard a comment as to why some seem to be doing better than others?

Mr. HOOVER. Well, I think that is a fair assessment that some departments and agencies are moving quicker than others in regard to making sure that they have all of the elements of a viable COOP plan in place. But I would say that on whole, if we look at the 76 departments and agencies that are involved in our COOP Working Group, which are most of the major departments and agencies in the National Capital region, and certainly out in the regions as well, they are all making improvements in their COOP planning and preparedness, and folks have really taken an important renewed emphasis on COOP planning and COOP readiness.

Mr. DAVIS OF ILLINOIS. Do you think that there is anything that will help to spur them on or cause them to intensify, perhaps, their efforts?

Mr. HOOVER. I think one of the most important things that has helped reinforce the importance of continuity operations and/or COOP programs has been the emphasis that the Homeland Security Council has placed on it. And with issuing the guidance with regard to primary mission-essential functions, we think as we fin-

ish that review of the submissions that we have from all of the major departments and agencies in the National Capital region, as we finish that review, we will be able to even provide more refined guidance for COOP planning and make us in a better position again to deliver essential functions in the event of an emergency.

Mr. DAVIS OF ILLINOIS. Ms. Perez, a witness on the next panel, Kevin Luten, will testify that the Federal Government lags behind the private sector in the Washington region when it comes to telecommuting.

The 2004 state of the commute by the Washington, DC, Council of Governments found that 15 percent of private sector employees teleworked, compared to only 12 percent of Federal employees. As of today does the Federal Government have a functioning telework program in place that would sustain an agency operation during an extended emergency?

Ms. PEREZ. Well, the Federal Government—it is a big organization, sir. I would say that agency by agency it differs in the quality and the extent to which they are prepared to use telework as an alternative flexibility in deploying their workforce.

With regards to why they use it and how they do not use it, I think that the Federal work continues to educate them. We provide a lot of guidance. Agencies continue to attend our briefing sessions. We have a quarterly event that we hold. We get a lot of questions from the agencies, and I think they are continuing to try to get better at this.

There is still some reluctance in the way that our managers sometimes view telework. If we can't see them, we can't touch them, they may not be working as hard as we want them to work. But I think with continuous education and guidance from FEMA with regards to using it, and OPM as a tool for emergency planning, it could continue to grow. But it varies from agency to agency, sir.

Mr. DAVIS OF ILLINOIS. Ms. Koontz, based upon the information that you have, does it appear from just your observation that there is a high level of serious intent or seriousness or feeling of need to seriously pursue this kind of activity?

Ms. KOONTZ. I believe that with the recently initiated White House effort, and the attention that they are placing on creating a framework for identifying agency-level essential functions, I think we now have the sense of urgency and the intention that we need to get this done.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Chairman TOM DAVIS. Thank you.

Just have another question or two for this panel.

Mr. Hoover, in your testimony you highlighted the establishment of the COOP Working Group, a Federal, State, and a local forum for the National Capital region designed to assist the executive branch in COOP capability development. Is Metro included in this working group?

Mr. HOOVER. Yes, Mr. Chairman. The District of Columbia has a representative, as well as the legislative branch and the judicial branch participate. And that group meets every month to discuss COOP planning, and other COOP-related issues.

Chairman TOM DAVIS. So it is safe to say that this signals FEMA's view of the central role of Metro in the National Capital region's preparedness.

Mr. HOOVER. Yes, sir.

Chairman TOM DAVIS. What can be done to ensure that Metro is a full partner in COOP preparedness?

Mr. HOOVER. Well, I would say that they are. And the fact that they attend our monthly COOP Working Group meetings, and certainly the efforts within the Department of Homeland Security's National Capital Region office, we have been working on issues such as evacuation and credentialing, and the D.C. area is very much a part of that.

Chairman TOM DAVIS. OK. Thank you all very much. I appreciate it. We will take a 2-minute recess as we move our next panel ahead.

Our next panel consists of James A. Kane, the president and CEO of Systems and Software Consortium, welcome him back; Julie Williams, a director of the Internet Business Solutions Group in the Federal Civilian Agency Practice, Cisco Systems; and Kevin Luten, the public policy representative at the Association of Commuter Transportation.

We will recess for just a couple of minutes.

[Recess.]

Chairman TOM DAVIS. The meeting will come back to order. Are you ready to be sworn in? If you would stand up, I will swear you in.

[Witnesses sworn.]

Chairman TOM DAVIS. Thank you. We will start.

Dr. Kane, I will start with you. We will go straight down and try to limit it to 5 minutes. I think you know the rule. Then we will go right to questions. Thank you.

STATEMENTS OF JAMES A. KANE, Ph.D., PRESIDENT AND CEO, SYSTEMS AND SOFTWARE CONSORTIUM; JULIE WILLIAMS, DIRECTOR, INTERNET BUSINESS SOLUTIONS GROUP, FEDERAL CIVILIAN AGENCY PRACTICE, CISCO SYSTEMS; AND KEVIN LUTEN, PUBLIC POLICY REPRESENTATIVE ASSOCIATION OF COMMUTER TRANSPORTATION

STATEMENT OF JAMES A. KANE, Ph.D.

Mr. KANE. Thank you. Mr. Chairman, members of the committee, distinguished guests and committee staff members, thank you for inviting me here today to provide insights on the importance of telework and continuity of operations planning.

I am Jim Kane, president and CEO of the Systems and Software Consortium. The role of the Consortium and its relationship to your interest and support, Chairman Davis, and to Representative Frank Wolf's initiatives through the Telework Consortium are described in my written submission, so in the interest of time, I will proceed to the major points of my testimony.

I am pleased to be here today to offer two key insights as inputs to the committee's deliberations and to offer two modest recommendations I believe can significantly contribute to the success of telework-based solutions in continuity of operations plans. My

first insight corresponds to the committee's interest in the respective roles of OPM for implementing telework programs and for FEMA's role in continuity of operations. My first insight is to ensure that these agencies are clear on the concept of telework.

The phrase "telework" as used by OPM and GAO is referred to by them as telecommuting and/or flexiplace. It conveys the image of a solitary worker remotely connected to a central work site. This is in dramatic contrast to the more contemporary concept of telework, which embraces spatially distributed work teams using high-bandwidth telecommunications to perform routine business activities.

Contemporary telecommunications is taking the "place" out of the word "workplace." If you doubt that, walk through an airport, walk through your neighborhood Starbucks. Are these people telecommuting or are they simply working in a more contemporary way? Accordingly, this committee's concern should not be merely whether an agency has telework in their continuity of operations plans, but rather whether the guidance being provided reflects what is now possible using contemporary practices for telework.

If past is prologue in this area, yes, we will have guidance on telework as an element of continuity of operations planning, but it will be equivalent to having guidance on how to adjust the rabbit ears on your TV set to get those three channels of network television.

My second insight is offered from the perspective of the committee's interest in the plans of individuals for incorporating telework in their continuity of operations plans.

Pilot deployments of telework solutions are essential for successful large-scale implementations. Against that backdrop, I refer you to the GAO report of July 2003 and, specifically, to figure 1 on page 5 of that report. The figure lists 25 key telework practices for implementation of a successful Federal telework program, yet nowhere on this list does it say anything about actually implementing pilot projects as a key success factor. It is as if you have the cookbook, you have the ingredients, but you never cook the meal.

We at the Telework Consortium have learned that pilot projects are essential. They enable us to ensure that the appropriate technology is deployed and that adequate resources are in place. But even more important is that pilots enable the participants to see and experience what is now possible. It is the behavior of people more than the performance of technology that enables telework-based solutions to support agency missions whether in normal times or emergency operations. Therefore, in evaluating GAO reports as to whether telework and continuity of operations plans are coordinated, the real issue is not whether they are on paper, but whether they have been tried in practice.

The committee should not place false confidence in the few agencies that have at least coordinated telework in their continuity of operations plans. If the agency is not already running pilots, confidence in that agency's ability to support continuity of operations could be misleading.

In closing, let me offer two modest recommendations. First, leverage what you already have in place and have invested in. Despite the continued interest and personal efforts of yourself, Chairman

Davis, and Representative Wolf, agencies, with few exceptions, are not taking advantage of the Telework Consortium as a resource. I would recommend to the committee that agencies use the Telework Consortium as a resource for their telework programs to ensure they are getting maximum benefits from the pilot projects they should be conducting.

My final recommendation is that I would again, as in my previous appearance before you, encourage you to consider a National Center for Distributed Work. We are now experiencing a technology revolution that will affect how government agencies operate. A national center could focus on pilot implementations of contemporary telework-based solutions in a continuity of operations environment. This could provide valuable insight to both government and industry on how to ensure an increasingly safe, adaptive and productive work environment.

In closing, I again thank you, Mr. Chairman, and the entire committee for allowing me to share my perspectives on telework with you today. I would be happy to answer any questions.

Chairman TOM DAVIS. Thank you very much.

[The prepared statement of Mr. Kane follows:]

The Testimony of
James A. Kane Ph.D.
President and Chief Executive Officer
Systems and Software Consortium
Herndon, Virginia

To

Committee on Government Reform
Congress of the United States
House of Representatives
April 28, 2005

Mr. Chairman, Members of the Committee, distinguished guests, and Committee Staff Members, thank you for inviting me here today to provide insights on the importance of telework in continuity of operations planning for both government and industry.

I am Dr. Jim Kane, President and CEO of the Systems and Software Consortium, Inc. or SSCI (formerly the Software Productivity Consortium, SPC). SSCI was founded under the National Cooperative Research Act in 1985 to enable U.S. companies to collaborate, in a noncompetitive and nonproprietary way, on solutions to common challenges faced in building high-quality, reliable software-intensive systems. We are a not-for-profit organization, and our membership of 80 companies, government agencies, and universities includes the largest federal prime contractors. These prime contractors employ over 600,000 people and over $135 billion in sales.

The Systems and Software Consortium

Our focus on helping our members to implement best practices within and among their large operations around the country, along with our expertise in managing technology insertion programs, and our position as a national "open

forum" all dovetailed with the telework interests of the Honorable Frank Wolf, our Congressional representative, in the summer of 2001.

As we all know, Mr. Wolf has long been a champion of promoting telework within the federal government. In our conversations with Mr. Wolf in 2001, we recognized that SSCI's focus on collaborative solutions for distributed workers and work teams aligned well with the federal telework mission. Mr. Wolf sponsored the formation of the Telework Consortium during the summer and early fall of 2001. He continues to be an advocate of federal telework initiatives and the work of the Telework Consortium, which is housed and hosted by SSCI.

About the Telework Consortium

Since its opening in October, 2001, the Telework Consortium has facilitated numerous pilot projects and demonstrations of technologies and business practices that enable high-bandwidth collaboration and information-sharing among workers, regardless of their physical location, to perform routine business operations that historically have been viewed as location-dependent.

Two Key Insights

The terrorist attacks of September 11, 2001 occurred during the formation of Congressman Wolf's telework initiative, and served to make absolutely clear the pressing national need for a more distributed and secure workforce, able to continue the nation's business in the face of catastrophic disruptions. I am therefore pleased to be here today to offer two key insights as inputs to the Committee's deliberations, and to offer two modest recommendations that I believe can significantly contribute to the successful integration of telework-based solutions in Continuity of Operations plans.

A contemporary concept of telework

My first insight corresponds to the Committee's interest in the respective roles of OPM and GSA for implementing telework programs. Specifically, my first insight is to be "clear on the concept" of telework. The phrase Telework as used by OPM and GAO is referred by them as telecommuting and/or flexiplace, and conveys the image of a solitary remote worker connected to a central worksite. This is in dramatic contrast to the more contemporary concept of telework which is the systematic deployment of spatially-distributed, collaborative teams using contemporary telecommunications to perform routine business activities. Contemporary telecommunications has given us the opportunity to fundamentally change how we work, and is taking the "place" out of the word "workplace." If you doubt this walk through an airport, watch ads on TV from information technology and telecommunications companies, or even stop by your neighborhood Starbucks. Are these people "teleworking" or are they simply working in a more contemporary way?

Contemporary telework and Continuity of Operations plans

Accordingly, this Committee's concern should not be merely whether an agency has telework in their Continuity of Operations plan, but rather whether they are clear on the concept of contemporary telework practices. Is the role of telework in their Continuity of Operations plans to support solitary workers or collaborative management teams? Is it predicated on outdated concepts of bandwidth availability and simple hub-and-spoke architectures or high-bandwidth connectivity in rich mesh architectures? Do they see telework as merely a mechanism for text communication or rich, interactive video experience on laptop computers?

If past is prologue in this area, yes we'll have lip service to telework as an element of Continuity of Operations plans, but the plans and guidance will be equivalent to guidance on adjusting rabbit ears on the TV to get three channels of network television.

Implement pilot projects to ensure success

My second insight is offered from the perspective of the Committee's interest in the plans of individual agencies for incorporating telework in their Continuity of Operations plans. Pilot deployments of telework solutions are essential for successful, larger-scale implementations. If there is one thing we have learned at the Telework Consortium over the past three years it is the critical importance of executing smaller-scale pilot projects as part of agency telework initiatives.

As a CEO I recognize the importance of plans. But plans are meaningless without the knowledge on how to execute those plans, and the required budget and resources to actually implement those plans. Against that backdrop I would refer you to the GAO Report of July 2003 (GAO-03-679) on "Further Guidance, Assistance and Coordination Can Improve Federal Telework Efforts", and specifically to Figure 1 on page five of the report. The Figure lists 25 key telework practices for implementation of successful Federal Telework programs. Yet nowhere does it say anything about actually implementing pilot projects as a key success factor.

Pilot projects provide insights for participants

We at the Telework Consortium have learned that pilot projects are essential. They enable us to ensure that the appropriate technology is deployed, and that adequate budget and resources are in place. But even more important is that

pilots enable the participants to see and experience what is now possible, particularly in terms of their ability to collaborate with one another. It is the behavior of people more than the performance of technology that enables telework-based support to execute the agency mission, whether in normal times or emergency operations.

We've seen this time and time again with TIGTA at the Treasury, with Loudoun County Magazine, with the NOVA Medical Group, and currently with the Loudoun County Board of Supervisors. All these organizations have benefited from pilots in which participants discovered new ways of conducting their business. In addition, our staff consistently finds during pilot implementations that minor adjustments to well-developed plans can have dramatic impacts on how participants embrace the capabilities available to them.

Pilot to projects demonstrate credibility

Therefore, in evaluating reports as to whether agencies have a telework policy and whether Telework and Continuity of Operations plans are coordinated, the real issue is not whether they are coordinated on paper but whether they've been tried in practice. The Committee should not place false confidence in the few agencies that have at least coordinated telework and their Continuity of Operations plan. If the agency is not already running pilots, confidence in that agency's ability to support Continuity of Operations could be misleading,

Leverage the Telework Consortium

Let me offer two modest recommendations. First, leverage what you already have in place and have invested in. The two insights I shared with you earlier reflect the extensive experience and insights of the professional staff of the Telework Consortium. The Telework Consortium is objective, neutral, and

authoritative. Despite the personal efforts of Representative Wolf, and the continued interest of Representative Davis, agencies, with few exceptions, are not taking advantage of the Telework Consortium as a resource. We may not have all the answers, but we certainly have plenty of experience to offer. I would recommend to the Committee that agencies use the Telework Consortium as a resource for their telework programs and to ensure they get maximum benefits from the pilot projects they should conduct.

Create a National Center

My final recommendation is that given the insights I shared with you today, I would again, as I recommended in my previous appearance before you, encourage you to consider establishing a National Center for Distributed Work. While it is amazing what Congressman Wolf's small efforts have been able to accomplish, we are now experiencing a technology revolution that will affect how we work and where we work. A National Center for Distributed Work could focus on pilot implementations of contemporary telework-based solutions in a Continuity of Operations environment. This could provide valuable information to both government and industry on how to assure an increasingly safe, adaptive and productive work environment.

In closing, I thank you again, Mr. Chairman, the entire Committee, and your staff members for allowing me to share our telework experience with you today.

Respectfully Submitted:

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James A. Kane Ph.D.
April 28, 2005

Chairman TOM DAVIS. Ms. Williams, thanks for joining us.

STATEMENT OF JULIE WILLIAMS

Ms. WILLIAMS. Thank you, Chairman Davis, Ranking Member Waxman and other distinguished Members. Thank you for this opportunity to testify today regarding Cisco's experience with business continuity planning and the importance of telework as a key enabler of our strategy to provide highly available, responsive, secure and essential business operations.

My name is Julie Williams and I am the director of our Federal civilian agency practice for Cisco's Internet Business Solutions Group. So today I will focus my comments on Cisco's experience with our business continuity planning and the important role that telework plays in enabling that continuity strategy.

As a publicly traded company, Cisco has a corporate responsibility to its shareholders to maximize shareholder value in all areas of the business. Ensuring business continuity is a critical element of that shareholder responsibility. The company is responsible, in order to do this, to maintain a continuous operating infrastructure to support its financial systems and controls. To accomplish this, Cisco has established a robust business continuity management framework that defines the key elements for uninterrupted access to mission-critical corporate data and resources in the event of a natural disaster, homeland security threat or other significant interruption.

That framework contains four layers beginning at the bottom with network resilience. The other three layers, in order, are application resilience, communications resilience, and finally, workforce resilience. It is this top layer and last layer, the workforce resilience layer, that provides the capabilities for employees to remain fully connected to enterprise communications and applications systems even if they cannot report to their normal work location.

Each layer of resilience depends on those layers beneath. That is, it is impossible to achieve workforce resilience without a foundation of resilient communications, and it is impossible to provide resilient communications without basing it on a resilient network infrastructure and applications.

In our experience, many organizations, to date, have focused on optimizing the network application and communication layers and have largely ignored that workforce layer in their BCM planning. So we have invested heavily as a company in this top layer through focused development of employment tools and teleworking policies. These tools and policies allow us to conduct business anytime and anywhere in the event of significant interruptions, and are critical to maintaining our shareholder value.

A key element for success is Cisco's corporate Internet, our Cisco Employee Connection. CEC provides the foundation for our corporate information and processes worldwide. It gives employees 24-by–7 access to the tools, information and applications they need to be effective and contribute to our bottom-line revenue-generating activities. In effect, CEC becomes just another work location such as a cubicle, a remote branch or a coffee house.

So I would like to give you some ideas of many of the tools and applications that our employees access via CEC, and these are

what we consider our essential functions which are critical to running the business. For example, our employees and executives can enter and process all of our customer orders; track up-to-the-minute performance data, including our bookings data, revenue and operating expenses; record, distribute and play critical video and audio communications; and the like.

So where does telework fit into this equation? Teleworking is essential to our continuity of operations plan as it enables access to these critical tools and processes. Many organizations overlook this top element of that workforce resilient layer and, instead, focus on the remaining layers. The events of September 11 and subsequent anthrax threats taught the world that continuity planning must extend beyond the physical buildings and allow workers to connect from anywhere they may be in order to begin planning through and recovering from disruptions.

With this highly available foundation of networks and applications and the ability to have real-time video connectivity with peers, coworkers and management, Cisco employees with virtual offices feel less need to be attached to the Cisco office location and spend more time with customers and partners.

Over 90 percent of Cisco's employees telework 1 to 2 days a week, and this productivity has generated significant financial benefits for our organization. Through our experience, deploying business continuity solutions, as well as helping other government and private-sector organizations deploy these same successful programs, we have found that there are several key underlying factors that need to be in place to enable this.

The first is to migrate much of the organization's business activities and processes to paperless activities, make application tools available to support access and operation in a digital mode, ensure full access to all of those assets from remote locations, develop a cultural migration plan for the organization to accept individuals' becoming remote individual contributors; and this, in turn, requires that we define and capture new metrics to allow the management process to take place on a virtual basis.

Finally, we feel that allowing the monthly reimbursement of Internet service provider access for teleworking is a key to our internal success. And in our experience with Federal organizations to date, the flexibility to reimburse employees for this broadband service cost, similar to the method for reimbursing more traditional commuting expenses like Metro, will be essential to increasing the adoption of telework and tele-COOP across government.

So, in summary, I would like to mention that the U.S. Federal Government has publicly affirmed its responsibility to its citizens by putting into place a plan for sustaining a Constitutional form of government through any disruption. The continuity of operations is the means by which government plans to fulfill this responsibility, just as Cisco's business continuity management initiative is the means to fulfill our responsibility to our shareholders and employees. We each need the deployment and integration of all four layers in the business continuity model and framework to support the needs of this displaced workforce, and we need to support swift movement toward a true paperless government to help maximize

the impact of the tools and processes we employ to manage the Nation.

I would like to thank you, Mr. Chairman, and other committee members for inviting me here today; and I am pleased to answer your questions.

Chairman TOM DAVIS. Thank you very much.

[The prepared statement of Ms. Williams follows:]

Testimony of Julie A. Williams
Director, Federal Civilian Practice
Internet Business Solutions Group
Cisco Systems, Inc.

Hearing Before the

House Committee on Government Reform

"Who's Watching the COOP? A Re-Examination of Federal Agencies' Continuity of Operations Plans"

April 28, 2005

Testimony of Julie A. Williams, April 28, 2005

Chairman Davis, Ranking Member Waxman, and other Distinguished Members: Thank you for the opportunity to testify today regarding Cisco's experience with business continuity planning and the importance of telework as a key enabler of our strategy to provide highly available, responsive, robust, and secure business operations.

My name is Julie Williams and I am the Director of the Federal Civilian Agency Practice for Cisco's Internet Business Solutions Group (IBSG). Our mission is to provide global insight, perspective, and experience to senior level executives and government officials in the use of technology to transform the efficiency and effectiveness of their organizations. In some cases, we help organizations redefine their strategies, create new capabilities, or increase capacity to support the increased demands of a digital society. My role affords me the opportunity to collaborate with a global team of in-depth industry experts, to share best practices with government entities both here and abroad, and to assist these entities in developing technology related public policies and implementation plans aimed at creating maximum public value. Our recent endeavor, a book entitled, "Connected Government", is a collection of essays written by leaders of fourteen countries that highlight the key elements of their successful transformations to a more citizen-centered government.

To accomplish our mission, IBSG draws upon a decade of technological innovation and industry best practices that have enabled Cisco to gain U.S. $2.2 billion in efficiencies by using internet capabilities in key aspects of its business in the 2004 fiscal year.

Today I will focus my comments on Cisco's experience with business continuity planning and the important role telework plays in enabling our continuity strategy.

Business Continuity Planning @ Cisco

As a publicly-traded company, Cisco has a corporate responsibility to its shareholders to maximize shareholder value in all areas of the business. Ensuring business continuity is a critical element of that shareholder responsibility, and the company is

responsible for maintaining a continuous operating infrastructure to support its financial systems and controls. To accomplish this, Cisco has established a robust Business Continuity Management (BCM) framework that defines the key elements required to insure uninterrupted access to mission critical corporate data and resources in the event of a natural disaster, homeland security threat, or other significant interruption. Figure 1 depicts our BCM framework at the highest level:

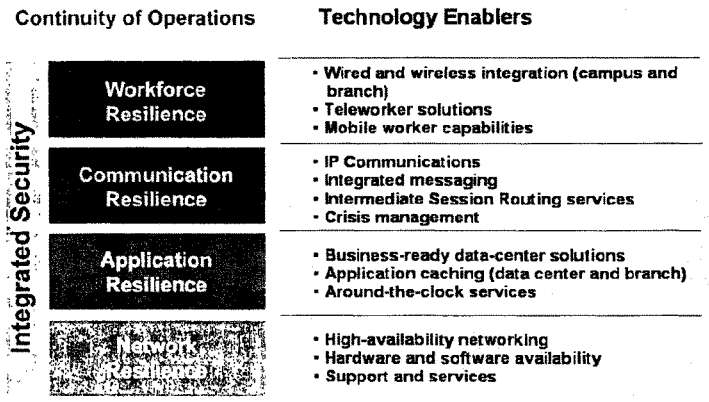


Figure 1

The framework contains a layered resilience model that integrates all of the traditional business continuity elements into an end-to-end continuity of operations view. For example, Network Resilience is required to ensure the network is designed for high availability and that the network infrastructure can recover from failure. Application Resilience ensures that critical business applications are not vulnerable to disruption. Communications Resilience provides routing and call management flexibility to maintain communications within and between agencies during disruption, and Workforce Resilience provides capabilities for employees to remain fully connected to enterprise

communications and applications systems even if they cannot report to their normal work location. Each layer of resilience depends on the layers beneath. That is, it is impossible to achieve workforce resilience without a foundation of resilient communications, and it is impossible to provide resilient communications without basing it on a resilient network infrastructure and applications.

Many companies and agencies to date have focused on optimizing the Network, Application, and Communications layers, and largely ignored the Workforce layer in their BCM planning. Cisco has invested heavily in this top layer through focused development of employee tools and teleworking policies. These tools and policies allow us to conduct business anytime, anywhere in the event of significant interruptions and are critical to maintaining shareholder value.

Key Elements

One of our key elements for success is Cisco's corporate Intranet, the Cisco Employee Connection (CEC). CEC provides the foundation for our corporate information and processes worldwide. It gives employees 24 x 7 access to the tools, information, and applications they need to be effective and contribute to our bottom line revenue-generating activities. It was also recently recognized as one of "The Year's Ten Best Intranets: Intranet Design Annual 2005" by the Nielson Norman Group. In effect, CEC becomes just another work "location" such as a cubicle, remote branch office, or public coffeehouse. Today, over 90 percent of Cisco's employees worldwide telecommute for some or all of their workday and many do not have regular physical work locations but work virtually. CEC is their workspace and work "location". This workplace flexibility helps achieve business continuity by dispersing employees on a continuous basis, but it also increases our dependency on thorough end-to-end business continuity management and requires that all of the underlying elements of our BCM framework are solidly in place.

Many of the tools and applications our employees can access via CEC are critical to running the business and delivering against customer commitments. For example, our employees and executives can:

- Enter and process customer orders
- Track up-to-the minute performance data including bookings data, revenue, and operating expenses
- Record, distribute and play critical video and audio communications
- Troubleshoot and resolve internal customer issues via our virtual "Network Operations Center – VNOC
- Troubleshoot and resolve external customer issues via our Technical Assistance Center - TAC
- Host / participate in collaborative meetings
- Receive just-in-time training or instructions
- Download software and patches
- Access, manage, and update HR-related information and contacts
- Book business travel and file reimbursement expenses
- Access project and company documentation

Where Does Telework Fit in the COOP Equation?

Teleworking is essential to our continuity of operations plan as it enables access to these critical tools and processes. As stated earlier, many organizations overlook this top element of Workforce Resilience and instead focus on maintaining resilience of core enterprise networks and the resilience of their key enterprise applications. They emphasize connectivity and continuity for the enterprise properties (e.g., branches, headquarters offices) and applications. These are indeed critical assets but are of very little value if the workforce cannot physically enter the enterprise properties. The events of 9/11 and subsequent anthrax threats taught the world that continuity planning must extend beyond the physical buildings and allow workers to connect from anywhere they may be in order to begin planning through and recovering from disruptions.

In order to reliably extend the advanced business applications to the home while incorporating end-to-end security and IT-management polices, Cisco offers the

"Enterprise Business Teleworker" solution to its employees. This solution consists of a small router, an IP-based phone (just like the phone on the employees' office desk), and a PC-mounted video camera. The solution leverages the employee's residential-class cable and DSL broadband access services for connectivity back to the main office or branch location. Key to the success of our telework policy is that Cisco provides 100% reimbursement of the cost of broadband service to employees' homes up to $75 per month. The Federal Government currently reimburses workers up to $100 per month for commuting costs such as Metro, but does not recognize and reimburse the cost of "telecommuting." Only when this policy is changed will the government be able to achieve a robust telework program across all of the agencies.

The router in the home provides advanced end-to-end security features, such as proxy authentication, which establishes the identity of the person logging in. In addition, Network Admission Control establishes the health of the device, before the user is granted access. This helps prevent viruses from propagating through the network. In addition, as legislation to protect personal data is on the rise, all data must be encrypted. The hardware device facilitates this encryption while maintaining network performance for voice and video applications. Cisco's IT organization can both deploy and manage these remote routers directly, without home user intervention, and ensure that corporate security policies are not left in the hands of individuals.

As an example, the major ice storms and snow of 2004 impacted one of our major Research and Development facilities in Raleigh, North Carolina. Our Cisco campus was without electricity for several days, resulting in the complete displacement of more than 2,500 employees until power was restored and roads were safe. Approximately 50 of the North Carolina employees, including several members of the Technical Assistance Center (TAC), were participating in the teleworker pilot program. These employees found that when their homes had power, their teleworker setups were functional, offering them access to the full suite of corporate applications required to maintain business operations.

Some employees, when notified that their homes would be without power for an extended period, simply transported their teleworker hardware setup to a location with power and broadband service and continued working. The cost savings were measurable, tangible and substantial. Business continuity was not based on the number of employees who had four- wheel drive, but rather on a secure, managed and fully functional solution.

Measuring the Success of Business Continuity Programs

Business Continuity Management is measured with the objective to identify gaps, test scenarios, and improve responsiveness to disruptions. Our continuity measurements correspond to the four resilience layers and their contribution to continuity. Cisco's measurement approach begins with one fundamental tenant – "Availability should estimate the client experience". This is an important point because measurement can often exist simply to highlight the success of a specific program. However, Cisco's approach is to get as close as possible to measuring the client experience. The implications are surprisingly significant. For instance, one group can measure continuity based on network availability, while the other measures application availability. These two measures will likely yield very different perceptions of availability. It is unlikely that if the network is down, that the client will perceive the application as being up. In fact, their interpretation of the network failure, would likely result in a trouble call that complained that the application was down. Therefore, Cisco's measurements strive to measure complete, end-to-end client experience availability that takes into account application and network performance. A consolidated availability metric is developed from the following:

- Network teams measuring their devices
- Hosting teams measuring their servers
- Webmaster teams testing HTTP against web servers
- Application teams testing synthetic web and database transactions

At a business function level, Cisco prioritizes applications and information based on the importance of those applications to the business. Data Centers are allocated to high priority applications and the highest levels of power, security, and availability investment are made to keep those centers in operation. When a metric indicates a compromise of the availability of one of those critical applications, we use the metrics to trigger immediate response from engineering teams to address the problem. Additionally, executive management is given regular briefings on these high priority metrics so the highest level of visibility and attention can be focused on addressing any systematic problems.

These metrics serve as the foundation for supporting the workforce who uses these networks and systems to carry out business. By attending to the Network, Application and Communications layers of resilience in this manner the teleworker, operating in the Workforce resilience layer, is able to be fully productive and engaged even during a disruption.

With this highly available foundation of networks and applications, Cisco employees with virtual offices feel less need to be attached to the Cisco office location and spend more time with customers and partners. Over 90 percent of Cisco's employees' telework one or two days a week. Not surprisingly, the productivity of Cisco teleworking employees has increased as much as 40% since our in-house program began in the late 1990's, and Cisco has realized a 300% return on its investment in secure remote access and mobile workforce programs.

Funding

Shared offices allow Cisco to reduce real estate costs dramatically. Most Cisco sales offices employ shared work space for as many as 6 employees to 1 office space. Employees who need to work in the office simply log into the phone (which establishes their dedicated phone extension number and services to that phone) and turn on their wireless computers to have full office connectivity.

In a recent study, Cisco discovered that an advanced shared office space could offer the following cost reductions:

Shared Workspace Cost Savings

Cost Category	Percent Savings
Real estate rent: Accommodating more people in the same amount of space	37%
Construction: Building a smaller space than typically required for 140 employees	42%
Workplace services: Reducing utilities and maintenance costs, and nearly eliminating the costs of moves, adds, and changes for workspaces through the use of flexible furniture settings	37%
Furniture: Purchasing less (and slightly less expensive) furniture than typically used in cubicles	50%
IT capital spend: Spending less on switches and switch ports	40%
Cabling: Reducing the number of wired IP cables required per workspace	60%
Equipment room space: Racking fewer switches because of wireless infrastructure	50%

And, the study showed it was accomplished with greater employee satisfaction. This cost, when removed from the on-going budget of an organization, can be used to directly fund other elements of Continuity of Operations.

Security

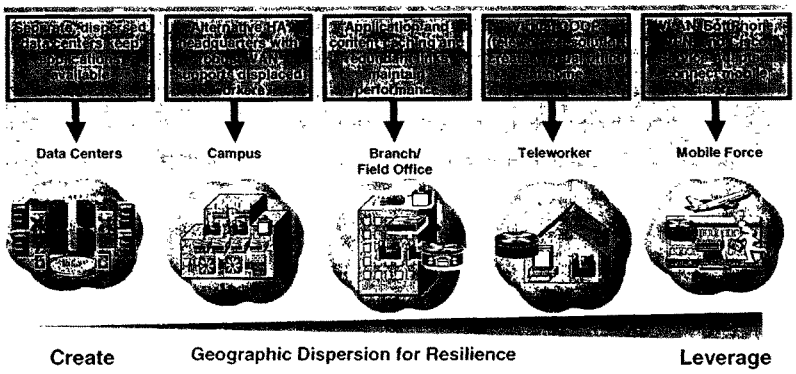
Cisco's comprehensive security solutions and procedures employed by our IT organization also have prevented Cisco from succumbing to disruption. Internet worms and viruses are a significant threat to continuity because they threaten the performance

of our network – the nerve center of our business. Because Cisco is heavily dependent on the Internet for employee productivity, sales, partner support, customer support, and manufacturing coordination, we employ our best-in-class products and expertise to monitor and mitigate security threats. In fact, with our security technology and custom tools, we are often able to see a virus or worm threat coming before it hits our network edge. This visibility gives a unique advantage; allowing Cisco to prepare for an attack before it strikes. These advanced security policies, technology, and skills have kept Cisco operating while others of our peers have not.

Incorporating Telework in COOP planning for Industry and Government

Telework is only one of five critical elements that help Cisco achieve a robust continuity of operations capability. As Figure 2 illustrates, the first three – replicating the data center, providing an alternative headquarter location, and ensuring redundant links between branch and field offices – are absolutely essential to support the last two elements of the solution. The teleworking and mobile workforce that will be dispersed in the event of a significant disruption must have access to the mission critical business tools and applications that support the organization's mission and maintain the public's trust.

Cisco Solution for Continuity
End-to-End Integrated Architecture



- **Physical concentration increases risk**
- **Integrated security throughout protects vital information and increases resilience**
- **Only an integrated, government-wide architecture provides a stable foundation for**

Figure 2

Through our own experience deploying business continuity solutions as well as helping other government and private sector organizations deploying successful programs, we have found several key underlying factors that typically need to be in place to help make the transition an effective and efficient one. They include the following:

- Migrate as much of the organization's business activities and processes to paperless activities as possible
- Make application tools available to support access and operation in a digital mode
- Ensure full access to all assets from remote locations
- Develop a cultural migration plan for the organization to accept individuals becoming remote individual contributors

- Define and capture new metrics to allow the management process to take place on a virtual basis. For example:
  - Define the nature of tasks for the job and role
  - Define how the effectiveness of an individual contributor can be measured in terms of contributing to the accomplishment of those tasks
  - Define the management support and job support requirements for the individuals working on a virtual basis
- Allow monthly reimbursement of Internet Service Provider (ISP) access for teleworking. Employees should be able to reallocate any unused portions of current transportation commuting costs for this application since it provides similar benefits such as reduced traffic congestion, air pollution, and the like

The success of business continuity planning scenarios and solutions goes beyond the issue of what percent of employees are "eligible" to participate, and instead should focus on including all employees to provide maximum opportunity for a successful continuity of operations plan coverage and deployment.

Continuity of Operations and Telework Solutions for Government

The U.S. Federal Government has established specific Continuity of Operations (COOP) requirements that agencies must meet in order to be able to sustain operations through disruption. Cisco's BCM framework and approach map directly to key technical requirements stipulated in the Federal Preparedness Circular 65 (FPC-65) that each agency must follow. Figure 3 illustrates the technical requirements in each of the resilience layers of the BCM framework:

Testimony of Julie A. Williams, April 28, 2005

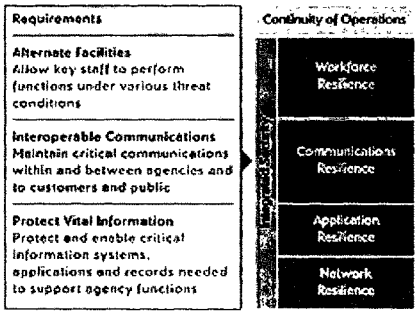


Figure 3

The U.S. Federal Government's COOP requirements for network, application, communications and workforce resilience correspond precisely to the best practices and experiences of the private sector. This is good news, since the private sector can fulfill its obligation to coordinate and support our Government's continuity through challenges and threats with expertise and technology gained from direct experience. Just as the private sector has discovered, Continuity of Operations and, in particular, Telework is not just a critical asset for sustaining continuity through disruption. It also makes good business sense. It allows agencies to be more efficient, to attract a broader base of skilled employees with flexible work hours and locations, and it provides a far more dynamic and flexible platform for serving government constituents.

A few Federal agencies are in the early stages of establishing teleworking capabilities that easily integrate with their continuity of operations plan. The objective is to provide continuity of operations based on home broadband connectivity or telework versus connectivity from a remote site or alternative disaster recovery site. The reality is that, in the event of a natural disaster or homeland security threat, a large number of government employees will 1) not likely be able to travel to an alternate site due to traffic congestion or 2) not wish to leave their families during the threat. The capabilities include video for real-time command and control decision making from the home office site. It also includes home office use of fuel cell technology which provides an alternative fuel source in the event of a power grid failure. So in the event of a man-

made, natural, technological, or national security emergency, the host organization's internal employees will be able to continue essential operations from their home sites or alternate locations securely and under the control of the internal Information Technology department. The main tenets of PDD-67 as well as the Federal Preparedness Circular 65 and EPA Order 2030.1 will have been met. Additionally, avoiding ever having all of the individuals capable of performing a particular function in the same physical location can dramatically reduce terrorist threat vulnerability.

Summary

The U.S. Federal Government has publicly affirmed its responsibility to its citizens by putting into place a plan for sustaining a Constitutional form of Government through any disruption. Continuity of Operations is the means by which the Government plans to fulfill this responsibility, just as Cisco's Business Continuity Management initiative is a means to fulfill our responsibility to our shareholders and employees. We each need the deployment and integration of all four layers in the business continuity model and framework to support the needs of a displaced workforce, and we need to support swift movement toward a true paperless government to help maximize the impact of the tools and processes we employ to manage the nation.

I would like to thank you, Mr. Chairman and other committee members, for inviting me here today. I am happy to answer your questions.

Chairman TOM DAVIS. Mr. Luten.

STATEMENT OF KEVIN LUTEN

Mr. LUTEN. Mr. Chairman, members of the committee, thank you very much for the opportunity to participate in this dialog on the role of telework in the Federal workplace concerning continuity of operations planning.

My name is Kevin Luten. I am the planning director of Urban Trans consultants, a national transportation management consulting firm; and I am here representing the Association for Commuter Transportation [ACT], as their Washington regional public policy representative.

I can also say that I am a full-time teleworker, and perhaps Dr. Kane has run into me at Starbucks on Pennsylvania just a few blocks from here. So I am familiar with the dynamics.

Before I start, I would like to express ACT's appreciation to Chairman Davis and the rest of the committee for holding this hearing. Chairman Davis' commitment to a secure and efficient government is exemplified by his actions and this hearing. It is this commitment and dedication that will be needed in order to ensure that the Federal Government continues essential operations in the event of an emergency, natural or otherwise, large or minor.

The members of ACT represent a broad coalition of organizations from major private-sector businesses and institutions to State and local transportation agencies. But we all have one thing in common. We are all working cooperatively to make transportation work better by making it more efficient and less costly, for government, communities, businesses, families and individuals. This means helping businesses and communities balance needed infrastructure improvements with complementary investments in the programs and policies that address the demand side of the transportation equation.

ACT and its members have been very involved with regional planning agencies on emergency management planning. There are a number of different ways that demand side strategies can play a role in emergency situations. A key element of this equation is teleworking. Whether it is home-based or remote office-based, teleworking moves the work to the employee rather than moving the employee to the work.

I would like to offer a few examples of the different ways that teleworking is increasingly important to businesses, talk specifically about the role of teleworking as a strategy for emergency preparedness, and offer some lessons learned from the private sector that can help guide Federal policy and program implementation.

Companies implement telework programs, as you know, for many reasons, including increasing productivity, decreasing facility cost and facilitating expansion, increasing employee productivity and improving employee morale and improving labor recruitment and retention. In short, companies are pursuing aggressive telework programs to enhance productivity and economic competitiveness. These companies recognize that the extremely fast pace of change in computing and information technology is fundamentally changing the way that many companies do business and compete in today's global economy.

Adapting to and incorporating these technological advances into all aspects of business operations from how people work to where they work to when they work is increasingly critical to maintaining competitiveness. In one example, AT&T, a large number of employees are permanently moving out of traditional offices and into virtual offices. AT&T is pursuing a fundamentally new corporate strategy by building operations that are net centric instead of building centric. Essentially, they are organizing operations around networks instead of buildings.

AT&T, in 2003, had 17 percent of their managers working full-time in virtual offices and 33 percent of managers working at least 1 day a week in remote offices. As Congressman Davis noted, in the metropolitan Washington COG's 2004 State of the Commute report, it found that 15 percent of employees at private-sector companies in the Washington region are teleworking today versus 12 percent of Federal workers.

AT&T's network-based structure is expected to generate over $150 million in benefits to AT&T by increasing productivity, reducing overhead costs such as real estate and enhancing recruitment and retention.

Productivity gains are perhaps the most significant but least understood benefit of telework. AT&T teleworkers have consistently reported gaining about 1 extra hour of job-based productive time each day when working at home. Essentially they redirect the majority of their commuting time, on average 80 minutes a day, into work activities.

How does this relate to telework and emergency preparedness? Increasingly, companies are finding that teleworking is not only an effective business strategy, but helps address issues such as improving retention, reducing facility cost and increasing productivity. But also it is essential in preparing for and recovering from emergency situations.

My company is currently helping the Tampa Bay Regional Planning Council in Florida to help companies develop pilot telework programs as a key part of their emergency preparedness planning. In the aftermath of last year's hurricane season, Florida is emerging at the forefront of using telework to maintain business and community operations in the wake of natural disasters. These programs can keep companies running, keep communities functioning and greatly reduce the larger economic hardships imposed by these events.

A few lessons learned from Florida are that, one, telecommunications infrastructure tends to be more robust and include more redundancy than our roadway infrastructure; second, that organizations with established remote access programs were more resilient than those that did not have established programs; and most importantly, preplanning is key to quick response and quick recovery.

Lessons from the private sector and from areas hit hard by natural and man-made disasters in the past lead our organization to urge the Federal Government to continue to speed its implementation of telework for all employees and to focus on advanced planning in order to fully utilize telework as a core element of contingency planning for Federal agencies.

Just a couple of specific recommendations: abundant preplanning, including the use of pilot programs for the integration of telework into contingency planning at all Federal agencies; increasing education for managers and executives; providing adequate resources to develop and implement telework capabilities; reissue, clarify and assert the Federal standards for telework eligibility; and the last two comments, to explore other demand-side strategies such as ride-sharing and the use of mass transit options in addition to telework as part of contingency planning.

Last, I would encourage you, Mr. Chairman, to explore the reimbursement of telework office and connectivity expenses as part of a pretax arrangement. ACT has been actively involved in those pretax arrangements for both transit and van pooling in the past and continues to support those activities.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Luten follows:]

Testimony of

KEVIN LUTEN
Washington D.C. Region Public Policy Representative
Association for Commuter Transportation

On behalf of
THE ASSOCIATION FOR COMMUTER TRANSPORTATION (ACT)

Before the
House Government Reform Committee

On
Who's Watching the COOP?
A Re-Examination of Federal Agencies' Continuity of Operations Plans
April 28, 2005

INTRODUCTION
Mr. Chairman, Members of the Committee, thank you very much for the opportunity to participate in this dialogue on the role of telecommuting in the Federal workplace concerning continuity of operations planning. My name is Kevin Luten. I am the Planning Director for UrbanTrans Consultants, a national transportation management consulting firm, and am here representing the Association for Commuter Transportation (ACT) as their Washington Regional Public Policy Representative.

Before I start, I would like to express ACT's appreciation to Chairman Davis (R-VA) and the committee for holding this hearing. Chairman Davis' (R-VA) commitment to a secure and efficient Government is exemplified by his actions and this hearing. It is this commitment and dedication that will be needed in order to guarantee that the Federal Government continues its essential operations in the event of an emergency, natural or otherwise.

The members of ACT represent a broad coalition of organizations – from major private-sector businesses and institutions to transportation agencies – with a common goal of providing commuters options. ACT members focus on what is commonly known as transportation demand management, or TDM.

ACT and its members have been very involved with regional planning agencies on emergency management planning. There are a number of different ways that TDM can play a role in an

emergency situation. One of those roles is continuity of operations. Teleworking is one of the many options that our members use and promote in order to reduce congestion and improve mobility. However, telework is also an important tool in the event of an emergency. It would seem that the Federal Government would utilize telework more, not only for purposes of reducing congestion in Washington, DC, but also for continuity planning. However, this is not the case. The Federal government lags behind the private sector in the Washington region when it comes to teleworking. The 2004 State of the Commute by the Washington, D.C. Council of Governments found that 15% of private sector employees teleworked, compared to only 12% of Federal employees. However, when surveyed, it was determined that the potential and ability to telework is much greater in the Federal Government, with 21% of Federal employees surveyed responding that they could and would telework, compared to only 16% of private sector employees.

It is clear that the potential to increase the number of Federal teleworkers is there, however, several steps must be taken in order to make this a reality. I will briefly outline what the benefits are to telework, what some private sector companies are doing to increase teleworking in the event of an emergency, and what needs to be done in order for the Federal Government to better integrate this strategy into its continuity plans.

BENEFITS OF TELECOMMUTING

There are many benefits associated to telecommuting for employers, employees and the general public that have been outlined by those who have testified before me, they include:

Benefits to Employers

- Continuity of operations
- Increase in productivity
- Increase in employee moral
- Improved labor recruitment and retention
- Decrease in operating costs
- Decrease need for office and parking space

Benefits to Employees

- Greater work flexibility, work / life balance
- Lower commuting costs
- Lower stress levels
- Higher quality of life

Benefits to the General Public

- Decreased congestion
- Improved air quality
- Stronger communities – as people spend less time on the road and more time with family and community.

With emerging technology, more and more Americans are able to work from their home and have the same tools at their disposal that they would at their workplace. ACT has found that

employee decisions about how to get to and from work are greatly influenced by the policies and programs offered by their employers. Employers who offer telecommuting options find that many who are able to take advantage of the program do in fact telework. However, there are many employers who do not allow their employees to telework for a variety of reasons. Many of those reasons are based upon misconceptions of telecommuting and include the fear that employees are not working, data security, and simple ignorance to the benefits of teleworking. ACT has found that educating managers and executives on teleworking has proven to clear up those misconceptions and leads to an increase in the number of employees who are able to telework.

TELEWORKING IN THE POST 9-11 WORLD

September 11th, the Capitol Hill anthrax incident, and even the events corresponding to the unfortunate passing of President Reagan showed Washington that teleworking is not only beneficial, but critical to maintaining seamless operations. In each of these instances, Federal employees, and employees of this institution, were in large part unable to conduct an average commute. Despite this fact, the government has a need to function. Many on September 11th did not have the capability or instructions to telework. The ability for Federal employees to telecommute is not only a matter of convenience, but one of national defense. In these times, functional telework programs can keep the government running efficiently. Creating and developing effective telework programs within the Federal government can be critical during major events. With effective telework plans there is no reason for the Federal government to slow down as a result of snowfall, or in recent cases, snow flurries.

TELEWORK - WHAT THE PRIVATE SECTOR IS DOING

An increasing number of private sector businesses are adopting telework programs for a wide variety of reasons – ranging from contingency planning to economic competitiveness.

Recognizing that natural disasters, major transportation infrastructure breakdowns (such as the shutdown of public transportation systems for mechanical or labor-related reasons), or even large special events can seriously hamper business, many companies have forged business continuity and contingency plans to maintain operations and productivity. For example, during the recent unfortunate train crash in the Los Angeles area, and in the aftermath of earthquakes and other natural disasters, several companies in Southern California encouraged their employees to stay at home and avoid local traffic congestion. Other companies were prepared in advance, and able to distribute information quickly to colleagues. One major business in Southern California developed an internal ridesharing system enabling them to link colleagues in close proximity so they could share rides and assist one another during emergencies. Combined with the teleworking policy, the company was able to inform employees, offer carpooling and commute alternatives, and allow employees to work from home, creating a seamless transition in business operations even when transportation system capacity was seriously reduced.

Other companies are pursuing aggressive telework programs to enhance productivity and economic competitiveness. These companies recognize that the extremely fast pace of change in computing and information technology is fundamentally changing the way many companies do business and compete. Adapting to and incorporating these technological advances into all

aspects of business operations – from how people work to where they work and when they work – is increasingly critical to maintaining competitiveness.

At AT&T, large numbers of employees are moving permanently out of traditional offices and into virtual offices. From a 2003 AT&T Telework Whitepaper:

> Employees are utilizing telework "as a way of increasing productivity, work/life balance and their quality of life. They rely on a structure that is more and more "net-centric" - organized around networks instead of buildings. According to our 2002/2003 employee telework research, 17% of AT&T managers now say they work in a full-time virtual office (or "VO", defined as working all of a standard work week at home or from a customer location). This is almost double the 9% VO reported in 2001. Another 40% report less-than-full-time telework patterns including working from home, office sharing or hoteling arrangements. Overall, about 33% of AT&T managers now telework least once a week, over four times the 8% who did so when our research first began in 1992.
>
> "This network-based structure is expected to generate over $150 million in benefit to AT&T in 2003 by increasing productivity, reducing overhead costs such as real estate, and enhancing retention and recruitment. Examining our decade of data, we see that telework is no longer an employee perk or an "alternative work arrangement." These latest documented productivity gains and cost reductions are the foremost dimensions of a fundamentally new operating model - a net-centric structure that delivers significant advantages for the employee, the company and for society in general.
>
> "Productivity gains are the most significant (but least understood) benefit of telework. AT&T teleworkers have consistently reported gaining about one extra hour of job-based productive time each day when working at home. They redirect the majority of their commuting time (80 minutes) to work activities. This increase in productivity is validated by other internal AT&T research. For example, managers in virtual offices are more likely to be rated as promotable than managers in traditional offices." (AT&T, "Organizing Around Networks, Not Buildings," April 11, 2003)

In a drive to stay competitive in a very tight market, JetBlue Airways Corp. aggressively pursues what founder David Neeleman calls "homesourcing." JetBlue has four hundred reservation agents that work permanently from home in Salt Lake City, Utah, an approach that has increased productivity for JetBlue and improved work / life balance for their employees. Neeleman explains, "They were 30 percent more productive – they take 30 percent more bookings, by just being happier. They were more loyal, and their was less attrition." (Friedman, "The World Is Flat." 2005)

PUBLIC SECTOR INITIATIVES

Last year the State of Florida was paralyzed by the continuous threat of hurricanes. The State was simply shutdown for almost 6 weeks. Several regions in the State of Florida sustained billions of dollars in loss of economic activity and job efficiency as a result of the 2004 hurricanes and tropical storms. Economic damages to the state were estimated at $42 billion. Even in areas which were not directly hit by the recent disasters, many employees lost 3-4

working days each week by the mere threat of a hurricane. Significant economic loss could have been mitigated by use of telework. The lessons learned from the hurricanes were clear: Be prepared ahead of time.

As a result of these events, the Tampa Bay Regional Planning Council initiated a "Telework Tampa" program in partnership with the private sector in the Tampa Bay region. The project involves working with employers throughout the region to implement telework pilot programs. Employers involved in the pilot telework efforts are doing so for a variety of reasons – from emergency preparedness planning to economic competitiveness – but the results from the pilots will eventually benefit all employers in the region as teleworking and contingency preparedness grow region wide. As a result of the success, the Tampa Bay Regional Planning Council is spearheading a statewide effort. The Federal Government can learn from this example.

WHAT CAN THE FEDERAL GOVERNMENT DO TO INCLUDE TELEWORK INTO ITS CONTINUITY OF OPERATIONS PLANS

The Federal Government can take note of several lessons learned by the events in Florida:

- Telecommunications infrastructure may be more robust, and include more redundancy, than the roadway infrastructure.
- Organizations with established remote access programs are more resilient.
- Quick fixes do not always stand the test of time. Teleworking cannot be an impetuous solution to a disaster. Pre-planning is key to quick recovery.

Federal policy requires that eligible members of the Federal government workforce be allowed to telecommute, however, many are forbidden from doing so by their management. Federal employees who are already successful teleworkers also tell ACT that they are often unnecessarily being pulled away from teleworking as management changes. This appears to us to be highly disruptive, unproductive, and costly, since these successful and clearly eligible teleworkers are being prohibited from teleworking. Consistency across sections, departments and agencies needs to be established in order for teleworking to be a successful continuity tool. ACT applauds recent actions taken by Congress in the FY 2005 appropriations bill that further mandates agencies follow the policy concerning teleworking.

It is also important to note that a large number of Federal contractors are still unable to telework. It would seem that Federal agencies would benefit a great deal from cost savings if they did not have to house contractors. ACT commends this Congress for passing legislation that would prevent agencies from penalizing contract bids from contractors who have their own telework policies and urges this committee and Congress to oversee that this policy is being followed.

ACT has also analyzed the Office of Personnel Management (OPM) report on telecommuting and is confused by their eligibility numbers. It seems that some agencies with large numbers of employees had relatively small percentages of their workforce listed as 'eligible' to telecommute. Some of these agencies also had high participation rates since these rates were based on the percentage of eligible employees. However, the bottom line is that they had relatively few teleworkers, but were promoting high participation rates. ACT finds this

somewhat deceiving. Also in the OPM report, OPM defined core and situational teleworkers. As ACT understands it, the core telework definition is based on the definition agreed upon by Congress and OPM and the participation rates for core telework (which are substantially lower than the 14% promoted in the report) should be the benchmark measure for Federal progress in telework. Also, it is the core teleworkers that will make the most impact on the congestion, pollution, and other benefits associated with teleworking. ACT believes that if Congress were to clarify the definition of who is eligible to telecommute and to more clearly require reporting of 'core telework' is, much of this confusion could cleared up

ACT also urges Congress to oversee that all Federal agencies are including telework as a key strategy for continuity of operations. As previously mentioned, pre-planning is key to quick recovery. The Federal government should not look at telework as a "break in case of emergency" strategy, but one it utilizes on a daily basis, that way in the event of an emergency, the plan is already in place. ACT supports an effort being led by Congressman Danny Davis that would provide for a demonstration within the Federal Government to illustrate the effectiveness of telework as a continuity of operations tool, but more importantly, it will illustrate the gaps and deficiencies that would need to be fixed.

CONCLUDING REMARKS

ACT urges the Federal Government and Congress to implement telework strategies for daily use and weave these strategies into continuity plans. In order to increase teleworking in the Federal Government, and to make sure that teleworking would be used adequately in times of need, ACT urges the following:

- Abundant pre-planning and demonstration.
- Consistency in use amongst sections, departments and agencies.
- Increased education of managers and executives.
- Provide appropriate resources to develop and implement telework capabilities.
- Re-issue, clarify, and assert Federal policy towards telecommuting, specifically in the definition of 'core telework.'
- Enforce existing policy by expanding the penalty exercised in the FY 2005 appropriation bill to all agencies in non-compliance

Chairman TOM DAVIS. Well, thank you all very much. That was very useful testimony.

Let me ask anybody, are there any specific Federal Government departments or agencies that currently have telework policies that you would recommend?

Mr. KANE. Yes. TIGTA at Treasury, the Treasury Inspector General Tax Administration, they have been one of the pilots we have worked with over the years, and they are clearly out in front. Very impressive.

Chairman TOM DAVIS. Anybody else want to offer up any?

Ms. WILLIAMS. Yes, Mr. Chairman. We are currently working with two to three agencies right now on some demonstration projects.

Chairman TOM DAVIS. Dr. Kane, in your testimony, you emphasized a more contemporary concept of telework that is really different from GAO's concept of telework, which they also referred to as telecommuting or flexiplace.

What is different?

Mr. KANE. Chairman Davis, I think there are probably at least three key dimensions.

First of all, a lot of the telework, in terms of telecommuting, it tends to sort of assume fairly low bandwidth, and the amount of bandwidth availability now is different.

Second, that means the types of applications that you can take, that you can implement on your desktop, whether it is at home or at Starbucks or at the airport, is entirely different, particularly in terms of going well beyond text to do graphics and video.

One of the best pilots where I got tremendous insight was when we worked in Loudoun County and they produced a whole magazine—graphics, layout, financial information—again, just with current software available.

And third, just the amount of processing power that is available. All of this is becoming less and less expensive. And so we have more powerful technology at a lower cost.

Chairman TOM DAVIS. Ms. Williams, in your testimony, you note that Cisco has a policy of reimbursing employees for their home broadband connections.

What percent of employees or how many employees take advantage of this?

Ms. WILLIAMS. Mr. Chairman, I would say that just about all, 90 percent, of our current telework employees take advantage of this reimbursement service. I think the reason that we find there is such a high adoption rate is, as Mr. Kane mentioned, the cost of traditional commuting is skyrocketing and the cost of these new broadband services is being reduced. In fact, some of the costs for some of the residential and business-class broadband services are actually starting to come down, and those are the services that provide the very high-bandwidth capable to do video and voice and data to the home.

Chairman TOM DAVIS. What percent of these employees would have paid for it anyway, out of their own pockets, and what percent—I mean, it is hard to guess, I guess—are you incentivizing to now have the full bandwidth?

Ms. WILLIAMS. It is a bit of a difficult question to answer in that most of our employees, when they started with the company, had the ability to utilize this service from the get-go. So there is a bit of a difference in that.

We have not been shifting our employees from a pay-on-your-own to a company-sponsored program. However, I do believe that because of the productivity gains that they feel they gain as a result, as well as the quality-of-life balance that they receive, that they would in fact offer to pay for that broadband service themselves if they had to make the choice.

Chairman TOM DAVIS. I wonder if there is a way to tell the percent of employees who qualify for this and have the full broadband versus ones who don't qualify for this, if I give you a delta of people that you have incentivized, that you actually are paying for. I appreciate the comment.

Mr. Luten, you made mention of the same thing in your remarks. Any observations on that?

Mr. LUTEN. Sure. I think that I agree generally with Ms. Williams' comments. It does depend on the circumstance.

I think we are also seeing some shifts, that Dr. Kane referred to, in the way that communications technologies are available that is moving these expenses perhaps beyond just based in the home and opening up more regionwide broadband connectivity that is increasingly available, including here in the Washington, DC, area.

So we may be talking about connectivity that doesn't just limit you to the office or even limit you to the home, but that keeps you connected in a variety of applications, which greatly increases flexibility for companies.

Chairman TOM DAVIS. Thank you very much.

Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

In my opening statement, I mentioned legislation that I had introduced last year calling for a pilot program. How in your estimation, each of you, would such a program help plan or move us further along relative to telecommuting?

Mr. KANE. Representative, if I might respond to that. I think there are three areas.

First of all, for military tactics, you know that the first thing that breaks is the plan after the first shot gets fired. And so, while agencies may have a plan, it is really the pilots, the demonstrations that you are advocating that let you first assess how good the plan is.

Second, when you do these types of demonstrations and pilots, you have the opportunity to tailor your response. It is sort of like, do you move the picture a little bit to the right or to the left.

Is the network quite optimized? Are people quite familiar with the software? What types of business processes are you supporting? Is it more of a financial transaction or is it more of a client service delivery type of transaction? That all implies some subtle adjustments.

Finally, and as I emphasized in my testimony, what I believe is the most important is people realize what is possible. They use the system available to them in ways that probably weren't first envi-

sioned, and it becomes institutionalized in the way that they work. Thank you.

Mr. DAVIS OF ILLINOIS. Ms. Williams.

Ms. WILLIAMS. Yes, Representative. I second Dr. Kane's comments about the need for pilots. I do believe, personally, that the program that you are speaking of will help organizations, particularly the employees and the managers, understand what is possible, because you don't know what you can't see and manage. Those have been some of, I guess, the adages regarding not embracing telework.

But with the new technologies in place, there are capabilities to manage by objectives, create new measurements for employee effectiveness and managerial effectiveness, and I think that the demonstrations will allow these folks to understand the possibility of changes in behaviors and attitudes toward working differently as we move the economy forward.

Mr. LUTEN. Just following up on those comments, I certainly agree that planning is critical in terms of revealing what the hurdles are to successful teleworking. The time to understand those hurdles is ahead of time and not during a time of crisis when understanding these things becomes much more jumbled in other issues. So planning ahead of time is certainly critical.

Certainly another thing that we are seeing in other areas, however, are the spin-off benefits of exploring pilot programs. We have worked with a lot of hospitals in rural areas who have developed, for example, ride-sharing programs for emergencies like snowstorms and other circumstances. Folks try these things in times of emergencies, or in this case, during a pilot activity, and it does create spin-off benefits where folks will try these things on a more regular basis. That's another thing I would note. There are probably additional spin-off benefits of pilot programs beyond just planning for emergencies.

Mr. DAVIS OF ILLINOIS. How much of a factor should cost be in doing telework planning? How much of a consideration should we give or do we give to cost as we plan for telecommuting?

Ms. WILLIAMS. Representative, I think the answer to that is, in our experience, working with many of the agencies, it has been difficult for them to understand where to find the additional funding for these types of initiatives. What we have experienced is that there are significant savings in terms of real estate costs, traditional commuting expense costs that can defray these types of programs, as well as the efficiencies gained from having access to better applications and services to accomplish the work a bit more quickly and more efficiently.

So I do think it is a challenge for agencies to understand where to find the funds, and I think that the flexibility in allowing agencies to use some of the savings from other programs can help fund these types of initiatives.

Mr. KANE. Representative Davis, I think I might take a slightly different perspective than Julie in that, the last time I checked, the Federal information technology budget as reported by OMB is somewhere in the neighborhood of $61 or $62 billion. I think the potential savings that agencies could achieve by telework, there are probably enough puts and takes within $62 billion where cost

should not be an issue for implementing wide-scale telecommuting, telework programs.

Mr. DAVIS OF ILLINOIS. Thank you.

Mr. LUTEN. Let me just followup on the idea that looking at this comprehensively from an organizational perspective seems to be the best approach; that integrating the potential savings in some areas with additional costs in other areas, that in order to look at this stuff properly, we have to be looking at it as part of a comprehensive approach and integrating telework into our overall operations and not thinking about it as a stand-alone, adjunct idea.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

If I could ask Ms. Williams, what percent of the Cisco employees did you indicate telecommute?

Ms. WILLIAMS. Approximately 90 percent of our employees telecommute at least 1 to 2 days per week, and that percentage is actually higher in Europe where we actually—they are able to use the higher percentage of mobility applications there.

Mr. DAVIS OF ILLINOIS. Thank you.

Mr. Chairman, could I just ask unanimous consent, I have two letters here, one from the Tampa Bay Regional Planning Council and one from the Association for Commuter Transportation.

Chairman TOM DAVIS. Without objection, they will be put in the record. Thank you, Mr. Davis.

[The information referred to follows:]

Tampa Bay Regional Planning Council

Chair
Commissioner Jane von Hahmann

Vice-Chair
Robert Kersteen

Secretary/Treasurer
Jill Collins

Executive Director
Manny Pumariega

February 21, 2005

The Honorable Danny K. Davis
Ranking Minority Member
Subcommittee Federal Workforce and Agency Organization
Committee on Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Davis:

The Tampa Bay Regional Planning Council endorses H.R.4797, a Bill to provide for a demonstration project to enhance the ability of Federal Agencies to continue to operate during an extended emergency situation, and for other purposes, through the use of telework.

The Tampa Bay Regional Planning Council, with its partner Bay Area Commuter Services, have been promoting a program called *Telework Tampa Bay*, in Pinellas and Hillsborough counties, Florida.

Both the Tampa Bay Regional Planning Council and Bay Area Commuter Services are agencies that deal with, among other things, transportation and air quality issues. Helping to alleviate traffic congestion and improve air quality was our first goal for the program, however as time has passed we have realized how important telework can be in getting private sector businesses and public sector agencies back on their feet after a disaster. Whether it be a natural disaster--in our case hurricanes--or a man-made disaster such as a terrorist attack we feel all types of businesses should consider telework as a tool for use in their continuity of operations plans.

Without even considering emergency management, telework is an excellent business tool with reported productivity increases of 20% (ITAC), overhead savings from 20-90% (ITAC), improved recruitment and retention, and reduced absenteeism–all translating into cost savings.

Add emergency management/disaster preparedness into the mix, and you have the ability to affect our local, state, and U.S. economy in a positive manner. With telework in place as a disaster recovery tool, government and private sector businesses have the ability to get themselves up and working again much more quickly than a business that hasn't given any thought as to how it will continue to operate if employees can't get to the work site.

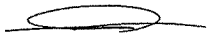
4000 Gateway Centre Boulevard, Suite 100 · Pinellas Park, FL 33782
Phone: 727-570-5151 · Fax: 727-570-5118 · State Number: 513-5066 · www.tbrpc.org
2004 Government Organization of the Year — Tampa Bay Business Journal

A formal telework program that has been planned and tested will allow essential employees the tools and the know-how to continue Federal operations and perhaps avoid downtime in the event of a natural disaster or terrorist attack.

The Tampa Bay Regional Planning Council urges the Government Reform Committee and the full Congress to pass this legislation into law.

If there is anything else we can do to support this legislation, please feel free to contact me at 727/570-5151 ext. 17, or Jessica White, Sr. Planner and *Telework Tampa Bay* Coordinator at ext. 38.

Sincerely,



Manny Pumariega, AICP
Executive Director

Jon Martz - VPSI, Inc.
President

Nicholas Ramfos – Metro Washington Council of Governments
Vice President

Randi Alcott – ValleyMetro
Secretary

Brian Shaw – Emory University/Clifton Corridor TMA
Treasurer

Elizabeth Stutts - FDOT
Immediate Past President

Kevin Shannon
Executive Director

Association for Commuter Transportation

1401 Peachtree St., Ste. 440
Atlanta, GA 30309
678.916.4940
678.244.4151 fax
act@act-hq.com
www.actweb.org

April 26, 2005

Chairman Tom Davis (R-VA)
Government Reform Committee
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Davis:

I write this letter asking for your support to demonstrate and evaluate the ability of telework to ensure continuity of Federal operations in the event of an emergency, natural or manmade, by making effective use of telecommuting.

ACT is an international association of more than 800 professionals whose focus is the development and delivery of commuting options and solutions. Individual and group membership is comprised of employers, transportation management associations, organizations, and government agencies interested in helping mitigate traffic congestion, increase mobility and improve air quality. ACT leverages the experience of colleagues across the country in order to effectively start or rejuvenate employee or employer-based alternative transportation programs. From networking and educational events through professional development and educational activities, ACT advances transportation demand management (TDM) issues, and the overall effectiveness of our transportation system.

In recent years, Federal agencies have been forced to temporarily close some of their offices due to emergencies such as fire, terrorist attacks, or natural disasters. With Federal employees unable to reach their offices, some Federal operations have been disrupted for extended periods of time.

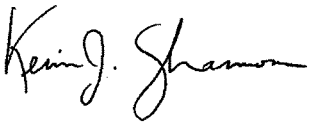
Congressman Danny Davis (I-IL) will be introducing legislation that will require the Chief Human Capital Officers Council (CHCO), a group of senior personnel officers representing different federal agencies, to establish a 30-day demonstration project. The project would consist of no fewer than two Federal agencies and a representative range of services and operations consisting of both essential and nonessential personnel. The demonstration project would be

performed under circumstances that simulate a sudden and unexpected emergency in which employees would have to work from home or at a site other than their primary workplace.

Under the demonstration project, appropriate mechanisms would be established to allow agencies and employees to communicate with each other. Employees also would have access to the technologies, information, and resources they would need to effectively and efficiently carry out their duties. Participants in the demonstration project would be limited to employees who are eligible to telework under existing Federal law, and the project would be coordinated and funded within existing federal telework policies and requirements.

I urge you to support this effort and consider this important legislation. If you have any questions, feel free to call me at (678) 916-4940.

Thank you for your consideration.



Kevin Shannon
Executive Director

Chairman TOM DAVIS. Mr. Duncan.

Mr. DUNCAN. Thank you very much, Mr. Chairman. I am sorry that another meeting prevented me from hearing the witnesses on the first panel, and maybe some of these things were discussed a little bit on the first panel; but let me just ask you, almost everybody seems to be very favorable to telework and telecommuting and so forth. I don't have anything against it. But when I practiced law, we tried to anticipate or discuss more about what the weaknesses in our case were or what the problems might be, so we wouldn't be caught by surprise and so we would be better prepared.

I guess one thing I am wondering about is, what are the problems with this or—and more specifically, in the briefing paper we have this statement. It says, "FEMA recognized that improper identification of essential functions can have a negative impact on the entire COOP plan." That sounds kind of bureaucratic to me, because I am not really clear exactly what "improper identification of essential functions" means. I would like to hear comments from each of you about all that.

Dr. Kane.

Mr. KANE. Representative Duncan, I am not sure quite what the phrase means, either, but let me try to respond as best I can.

Certainly, when we see obstacles in telecommuting and telework, it is not so much technology sorts of issues, but they probably fall into two areas. No. 1 is the function. We can't do this dispersed; we have to be all in the same room to do this.

Driving over here today, one of our staff members was telling us the pilot we are doing with Loudoun County, their board of supervisors, where they found out yesterday that they could sort of mark up some documents, where the chairman was one place and another member was another place and they were working it together. That is sort of, probably, illustrative of the functions that don't apply themselves or are not appropriate for the types of activities that could be supported by remote, distributed work.

And I think, second, as Chairman Davis discussed at the hearing last July, there is some managerial resistance, "I have to see it to know you are working."

Mr. DUNCAN. Ms. Williams.

Ms. WILLIAMS. Yes, Representative Duncan, thank you.

I echo Dr. Kane's confusion on the comments about how to miscategorize essential functions. I think, from our perspective, we look at functions that are critical to our business to protect our shareholder or to ensure shareholder value, and when I look at the same corollary for government, I would anticipate that the agencies would look at essential functions and categorize those that are essential to the citizens and maintaining their financial viability of government.

It is difficult to understand why it is difficult to categorize the right functions when I think of—I think folks ought to take a different tack and look at what is valuable to the citizen and what is valuable to them as members of government.

Mr. DUNCAN. OK.

Mr. LUTEN. I will just say briefly, in following up on Dr. Kane's comments, I think the weaknesses we see in telework are that, in fact, our telecommunications infrastructure is accelerating faster

than our ability to change in our workplace culture. And I think that is the challenge of the modern workplace, to keep up with the changes in technology that are essentially always two steps ahead. Things are more possible than they are easy to implement. Workplace culture, managerial culture, service culture, those things seem to be the biggest hurdles to effective programs.

Mr. DUNCAN. My time is about to run out already. You have led me into another area, or really two areas. One is, there was a comment made a while ago about the costs coming down. The computers do wonderful and miraculous and great things. I agree with all that. I think, though, that everything has become much more expensive because of them; and what I am getting at is this.

The computer companies tell us that a computer is obsolete the day it is taken out of the box, technology is moving so fast, and so you always have to buy new equipment, it seems, every time you turn around. I know we do for our offices.

I am wondering about the expense of all this, since we are talking about all these people working generally 1 or 2 days a week at home. Do they have to duplicate with all the equipment at home that they have in the offices? It seems that could get kind of expensive.

And then, last, I am a little concerned about the national security situation, because I heard on the CBS radio news a couple of years ago that computer hackers got into the Top Secret files at the Pentagon more than 250,000 times in the previous year. So it sort of led me to believe that really there are no secrets of any kind really anymore.

But do we have some concerns about that, about getting certain information that we would have to limit or prohibit people from working on at home?

Mr. LUTEN. I think data security obviously is a critical element of any good telework plan. I think when we talk about people working at home a few days a week, as well as working in the office place, a couple of things are offsetting those additional costs.

One is, as you mentioned, the fact that all this equipment is coming down in price significantly. Two, that many people that we find——

Mr. DUNCAN. I don't think it is coming down. It seems to me it is going in another direction. At any rate, what I am wondering about is, is there any tax loss when the company writes off all this office space that they are not using—and they write off also, the employee does, a home office? I don't know. Anybody?

Mr. KANE. If I might comment, you've raised two issues, one which was a cost issue, one which was a security issue. I will say that one of our member companies, a very, very large defense contractor has found that it is more cost effective for them simply to buy laptop computers for their employees and have the employees take it home.

No. 1 is, it has more flexibility and so it is not—to the extent the company is going to have to update its equipment every 3 years or 5 years, whatever, you've provided one computer that can be both at home as well as at work or on the road.

And second, what was more important for them was the security consideration, that they were able to configure those laptops to

avoid viruses, to put in the appropriate protection; so, for that company, it was very much a security consideration.

Mr. DUNCAN. OK.

Chairman TOM DAVIS. Thank you very much.

Ms. Watson.

Ms. WATSON. Thank you, Mr. Chairman.

I am just wondering. We are talking about telework, but if there were a gigantic disaster, are we sure that regardless of where people would work, that we could communicate? I am thinking that if they are on a system and there is a disaster, let's take September 11, that touched everything in a radius around the World Trade Center.

I am just wondering, are we planning for alternative ways to communicate? Are we planning on looking at virtual offices, homes, and so on as teleworks? What is the breadth of what we are planning?

Let me give you an example of my concern. On September 11, as you know, when those towers were coming down, there were first responders walking around with pieces of equipment that did not work. That is the reason why we lost so many firefighters, because they didn't get the message to evacuate quick enough.

I am just sitting here listening to all this, this high technology and so on, we will have them here rather than at their regular workstations, but does reality say they're going to even be able to operate from their homes?

Mr. LUTEN. I have a couple of comments.

One, I think that we aren't likely to see in a significant event 100 percent of people being able to continue to work through a telework arrangement. However, we are likely to see——

Ms. WATSON. Can you explain that? Being able to work through—what do we mean by that statement?

Mr. LUTEN. Being able to complete their job duties without being in their normal, physical offices.

Ms. WATSON. How are they doing that? That is what I want to hear.

Mr. LUTEN. Let me answer that if the question is—if people are dispersed in terms of their home locations, the telecommunications infrastructure in major events has proved a little more resilient than transportation infrastructure. So we may lose some percentage of the telecommunications system and lose a percentage of our workforce, but we can still find, even if it is 40 to 50 percent of people who are able to continue working, because the communications in the area where they live is still working. If we have done good planning up front, people understand how to communicate and they understand what the alternate means of communicating are—maybe that's advanced contact lists of cell phones for everyone in your company, etc. Planning these things out in advance can be a big benefit.

In 2004, in the hurricane season, the total economic impact of all the hurricanes was in the neighborhood of $42 billion. A lot of that was lost worker productivity. Even if we can get 30 to 40 percent of people continuing to work, we can offset a lot of that impact.

Mr. KANE. Representative Watson, if I might also comment on this, the answer to your question of how do they communicate is

the Internet. If you have skepticism of that, let me share with you what I believe is one of the untold success stories of September 11.

Technology developed by the Department of Defense in 1969, called the ARPAnet, which was originally developed to support communications in time of attack, which evolved into the Milnet which has subsequently evolved into the Internet, worked exactly as military planners planned it out in the early 1970's.

I know personally, while no one else was able to sort of communicate and cell phones weren't working and land lines, I have a daughter who lives in Manhattan, and we were doing e-mail all day on September 11 over the Internet just as military planners had figured out approximately 30 years earlier.

Ms. WATSON. OK. That is one scenario, the one we know.

Suppose there is a nuclear explosion at one of our plants and so on that will destroy everything in a radius of maybe 45, 50 miles. Are you thinking forward? Are you thinking backward? We were shocked by September 11. So I would say this is an opportunity to look at how we communicate not just among the administration, but out there in the hustings. If it is an enormous kind of attack that could happen, are you sure that our systems can function?

Ms. WILLIAMS. Representative Watson, I would like to answer that, giving an example of how our company architects its business continuity plan and how teleworkers are able to work in the event of a catastrophe.

As I mentioned in my testimony, the business continuity plan really has four layers. The bottom layer is the network layer where, for example, a data center of one agency would need to be replicated many thousands of miles away from its center to provide for the right continuity. The teleworking aspect of it, as long as those data centers were replicated in the right manner, would then allow employees anywhere, it could be outside of the country, to access those mission-critical applications in that data center.

And to the point that Dr. Kane mentioned before, it is the Internet protocol which is different from some of the radio interoperability protocols or radio frequencies that are in use today that provide that capability to access those applications.

So you have your data centers that are dispersed and then you have the teleworking capability from any location around the world, or the globe for that matter; and in fact, that's how our employees overseas access our mission-critical applications that are actually based in the United States. So I think the technology is changing a bit where we have an increased capability for resilience than we did have before.

Ms. WATSON. Thank you, Mr. Chairman.

Mr. SHAYS [presiding]. Thank you, Ms. Watson.

Mr. Dent, you have the floor.

Mr. DENT. Thank you, Mr. Chairman.

Good afternoon. Dr. Kane, you have discussed how current technology has changed the type of work that now can be done using commercial telework. Can you give us some specific instances about technology and what it now enables, and then also just cite some specific departments or agencies that currently have telework policies that you would recommend?

Mr. KANE. Let me cite a couple of Federal agencies and some at the local level.

As I mentioned in one of my earlier responses to, I believe it was Chairman Davis, the Treasury Inspector General, the tax administration group there, has certainly been on the forefront of telework at the Federal level; and just about 2 months ago, we at the Telework Consortium started working with the Securities and Exchange Commission to implement some pilots there. So those are two good examples.

At the local level, we have just started a pilot with the Loudoun County board of supervisors. As I said, one of my favorite examples is a magazine, the Loudoun County magazine which—you think of a magazine and how graphic intensive it is and everything that goes into a magazine. It was produced without an office. We supported that as a pilot, to just demonstrate that something you would think that people would have to come together could be produced and nobody ever had face-to-face contact in the production of it.

Mr. DENT. Thank you. I have no further questions.

Mr. SHAYS. Thank you.

Mr. Luten, I just have one question. You stated that ACT has had success in educating managers and executives about telework. What educational techniques did you find effective?

Mr. LUTEN. Primarily, the No. 1 educational technique is, one, experience that others have had. So more often than not, peer education can be one of the more effective forms when you are talking about managers, because no one learns more than they can learn from someone who does a similar job that they do in a similar location. So if we can find good peers, that's one good example or one effective example.

Probably the second is the notion of a pilot and just trying these things. More often your fears and expectations turn out to be different than reality. So getting people to try something initially can overcome a lot of those initial obstacles.

Mr. SHAYS. Do you have anything else?

Mr. DAVIS OF ILLINOIS. No.

Mr. SHAYS. Let me then just conclude. That is the only question that I had.

Is there anything that you wish we had asked that you had prepared to answer, anything you think we need to put on the record that wasn't asked? That applies to all three of you. If there is, I would like to do that now. Sometimes frankly we get the most interesting response from this question.

Anything, Dr. Kane?

Mr. KANE. No, thank you, sir.

Mr. SHAYS. Ms. Williams, any comments you would like to make?

Ms. WILLIAMS. No, thank you, sir.

Mr. SHAYS. Mr. Luten, anything?

Mr. LUTEN. No.

Mr. SHAYS. Thank you all very much. This hearing, with that, will adjourn.

[Whereupon, at 3:55 p.m., the committee was adjourned.]

[NOTE.—The GAO report entitled, "Continuity of Operations Agency Plans Have Improved, but Better Oversight Could Assist

Agencies in Preparing for Emergencies," may be found in committee files.]

[The prepared statement of Hon. Jon C. Porter and additional information submitted for the hearing record follows:]

CONGRESSMAN JON C. PORTER
COMMITTEE ON GOVERNMENT REFORM
"Who's Watching the COOP? A Re-Examination of Federal Agencies' Continuity of Operation Plans"
April 28, 2005

Mr. Chairman, I would like to thank you for holding this hearing today. I would also like to thank the witnesses for being here today.

Since September 11, 2001, our world has changed. We now realize that there are people who are so hateful of American culture, ideals, and government that they are willing to go to all lengths to harm us. Since Washington, D.C. symbolizes much of the values that Americans hold so dear, we, as Members of Congress, realize that we should have a contingency plan in place in the event of a disruptive disaster or attack. Although it is sad that Americans have to worry about things such as this, Mr. Chairman, I am glad that were are holding this hearing today.

Effective continuity of operations plans (COOP) allow the Federal government to perform the functions needed for the safety and welfare of the American people in the event of a disaster or terrorist attack. However, recent reports by the Government Accounting Office (GAO) have shown that the Federal Emergency Management Agency (FEMA), the agency in charge of Federal COOP readiness, has not given agencies sufficient guidelines on how to identify essential functions. Although I was not a member of the Committee of Government Reform last year, in reading the GAO report, I am concerned with a number of GAO's findings on COOP, such as the fact that 31 of the 45 plans did not fully establish the resource and staffing requirements needed for operations to continue effectively.

Mr. Chairman, we now know that disasters or terrorist attacks can happen in the blink of an eye. We, as Members elected to represent the people of America, must make sure that we have a strong COOP in place so that our citizens can be protected no matter what obstacles may be thrown in our path.

I am interested in hearing how FEMA is monitoring and improving COOP readiness, and I am also anxious to see if there is anything that we can do to help move this process along.

Again, Mr. Chairman, thank you for holding this hearing today. To the witnesses, again, thank you for being here. Your experience and expertise is much appreciated.

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U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

May 9, 2005

The Honorable Thomas M. Davis, III
Chairman, Committee on
Government Reform
United States House of
Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for the opportunity to testify before the Committee on Government Reform on the continued leadership role of the Federal Emergency Management Agency (FEMA) in Continuity of Operations (COOP). The April 28, 2005 hearing was an excellent opportunity for FEMA to outline the actions we have taken to increase Federal Executive Branch COOP capability and to address the readiness concerns of the Committee.

As a point of clarification regarding your question about the Washington Metropolitan Area Transit Authority's (WMATA) participation in the FEMA led COOP Working Group (CWG), WMATA is not currently a member of the CWG. However, we recognize the central role that the WMATA will play during a major crisis in the National Capital Region (NCR) and have invited them to join the next CWG meeting on June 2, 2005. As we continue to address COOP issues, we look forward to working with WMATA as a partner in the NCR.

If you have further questions or need additional information please contact the FEMA Office of Legislative Affairs at (202) 646-4500.

Sincerely,

Reynold N. Hoover
Director
Office of National Security Coordination