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NOMINATION OF PAUL A. SCHNEIDER

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON THE

NOMINATION OF PAUL A. SCHNEIDER TO BE UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

DECEMBER 6, 2006

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NOMINATION OF PAUL A. SCHNEIDER

WEDNESDAY, DECEMBER 6, 2006

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 3:02 p.m., in room 342, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Voinovich, and Akaka.

OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. The Committee will come to order.

Today, the Committee will consider the nomination of Paul Schneider to be the Under Secretary for Management at the Department of Homeland Security.

The mission of DHS is to provide a unifying core of leadership and expertise for the national network of organizations and institutions that work to secure our Nation and to prepare for and respond to disasters of all types. The Management Directorate is responsible for ensuring that the Department's workforce has the resources and systems in place to carry out this vital mission. The directorate works in a variety of critical areas, from human resources and administration to budgeting, procurement, and information technology. The collective aim is for DHS components to have an effective means of working with each other and with their homeland security partners at the State and local levels.

In addition to its responsibilities for allocating human and material resources, the directorate is charged with identifying and tracking performance measures. This would be a daunting assignment under the best of circumstances. In our current situation, the phrase "herding cats" comes to mind.

As the Department of Homeland Security nears the end of its fourth year of operations, the unifying core has not yet fully taken shape. As the Committee's investigation of Hurricane Katrina made so terribly clear, the goals of effective resource allocation and coordination across all levels of government continue to elude us. Grant programs remain mired in conflict and controversy. The right balance between safe and secure borders and the lawful movement of people and commerce has yet to be realized. To be sure, progress is being made on all of these fronts, but not at the pace our times demand.

The Committee's hearing just this morning on the enormous waste, fraud, and abuse plaguing the recovery from Katrina pro-

vided a stark reminder of what is at stake. As the reform and strengthening of FEMA within DHS moves forward, the need for effective resource allocation will become ever more urgent, as will the need for solid and verifiable performance measures.

The Management Directorate will need a strong hand at the helm. Paul Schneider appears to bring strong credentials to this challenge. He began his career in public service in 1965 at the Portsmouth Naval Shipyard, which despite its name is located in Kittery, Maine. He was a project engineer, and I am sure that was indeed a very good start for his career.

He was appointed to the Senior Executive Service in 1981 and served as the Deputy Director of NAVSEA's Auxiliary Systems Subgroup. He later served as the Executive Director and senior civilian of the Naval Sea Systems Command and as the Principal Deputy Assistant Secretary of the Navy for Research, Development, and Acquisition. In 2002, he became the Senior Acquisition Executive of the National Security Agency. Most recently, Mr. Schneider served as a defense and aerospace consultant.

He holds a degree in nuclear engineering—I guess that would make him a rocket scientist after all, perhaps—and has been recognized with Distinguished Civilian Service Awards from the Department of Defense, the Navy, and National Security Agency, as well as receiving various Presidential Rank awards.

I welcome Mr. Schneider to the Committee today, and I look forward to hearing his testimony.

We are very pleased to have the Senator from Hawaii, Senator Akaka, substituting for Senator Lieberman as the Ranking Minority Member today. Welcome, Senator.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much, Madam Chairman. I am honored to be in this position today. Before I get on with my statement, I would like to, Madam Chairman, thank you so much for your 4 years of leadership here as Chairman of this Committee and guiding the Committee with the success of the Department of Homeland Security. I really appreciate your dedicated leadership, your promptness in action with issues of the Committee, as well as your organization of the Committee. I have enjoyed working with you——

Chairman COLLINS. Thank you very much.

Senator AKAKA [continuing]. And look forward to continuing to work with you, Madam Chairman.

I am pleased to join you, Madam Chairman, in welcoming Mr. Paul Schneider, who has been nominated to serve as the Under Secretary of Management for DHS. This is a pivotal position, perhaps even more important than the Secretary's job because the Under Secretary has line responsibility for ensuring the Department performs its mission. Merging 22 agencies with 180,000 employees into a Department to carry out a common mission is the single biggest challenge in the government today.

As the Ranking Member of the Armed Services Readiness Subcommittee and the Oversight of Government Management Subcommittee here, I know that without sustained leadership neither incremental changes nor wholesale transformation will be inte-

grated into an agency's management culture. That is why I have sponsored legislation with my friend, Senator Voinovich, to create a Deputy Secretary for Management at DHS, which I believe will help the new Department avoid the same long-term management problems currently plaguing the Department of Defense.

Mr. Schneider, you will be coming into an agency with deep divisions between labor and management, most of which stem from the personnel regulations issued by DHS last year that I believe will severely erode employee rights and protections. Strong employee protections enhance security by helping attract and retain the most skilled employees and by ensuring that they feel free to bring concerns about management actions that could adversely affect our national security to senior leaders without fear of retaliation.

I urge you to work with the DHS Chief Human Capital Officer, who I know from her tenure at the Office of Personnel Management, and with union leaders, management associations, and the Senior Executives Association to develop a personnel system for the Department that is flexible, transparent, and ensures collective bargaining and a fair appeals process.

I want to mention an issue that came up during the Committee's work on your nomination concerning your stewardship of a classified program at the National Security Agency called Trailblazer. We have examined this issue in both open and closed briefings, and there is nothing that we have discovered which should adversely affect your nomination to this position.

Mr. Schneider, you have a reputation and a record of getting things done, of hiring and rewarding capable people and supporting them in their mission. Your talents are sorely needed, given the critical roles played by and challenges facing the Chief Information Officer, the Chief Procurement Officer, the Chief Financial Officer, and the Chief Human Capital Officer (CHCO), all of whose offices fall under the Management Directorate. I hope you will not hesitate to reach out to the Committee should problems arise.

Thank you very much, Madam Chairman.

[The prepared statement of Senator Akaka follows:]

PREPARED STATEMENT OF SENATOR AKAKA

Today we are here to consider the nomination of Mr. Paul Schneider to be the Under Secretary for Management at the Department of Homeland Security (DHS). However, before we turn to Mr. Schneider's nomination, I would like to thank you, Chairman Collins, for your work over the past 4 years as Chairman to ensure the success of DHS. I appreciate your dedicated leadership and the comity with which you have led this Committee. I look forward to working with you in the next Congress.

I am pleased to join you today in welcoming Mr. Schneider to the Committee. The position to which he has been nominated is pivotal, perhaps even more important than the Secretary's job because the Under Secretary has line responsibility for ensuring the Department performs its mission. Merging 22 agencies with 180,000 employees into a department to carry out a common mission is the single biggest challenge in the government today.

As the Ranking Member of the Oversight of Government Management Subcommittee and the Armed Service Readiness Subcommittee, I know that without sustained leadership neither incremental changes nor wholesale transformation will be integrated into an agency's management culture. That is why I have sponsored legislation with Senator Voinovich to create a Deputy Secretary for Management at DHS, which I believe will help the new department avoid the same long-term management problems currently plaguing the Department of Defense.

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Thank you again Madam Chairman.

Chairman COLLINS. Thank you very much, Senator Akaka.

I am now pleased to call upon Senator Voinovich, who is this Committee's leading expert on issues involving human capital, and I know that is one of the reasons he is here today. Senator Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Thank you, Madam Chairman. First of all, I know this is the last hearing that this Committee is going to have in the 109th Congress, and I want to publicly acknowledge the great leadership that you have provided to this Committee and the bipartisanship that you have emphasized during your Chairmanship. I know that because of the wonderful relationship that you have developed with Senator Lieberman, this Committee will continue to make a real contribution to our country. This Committee has been the most productive of any of the committees that we have in Congress, and that is due to your hard work, tenacity, and your ability to work with Senator Lieberman.

Chairman COLLINS. Thank you.

Senator VOINOVICH. I would also like to acknowledge Senator Akaka. We have worked together for 8 years. Senator Akaka, I really appreciate the cooperation and, more importantly, the friendship that we have developed over the years. I am so glad you are going to be back for the next six. You and I are going to be working together on lots of issues, and so I look forward to the 110th Congress.

Chairman COLLINS. Thank you.

Senator VOINOVICH. The Under Secretary for Management at the Department of Homeland Security serves as the principal administrator and manager for the Department, although as Senator Akaka pointed out, we really don't like the positions placement on the DHS organizational chart. We think the position should be elevated and be reporting directly to the Secretary.

Though the Under Secretary for Management does not serve on the front line, the position is critical to our Nation's homeland security. With the Department still in its formative years, which I think people have forgotten, the Under Secretary must provide consistent direction and coordinate numerous interrelated management systems so that they complement the operational components' activities. The guidance must be flexible and durable over time and eliminate stovepipes that continue to hinder development of a unified culture.

As my colleagues know, the Homeland Security Act of 2002 initiated the Federal Government's largest restructuring since the creation of the Department of Defense in 1947. In hindsight, I think a lot of us believe we bit off a whole lot more than maybe we should have and perhaps should have started out with the consolidation of fewer agencies.

While carrying out its critical mission of securing the Nation from terrorism and natural hazards, the leadership of DHS must be mindful of the major organizational, operational, and cultural issues associated with large mergers. It is indeed a challenge to unify 180,000 employees from 22 different Federal agencies and programs. This is not meant to be as a criticism of the Secretary or any single individual at DHS, but rather to acknowledge the fact that the Department faces significant hurdles as it matures. The Department must be honest with itself about its management challenges and must devote focused, high-level attention to overcoming them.

I am concerned that DHS continues to face a high rate of vacancies and turnover in key leadership positions, including within the Management Directorate. This issue could be further complicated as this administration finishes its elected term.

As the Chairman of the Oversight of Government Management Subcommittee, improving the management focus at DHS remains one of my top priorities. During my long career in public service, including as mayor and governor, I have repeatedly observed that the path to organizational success lies in adopting best practices in management, including strategic planning, performance, and accountability measures, and effectively leveraging human capital.

When instituting reforms as mayor and governor, individuals involved with implementation would tell me they did not have time for Total Quality Management because they were too busy putting out fires. I appreciate that DHS is also busy putting out fires, but the connection between good management practices and operational success should not be lost. That is why the position of Under Secretary for Management is so vital to the success of the Department of Homeland Security.

Mr. Schneider, if confirmed, your job will be to tackle the formidable management challenges at the Department of Homeland Security and institutionalize long-term changes that will last way beyond your tenure. After reviewing your significant experience in senior management positions at the Department of Defense and the National Security Agency, I believe that you are well qualified for the position of Under Secretary for Management. I appreciate your willingness to return to Federal service and make a contribution to

our Nation's homeland security, and I applaud your courage in accepting this nomination and the challenges it brings.

I look forward to learning of your vision for fulfilling the duties of the Under Secretary for Management. If you are confirmed, this Committee will be closely monitoring your progress. We also want to help ensure you have the necessary visibility and leverage within the Department to get the job done. Accordingly, I encourage you to be as candid as possible with us about the Management Directorate's resource needs and its concerns.

Thank you, Madam Chairman.

[The prepared statement of Senator Voinovich follows:]

PREPARED STATEMENT OF SENATOR VOINOVICH

Thank you, Madam Chairman, for holding this important hearing. The Under Secretary for Management at the Department of Homeland Security serves as the principal administrator and manager for the Department. Though the Under Secretary for Management does not serve on the frontline, the position is critical to our Nation's homeland security. With the Department still in its formative years, the Under Secretary for Management must provide consistent direction and coordinate numerous interrelated management systems so they complement the operational components' activities. The guidance must be flexible and durable over time, and eliminate stovepipes that continue to hinder development of a unified culture.

As my colleagues know, the *Homeland Security Act of 2002* initiated the federal government's largest restructuring since the creation of the Department of Defense in 1947. While carrying out its critical mission of securing the Nation from terrorism and natural hazards, the leadership of DHS must be mindful of the major organizational, operational, and cultural issues associated with large mergers. It is indeed a challenge to unify 180,000 employees from 22 different federal agencies and programs.

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Chairman COLLINS. Thank you.

Mr. Schneider has filed responses to a biographical and financial questionnaire, answered pre-hearing questions submitted by this Committee, and has had his financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record, with the exception of the financial data, which are on file and available for public inspection in the Committee offices.

Our Committee rules require that all witnesses at nomination hearings give their testimony under oath, so Mr. Schneider, if you would please stand and raise your right hand.

Do you swear that the testimony you are about to give to the Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. SCHNEIDER. I do.

Chairman COLLINS. Please be seated.

Mr. Schneider, I understand that you have family members present with you today, and I would invite you to introduce them to the Committee at this time, if you would like to do so.

TESTIMONY OF PAUL A. SCHNEIDER[1] TO BE UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. SCHNEIDER. Sure, Senator. Right behind me on my left is my wife, Leslie, and cousin Carolyn Griffin, and a row of many family friends.

Chairman COLLINS. That is great. We welcome you all to this hearing today. We know that public service involves the entire family and that there are many sacrifices involved, so we welcome you to the hearing today.

You may proceed with your statement.

Mr. SCHNEIDER. Chairman Collins, Senator Lieberman, and distinguished Members of the Committee, it is an honor to appear before you today as you consider my nomination by the President to be the next Under Secretary for Management at the U.S. Department of Homeland Security. I am deeply honored and humbled that President Bush has nominated me to serve this great country and its people, and I thank Secretary Chertoff for his support throughout this process. If confirmed, I look forward to the opportunity and privilege of serving under his direction with the dedicated men and women who are working to secure our homeland and defend our freedoms.

I owe this country a lot. I started at the Portsmouth Naval Shipyard in Kittery, Maine, as a 21-year-old GS–5 engineer who was obsessed with building nuclear submarines. At that point in time in history, naval shipyards actually built nuclear submarines. As I progressed up through the ranks, I was afforded a number of opportunities to serve in positions of increased responsibility, seeing and doing things that one could only have dreamed of as a kid fresh out of school.

More than 40 years later, on September 11, I was in the Pentagon. I saw firsthand the devastation to which our enemies commit themselves. As I lay in the grass by the river, as we were told

[1] The prepared statement of Mr. Schneider appears in the Appendix on page 21.

to do because we were advised another airplane was inbound, I saw the fire and the smoke rising from the building and I saw two F–16s flying combat air patrol over the Pentagon and the District of Columbia. Three things came to my mind.

First, I was a kid who grew up in the Cold War, practicing duck-and-cover drills. I could not believe that this was happening in our country.

Second, the "battle space" to which those in the military frequently refer to now, was not in Europe, not in the Middle East, not in the Far East, but right here in U.S. airspace.

Third, I realized that our lives would never really be the same.

I hope that my integrity, competence, continued willingness to serve the public trust, and ability to accomplish significant and challenging objectives demonstrate the skill set and experience needed to meet the significant responsibility required by the Under Secretary for Management's charge.

If confirmed, I commit to working with you and your staff, other governmental departments and agencies, businesses, both large and small, and our international partners to make a contribution to securing our homeland for today and tomorrow.

Thank you very much for this opportunity to appear here today. I am happy to answer any questions you may have.

Chairman COLLINS. Thank you.

I will start my questioning with the three standard questions that we ask of all nominees. First, is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. SCHNEIDER. No.

Chairman COLLINS. Second, do you know of anything personal or otherwise that would in any way prevent you from fully and honorably discharging the responsibilities of the office?

Mr. SCHNEIDER. No.

Chairman COLLINS. And third, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted Committee of Congress if you are confirmed?

Mr. SCHNEIDER. Yes.

Chairman COLLINS. We will now start with a round of questions, limited to 6 minutes each, and there will be a second round, just so that my colleagues know that.

Mr. Schneider, as you are well aware, the success of any enterprise, including that of the Department of Homeland Security, depends upon the people, the employees. Recently, a U.S. Court of Appeals for the D.C. Circuit upheld the District Court's opinion striking down part of DHS's new personnel system, the pay-for-performance plan for those DHS employees subject to collective bargaining. This is the MaxHR Pay-for-Performance Plan. It is my understanding that the Department of Justice is unlikely to appeal that decision to the Supreme Court, so the result is that the labor representatives and DHS officials will have to go back to the drawing board to design a new plan.

If you are confirmed, what do you plan to do to ensure that this time a personnel system that is acceptable to both the employees and the management of the Department can be designed and successfully implemented?

Mr. SCHNEIDER. Senator, I am aware in general of the issue with the Court of Appeals. I am also aware that MaxHR has six elements of the plan. Probably the most important that needs to be addressed initially is a solid performance management plan. My understanding is the court specifically struck down the segment having to do with pay.

Now, I have had a lot of experience in personnel management in large organizations and especially in the Navy, where the Navy was the lead in instituting the pay-for-performance plan that has sort of served as a model for the Department of Defense as well as Homeland Security. What we learned in the Navy was you need to spend a lot of time up front in the performance management aspects because that is where many of the current pay plans, performance plans, fall apart. There needs to be conveyed between supervisor or manager and employee a clear understanding of what their responsibilities are, what they are supposed to accomplish. There needs to be frequent communications and feedback. In my experience, most plans fall apart when this is not properly communicated.

It is my understanding talking to the Chief Human Capital Officer at DHS that the emphasis now is on developing and instituting a solid performance management plan across the Department. At the same time, what I have found to be very instructive is to work with the workforce, work with the unions, and have constant communications and articulate what the objectives of management are. Too often, in my experience in the Navy with dealing with labor relations, too often, you don't have that communication. There is a lack of sensitivity to the issues that the workforce and unions have.

So what I would do, if confirmed, was to focus on getting a solid performance management plan instituted, establishing the appropriate forums to have that constant dialogue, and working with the workforce and the unions on structuring the pay aspects as well as grievance procedures, adverse action, and the classification elements, which are also key to making MaxHR successful.

Chairman COLLINS. DHS also faces unusual financial management challenges that need to be addressed as it continues to integrate the components of the 22 Federal agencies into a single Department. One of the difficulties is that each agency is still dealing with a lot of legacy systems, and in many cases these are poorly-designed systems, and there, in general, is inadequate financial management.

Now, there are some agencies that have worked hard. I know one has hired the consultant Deloitte, for example, and has made real progress in reducing the number of material problems identified in audits. But in general, what do you see your role as being to bring more uniformity, more consistency, and higher quality across the Department in the financial management area?

Mr. SCHNEIDER. Senator, I am aware of the issues with financial management. Internal controls, which there have been numerous IG and GAO reports on that fault the Department for the lack of internal controls, I have gone through them. I have analyzed what the issues are. As you pointed out, you mentioned Deloitte. ICE hired Deloitte, I believe, to help them go look at these internal con-

trols. They were one of the major problem areas. ICE has been turned around.

I guess the largest number of internal control deficiencies are currently attributed to the Coast Guard. And so I have talked to the Chief Financial Officer, and I am aware of the plans underway, working with the appropriate leadership in the Coast Guard, with help, I believe, from Deloitte, to go tackle these internal control issues. My opinion is that if ICE was able to successfully address these issues in a timely manner, then there is no reason why the Coast Guard wouldn't be able to do the same thing. So from an internal control deficiency standpoint, I am optimistic that the Coast Guard will make great progress, and overall, that would, frankly, eliminate probably the biggest offenders relative to having weak internal controls.

On the migration of financial management systems, my understanding is that there are several systems within the operating components that are good, that are satisfactory. There are some that are weak. So if confirmed, what I would do would be to see why those that are good can't be used as the model, and rather than starting off and trying to create a brand new system from whole cloth, why not migrate these poorer systems to those that are known to be satisfactory?

Chairman COLLINS. My time has expired, so I want to yield to Senator Akaka, but I would just tell you to take a hard look at FEMA, as well. We held a hearing this morning that confirmed that the GAO has found that due to lack of good management and an absence of internal controls, that FEMA had some $1 billion in improper and fraudulent payments in the wake of Hurricane Katrina, clearly a completely unacceptable situation. So I would add FEMA to the top of your priority list in that area.

Senator Akaka.

Senator AKAKA. Thank you very much, Madam Chairman.

Before getting to my question, I just want to add to my statement that I have enjoyed working with Senator Voinovich in Committee and the Subcommitte he chairs. We did a lot on government management and the Federal workforce issues, as well as with the District of Columbia. I just want him to know that I look forward to working with him. And also to add to the Chairman's comments that I made, that I have really appreciated the comity in which she led this Committee and has done a great job with that.

Mr. Schneider, I want to thank you for your statement. I felt your statement was heartfelt and demonstrates how you will be handling your responsibilities. This is a good beginning for me.

Senator Collins has mentioned the DHS court decision. The Homeland Security Act of 2002 ensured that DHS employees would continue to have collective bargaining rights. However, the regulations issued by the Department last year were found to violate that requirement by the U.S. Court of Appeals for the District of Columbia.

My question to you is will you commit to this Committee that you will comply fully with the statutory obligation and ensure collective bargaining rights at DHS, if confirmed as Under Secretary for Management?

Mr. SCHNEIDER. Senator, if confirmed, I will commit to carrying out the collective bargaining responsibilities as required by law, regulation. I think that is an inherent part of good management, if you will, because this workforce is absolutely key to securing the homeland and protecting our borders. That is part of the world I have come from in the Navy, where whether it is at naval shipyards, aviation depots, laboratories, etc., and I believe that I have a reputation for frank and open communications with the leadership of the collective bargaining units.

Senator AKAKA. Thank you. Mr. Schneider, much of your professional experience is with the Department of Defense, so you understand DOD's management culture, which generally retains reporting authority within the component or service. There are some real pluses to such a chain of command approach, and there are some real minuses that unfortunately lead to significant inefficiencies, mismanagement, and internal system failures. Too many times, Congress has had to mandate structural changes by statute, and too many times, these requirements have been ignored by DOD.

Last year, Deputy Secretary England stood up the Business Transformation Agency, which is a step in the right direction and one that I hope will lead to broader control department-wide. You have provided this Committee with the areas that you will focus on to lead change. What I would like to know is what immediate steps you will take to review the current organization structure within the Management Directorate and whether you believe a BTA approach for DHS could work.

Mr. SCHNEIDER. Senator, first, I am very familiar with DOD's Business Transformation Office. I worked for Secretary England when he was the Secretary of the Navy, and I guess, when Secretary Rumsfeld took over as Secretary of Defense across the services, we were asked to put together, if you will, to actually start the business transformation operation. A large portion of the, I will call it the core team that was put in place were people that worked for me in the Navy. It had the management attention directly of Secretary England, who then had to report to the Secretary of Defense. It has been subsequently institutionalized in its current form.

One of the things I would do, if I confirmed, is I would look at—there is, from what I understand, a Business Transformation Office in the Department of Homeland Security. I would look at the structure of that. I would look at the areas that they are currently looking at. And based on my experience in terms of the areas that the business transformation operation ought to look at, see if, in fact, these efforts are properly focused and, if not, take whatever action was required to get them on track.

Senator AKAKA. I am glad to hear your approach. From all of your experiences, I look forward to you being successful in doing that. My time has just expired.

Chairman COLLINS. Thank you. Senator Voinovich.

Senator VOINOVICH. Mr. Schneider, I question whether the Under Secretary for Management has sufficient authority to direct overreaching management integration and strategy across the Department. In fact, I heard through the grapevine that your prede-

cessor felt rather frustrated in terms of getting the job done, and that is one of the reasons why she decided to leave.

As Senator Akaka has mentioned, we introduced the Homeland Security Restructuring Act of 2000, which would elevate the management responsibilities within the Department to the Deputy Secretary level.

From what you have observed of the Under Secretary for Management position and the various chief officers within the Management Directorate, do you think the office to which you have been nominated possesses adequate authority to effect change throughout the Department? If confirmed, how will you work within the existing dual-accountability command structure to ensure that influence of the Management Directorate is robust enough to ensure a common culture of management excellence throughout the Department? Finally, what other positions have you held in the past in which you have not had sufficient authority but you were nevertheless able to accomplish your objectives?

Mr. SCHNEIDER. Senator, on the first part, when you mentioned the deputy—recommending elevating to a Deputy Secretary, was that in S. 1712? I reviewed that proposed legislation that proposes elevating the position to the Deputy Secretary for Management, and I compared it very closely to the Homeland Security Act, and it appears that there are some very specific changes, one in terms of tenure. I believe it proposes a 5-year tenure.

I envision the Under Secretary for Management by the authorities that are invested in that position by law, that Homeland Security Act, and by my detailed discussions with the Secretary and Deputy Secretary that in practice, even though I would not be called a Deputy Secretary, but in practice, there is absolutely no doubt in my mind that I am like a Chief Operating Officer of a department.

And part of that has to do with the law is very helpful because that Act very clearly specifies what authorities I would have. What is even more helpful is the obvious confidence that the Secretary and the Deputy Secretary have in me, and that will become very obvious to the leadership in the Department.

I think the third element that makes this work and why I believe that on the surface I would have all the authorities that I need is because of the power of the personality, and I am not a shy person. I know how to take action and to be aggressive, and I think between what is specified in law, the relationship that I would have with the Secretary, and the nature of how I do business, that those are sufficient tools for me to be successful.

On your second part of this question regarding dual accountability, DOD, in fact, does have dual accountability. I mean, you have a comptroller, you have an acquisition executive, you have the Under Secretary of Defense for Personnel, and they do not have, with one exception and that is on the acquisition side, in general, line authority over the service components. They basically effect control by policy and procedures and exercising oversight where it is needed. I have lived in that process. I know from the service standpoint the kind of help that I used to get from the DOD at the DOD level, and I think that the business unit chiefs, whether it is the CIO, the Human Capital Officer, and the Chief Financial Offi-

cer, by policy and by procedures and oversight appear to me to have sufficient authority to go do their jobs.

I think in the case of the Chief Procurement Officer, she has even stronger control. She can do several things. She can pull the warrant of a contracting officer in one of the operating components. She can specify her review of any procurement above within a certain threshold. She can issue policies that say, I don't want you to use these types of contracts in these situations. She, today, has a tremendous amount of authority.

Regarding the third part of your question, my past experience, I have always pushed, if you will, the edge of the envelope, and I believe the secret to success has been my competence, but more importantly, the confidence that my leadership has shown in me and the latitude that they have given for me to basically define the job. You are always going to have a give and take, and that is part of the way business gets done, but I don't recall, frankly, anything where I was really limited, if you will.

Senator VOINOVICH. Thank you.

Chairman COLLINS. Mr. Schneider, many of the Federal Government's more experienced acquisition personnel are now eligible for retirement. Reforms are also placing new demands on the acquisition workforce. Acquisition staff must have a greater knowledge than ever before of technology, of market conditions, of industry trends, of the technical details of the services and commodities that they procure. At the same time, we have seen the number of procurement actions increase by 12 percent with the greatest amount of work coming on contracting actions over the simplified acquisition threshold of $100,000. In other words, the procurement workforce is being asked truly to do more with less.

I am concerned that we are rapidly losing the personnel workforce that is needed to manage procurement of increasing complexity. In addition, we are not seeing an influx of younger people to replace the procurement staff that are eligible for retirement or about to retire. We have also seen the problems that have occurred at FEMA because of understaffing in the procurement workforce, understaffing that in the end ends up costing us far more than if those positions had been filled.

What additional tools do you believe are necessary at DHS to ensure the recruitment and retention of highly qualified individuals to the acquisition workforce?

Mr. SCHNEIDER. Senator, I think for starters I have reviewed the recent FEMA Act. I was encouraged to see a couple of really major incentives in there where FEMA was granted the authority to pay bonuses for recruitment as well as for retention up to about roughly 25 percent of salary. That goes a long way in trying to make FEMA, if you will, a desired place to work.

I think the other aspect of it, and that is not to say that is going to solve the large number of vacancies, there needs to be aggressive recruiting programs. I have spoken to the Director of Management at FEMA, somebody I have known for a long time, and the Chief Human Capital Officer. They have a series of what I would consider to be very aggressive actions to initiate intern programs in the critical disciplines, aggressive hiring with teams of people that

target specific geographic areas, and so I think I am satisfied that from the interim standpoint that they can make great progress.

I think a bigger problem, quite frankly, is at the mid-level, especially on the contracting officers. From the time a boot intern walks in the door until the time they are a journeyman contracting officer takes a long time. So what is really needed is that we need to have an influx at the mid-level. That is going to require, I believe, getting the word that the Department of Homeland Security is the place to be.

In the 1970s and the 1960s when I grew up, it was either Defense or Space. I think the place where the action is for this time and for the near-term future is in Homeland Security, and I think the Department has to do a better job of advertising why Homeland Security is the place to work, and frankly, I believe a lot of personal recruiting at the mid-level would help go a long way.

Chairman COLLINS. Certain of DHS components, certain agencies within the Department, in order to carry out their mission, must compile and maintain personal information on American citizens. We have seen earlier this year very disturbing incidents where, for example, at the Veterans Administration a computer containing personal data on millions of veterans was stolen. What can you do and what will you do to minimize the risk that personal information stored on DHS computers and in DHS information systems is not compromised? In other words, have you looked at the computer security policies of the Department?

Mr. SCHNEIDER. Senator, I have not looked at the computer security policies of the Department, but from my previous experience, I know there are things you can do, starting with the encryption of hard drives and the like. I think in this particular area, and I recognize the sensitivity, I believe that the Deputy Director of the Office of Management and Budget for Management, Clay Johnson, III, has issued three memos, which I have read, one in May, one in June, and most recently in September 2006, that talk about very specific policies, procedures, and what happens in the case of, I believe it is called, personal identifiable information. So I believe there is a blueprint out there of steps that need to be taken for prevention and specific actions in terms of notifications, both—if, in fact, there is a loss of PII.

Chairman COLLINS. Thank you. Senator Akaka.

Senator AKAKA. Thank you very much, Madam Chairman.

Mr. Schneider, as a retired Federal employee who returned to Federal service after September 11, you appreciate the need to attract and retain skilled and trained workers, especially those safeguarding the Nation against manmade and natural disasters. Many of these jobs are inherently governmental, which is why it is so important that DHS ensures that it has the personnel and resources to carry out its mission. As an example, the Chairman spoke on FEMA and the champion of Federal employees, Senator Voinovich.

Mr. Schneider, I would appreciate your assurance that Congress will receive regular updates on the Department's use of training funds, retention bonuses, student loan repayments, and other efforts to recruit and retain a skilled workforce. I also ask that the DHS Chief Human Capital Officer regularly meet with this Com-

mittee's staff to keep us informed of the agency's use of personnel flexibilities. Do you have any comment on that?

Mr. SCHNEIDER. Senator, no. I support that. I have met with the Chief Human Capital Officer. She has been in the job, I think, about 60 days. She is a dynamo, and she has had tremendous experience, if you will, both at the State level in OPM, she has had extensive experience in how to use these types of incentives, and I am personally thrilled that, if confirmed, I would have the opportunity to work for her in these types of efforts. And I would commit, if confirmed, to provide you and the staff any information that you would want in this particular type of area.

These are some of the metrics, Senator, that if I was confirmed that I would use to gauge how well are we using these tools that are available and is there some measure of effectiveness of what it is costing versus what the return is.

Senator AKAKA. Thank you for that response. I think we can both agree, Mr. Schneider, how important it is for DHS to have strong recruitment and retention policies. With this in mind, I would like to discuss a situation that has arisen with the Federal Protective Service at DHS. The press reports that FPS faces a $42 million shortfall. To address this financial problem, DHS announced it will offer early retirement to FPS personnel and end retention bonuses, which would save about $3 million.

I am wondering if human capital decisions are adequately factored into this funding decision. I would appreciate your looking into this situation and getting back to the Committee on this.

Mr. SCHNEIDER. Senator, if confirmed, I would do that.

Senator AKAKA. Are you aware of that situation?

Mr. SCHNEIDER. Somebody briefly mentioned it to me the other day, but I did not probe into it.

Senator AKAKA. Mr. Schneider, a Gallup survey released yesterday found that although government employment is attractive to young adults, there are many obstacles to overcome in the recruitment of younger employees. I was interested to see, however, that agencies involved in national security, including DHS, scored high with those surveyed. In fact, DHS scored number four out of 25 agencies in terms of employment interest. Nonetheless, DHS scored second to last in employee satisfaction of the 30 agencies ranked by a 2005 survey of employed Federal workers.

Given these two surveys I have just mentioned, how would you address the perception of those who might be interested in working for DHS versus those who currently work for DHS?

Mr. SCHNEIDER. Well, on the first survey, it is encouraging because it shows that DHS is where the action is for the future, so if you want to make a contribution, that is the place to work. So I would expand on that.

On the second survey that you mentioned, I think it is a responsibility of leadership to convey—to make the workforce a place where people want to come to, and that is where they like it. It is not just the work that they like, but they trust their management, they feel that the management listens, and there is an environment of open communications back and forth. I think this is a leadership issue, and if confirmed, I believe I can be of help, if you will, in energizing the leadership to focus on that type of an issue. Un-

less the Department or any agency has a reputation as a good place to work because the leadership listens, you are not going to attract people and this Department would be down in the cellar. I think it is really a leadership issue, and the employees have to have the confidence that their management listens and that they can trust them.

Senator AKAKA. I thank you very much for your responses, Mr. Schneider. Thank you.

Chairman COLLINS. Thank you. Senator Voinovich.

Senator VOINOVICH. Mr. Schneider, building on what Senator Akaka just discussed with you, I would like to have in writing your plan to change the attitude of the people in the Department in terms of their job satisfaction. This will enable the Committee to monitor the program that you are going to institute and revisit the issue a year from now to see whether or not it has made a difference.

Second, before I forget it, I would like to say that I am very much impressed with your familiarity with the Department. I have sat through a lot of these hearings, and you seem to be more familiar with the operation and the job to which you have been nominated than anyone that I have heard in recent times. I congratulate you, and if your preparation for today's hearing is any indication of the success you are going to have, I think you are going to do a good job.

Mr. SCHNEIDER. Thank you very much, Senator.

Senator VOINOVICH. Mr. Schneider, you have the responsibility for overseeing the Department's budget and appropriation requests and expenditure of funds. Since 2002, the Federal Government has more than tripled government-wide spending related to non-defense homeland security, a big increase. I continue to believe that DHS needs to do a better job of conducting risk assessments and allocating our limited budgetary resources based upon risk and strategic planning priorities. Do you agree?

Mr. SCHNEIDER. Yes, I do. I think, frankly, Senator, one of the reasons I believe that Secretary Chertoff and the Deputy Secretary found me as an attractive candidate for this position is my ability to take a look at an entire effort, and it is what is the objective, what are the requirements, how is it going to be used, what are the cost trades relative to different levels of performance, understanding what the total cost of the effort is as opposed to this fiscal year it is going to cost X-number of dollars and next fiscal year it is going to cost Y-number of dollars. That is the world I come from. I have been responsible for making a lot of those types of decisions where resources are limited and the number of opportunities are great.

What I would do is to look at the current processes. There are several that are in place right now. A Joint Requirements Board is an investment requirements review board. I have already talked to the Deputy Secretary about this. This is one of his priorities for me, and I believe we are on a common mindset of what needs to be done.

There needs to be a total understanding of what the major expenditure is going to be and what the options are. There is usually more than one option, and a lot has to do with maybe the 99 per-

cent solution 10 years from now at X-number of dollars is not the right answer. Maybe the 70 percent solution 5 years from now with substantially less dollar investment is the right answer.

That is the type of process that I have lived in and grown up in. That is the process that I believe has instilled discipline in the Defense Department, and what I would try to do is to see how the existing processes within the Department would need to be strengthened in order to give management a better insight into the decisionmaking process.

Senator VOINOVICH. Well, I must say to you that DOD leaves a lot to be desired.

Mr. SCHNEIDER. Yes, sir.

Senator VOINOVICH. Of the items on GAO's high-risk list, I believe eight of them are Department of Defense programs and six of them are government-wide programs for which the Department of Defense shares some responsibility. We are doing oversight on the supply chain management and security clearance procurement process. So I hope that you don't look at that operation as a model. As a matter of fact, I think that if you were to look at the most recent high-risk list, you would find that DHS is very high on Comptroller General Walker's list. So I guess I am saying to you I am not that impressed with what the Department of Defense has done in the past. I think we can do better than that.

Mr. SCHNEIDER. Yes, sir. If I may, I think one of the things when I was at NSA that we did was we tailored the DOD process where we thought it had some strengths and we discarded some of those areas where we thought it was weak.

Senator VOINOVICH. In terms of the budget process, what concerns me, and maybe this is because I am an old mayor and a governor, is the Department's allocation of resources. The Department has had a continued increase in terms of their budget as contrasted to some of the other non-defense discretionary spending. But if you examine current spending, you can identify items that may not be as high a priority as something else that the Department has been asked to do. You will also find that this Committee is going to have all kinds of ideas about other things that you ought to fund that unfortunately come with a very large price tag. You can't do it all.

One of the things that is of concern to me right now is our spending on border security. If you talk to Judd Gregg, who is head of the Appropriations Committee for Homeland Security, he will tell you that there isn't enough money for us to get the job done. You are going to be asked to get the job done, and the issue then becomes, how much money are you going to really need to get the job done, are you going to request those dollars in the 2008 budget, or are you going to be told by OMB that you will have to decrease funding for another priority in order to have the resources necessary for the task at hand?

There has got to be a point where you make the determination that what we are going to have to depend upon is the intelligence to decrease our vulnerability to attack.

I plan to spend a lot of time on the Department's budget because I think part of our problem here is that we don't have a broad picture of our homeland security activities, of the associated allocation of resources, and on understanding how we can get the best return

on our investment. I am hoping to talk with you more about that as you take on this job.

Mr. SCHNEIDER. Yes, sir.

Senator VOINOVICH. Thank you, Madam Chairman, for the time.

Chairman COLLINS. Thank you.

I would like to thank Mr. Schneider for appearing before the Committee today. It is my hope that this Committee will act on your nomination before we adjourn so that you can be considered by the full Senate. I think your position is a very important one, and given the widespread support for your nomination and your excellent performance today, my hope is that we can take the Bob Gates model and act that quickly to approve you and get you on the job because the Department really does need you.

You can facilitate that by returning very quickly the additional questions that I and others may have for you. Without objection, the record will be kept open until noon tomorrow for the submission of any additional written questions or statements for the record. The sooner you turn those around, the happier I will be because then we can move to considering your nomination.

I want to join Senator Voinovich in thanking you for your public service, for returning to public service. I think that your background is exactly what the Department needs, and I am pleased to lend my voice in support of your nomination, as well.

This hearing is now adjourned. Thank you.

[Whereupon, at 4:05 p.m., the Committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR LIEBERMAN

Thank you, Madam Chairman and welcome to you Mr. Schneider. The position for which you have been nominated—Department of Homeland Security Under Secretary for Management—is unusual, if not unique, in the Federal Government. If confirmed, you will be responsible for core, cross-Department functions such as budget and financial management, procurement, IT systems, and human resources, and the Management Directorate that you will lead will be central to addressing some of the key challenges facing DHS.

When we created DHS 4 years ago, it was with the intent to bring together the Federal Government's previously balkanized antiterrorism resources in one Department and to take advantage of the synergies that resulted. By doing so, I am confident that we have made the country safer. As the Department matures, however, there continue to be growing pains, and the Under Secretary for Management plays a central role in ensuring that a coherent Department emerges out of DHS's many component entities.

Moreover, if the Department is to succeed in its ultimate mission of protecting the Nation from man-made and natural disasters, it must be run well, with its resources managed wisely and an ability to attract a sufficient and talented workforce. It will fall in large measure to you—if you are confirmed—to ensure that is so.

I am interested in hearing from you today how you will address some of the most pressing management challenges faced by the Department.

For example, how are you going to help the Department build the stable and experienced workforce it needs to carry out vital homeland security missions. The Department continues to face major challenges in recruiting, training, and retaining personnel to ensure that the workforce contains the skills needed by the diverse components of the Department. Much work remains in establishing the human resources management system that Congress authorized in the Homeland Security Act, especially now that a Federal court has blocked portions of the Department's regulations establishing that system. I am also interested in hearing your ideas about how to establish a performance management system that inspires the best effort and performance from our workforce, that is objective, reliable, and transparent, and that contains other safeguards to ensure that the system is fair and effective.

I am also interested in your ideas for ensuring effective implementation of the FEMA restructuring legislation that Senator Collins and I introduced and that was signed into law as part of the Homeland Security appropriations bill this fall. As I'm sure you know, the organizational changes mandated by that legislation are required to be in place by March 31, 2007, and other provisions of the law take effect earlier. I would like to hear from you what steps you will take and what your role will be in ensuring that the changes mandated by the law are implemented effectively and on time.

Another critical area for which you will be responsible is procurement. The *Washington Post* recently publicized an outside study of the Department's procurement operations that found glaring and systematic deficiencies in many of the contract files it reviewed. The Department since its inception also has been embarrassed by a series of cost overruns on large contracts totaling hundreds of millions of dollars. Furthermore, the Department's increasing reliance on less-than-fully-competitive contracting procedures is depriving the Department—and the U.S. taxpayers—of the best value for its dollars. I am interested in hearing from you what actions you intend to take to improve the Department's acquisition management system and ensure that the Department is spending its contracting funds wisely and engaging in effective oversight of its contracts.

Improving and integrating the Department's information technology systems is another significant challenge. In FY07, the budget for DHS's IT investments will

reach $4.16 billion. Yet, according to a report released by the President's Management Council in October, DHS could defend less than half of its IT investments. I would like to hear how you would work with the Chief Information Officer to improve IT management at the Department.

Mr. Schneider, you have a formidable record of 40 years of experience, largely in the Federal government, including as Principal Deputy Assistant Secretary of the Navy for Research, Development and Acquisition and Senior Acquisition Executive for the National Security Agency, and I am hopeful this considerable experience will serve you well if you are confirmed in this post. Certainly, the myriad management challenges of the still-new Department can be daunting. But it is also essential that these challenges be met and conquered if the Department is to live up to its potential and effectively protect the nation's citizens.

STATEMENT OF
PAUL A. SCHNEIDER
NOMINEE TO BE UNDER SECRETARY FOR MANAGEMENT
AT THE
U.S. DEPARTMENT OF HOMELAND SECURITY
DECEMBER 6, 2006

Chairman Collins, Senator Lieberman, and distinguished Members of the Committee, it is an honor to appear before you today as you consider my nomination by the President to be the next Under Secretary for Management at the U.S. Department of Homeland Security.

I am deeply honored and humbled that President Bush has nominated me to serve this great country and its people, and I thank Secretary Chertoff for his support throughout this process. If confirmed, I look forward to the opportunity and privilege of serving under his direction with the dedicated men and women who are working to secure our homeland and defend our freedoms.

I would like to recognize my wife, Leslie, and several of our family and friends who have joined me here today.

I owe this country a lot. I started at the Portsmouth Naval Shipyard in Kittery, Maine, as a 21 year-old GS-5 Engineer who was obsessed with building nuclear submarines. As I progressed up through the ranks, I was afforded a number of opportunities to serve in positions of increased responsibility, seeing and doing things that one could have only dreamed of as a kid fresh out of school.

More than 40 years later, on 9/11, I was in the Pentagon. I saw first-hand the devastation to which our enemies commit themselves. As I lay in the grass by the river, as we were told to do because we were advised another airplane was inbound, I saw the fire and smoke rising from the building and two F-16 flying combat air patrol.

Three things came to mind:

1. I was a kid who grew up in the cold war practicing duck and cover drills, I could not believe this was happening in our country;
2. the "battle space" to which those in the military frequently refer was now, not in Europe, not in the Far East or the Middle East, but in U.S. airspace; and
3. I realized that our lives would never really be the same.

I hope that my integrity, competence, continued willingness to serve the public trust, and ability to accomplish significant and challenging objectives demonstrate the skill set and experience needed to meet the significant responsibility required by the Under Secretary for Management's charge.

If confirmed, I commit to working with you and your staff, other governmental departments and agencies, businesses (large and small), and our international partners to make a contribution to securing our homeland for today and tomorrow.

Thank you very much for this opportunity to appear here today.

I am happy to answer any questions you may have.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name: Paul A. Schneider**

2. **Position to which nominated: Under Secretary for Management at the Department of Homeland Security**

3. **Date of nomination: 11 November 2006**

4. **Address:**

5. **Date and place of birth: 30 April 1944 in Brooklyn, NY**

6. **Marital status: Separated, Leslie Levine Schneider**

7. **Names and ages of children: None**

8. **Education: James Madison High School, Brooklyn, NY, 1957-1961**
   University of Massachusetts at Lowell, BS in Nuclear Engineering 1961-1965

9. **Employment record:** List all jobs held since college, and any relevant or significant jobs held prior to that time, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.) **See attachment**

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above. **None**

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

    CNAC Institute for Public Research-contractor
    Whitney Bradley and Browne - contractor
    WILCOR - part time employee
    G2 Software Systems Inc. - part time employee
    Beacon Management Group- consultant
    Interactive Technologies Group (ITG) - contractor
    DRS - consultant

Federal Aviation Administration - contractor
National Defense Industrial Association – on the DC Board
Cryptolex – on the Board of Advisors

12. **Memberships:** List all memberships, affiliations, or and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable or other organizations.

Annapolis Yacht Club
Association of Scientists and Engineers
American Society of Naval Engineers
Old Crows Society
AFCEA
Navy League
Naval Institute
National Defense Industrial Association
Society of Naval Architects and Marine Engineers

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate. **None**

(b) List all memberships and offices held in and services rendered to any political party or election committee during the last 10 years. **None**

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more during the past 5 years. **None**

14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Department of the Navy Superior Civilian Service Award
Department of the Navy Distinguished Civilian Service Award
Department of Defense Distinguished Civilian Service Award (twice)
Presidential Rank Award of Distinguished Civilian Executive (twice)
Presidential Rank Award of Meritorious Executive
President's Award for Distinguished Civilian Service
NSA Director's Award for Exceptional Civilian Service

15. **Published writings:** Provide the Committee with two copies of any books, articles,

reports, or other published materials which you have written. **None**

16. **Speeches:**

(a) Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated of and are on topics relevant to the position for which you have been nominated. Provide copies of any testimony to Congress, or to any other legislative or administrative body.

I gave no formal speeches during the past 3 years. During the prior 2 years I gave no speeches that were on topics that are relevant to the position for which I have been nominated.

(b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.

While I gave many speeches while I was at NSA and the Navy I do not have records of dates, places and occasions. However I can provide a rough idea of the kinds of speeches I gave:
NSA - Keynote address at classified and unclassified technical symposia.
Navy - Keynote address at many classified and unclassified technical symposia, international conferences and public forums. Over 50 speeches at ship launchings and commissionings and international ceremonies; breakfasts and lunches and dinner meetings. Over 50 somewhat informal talks (many public).

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President? **Yes**

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have served in positions of significant responsibility that cover the broad range of management areas required for the position. For over 40 years I have served the public trust and have demonstrated my integrity, competence, and ability to accomplish significant and challenging objectives. The skill set and experience that I have qualify me to meet the challenges of this important position.

B. EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate? **Yes**

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain. **No**

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization, or to start employment with any other entity? **No**

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? **No**

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? **Yes**

6. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? **No**

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated. **None.**

2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity. **None**

3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position? **Yes**

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? **No**

2. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details. **No**

3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? **No**

4. For responses to question 3, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity. **N/A**

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination. **N/A**

E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

AFFIDAVIT

I, Paul A. Schneider, being duly sworn, hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Paul A. Schneider

Subscribed and sworn before me this 24th day of November, 20 06

Robert G Lowry
Notary Public

My commission expires 12/31/06

Employment Record

From 1965 to 1966 - Project Engineer in the Submarine Propulsion and Auxiliary Machinery Branch at the Portsmouth Naval Shipyard, NH.

From 1966 to 1970 – Project Engineer in the Bureau of Ship's Submarine Overhaul and maintenance Program and the SSN Submarine Ship Acquisition Project, Washington DC.

From 1970 to 1975 - TRIDENT Submarine Acquisition Project starting as a Project Engineer for Ship Design, and then as Director, Research, Development, Test and Evaluation Division, Washington, DC.

From 1975 to 1981 - Director, TRIDENT Submarine Ship Systems Engineering Management Division. Was responsible for the management of the ship design and the integration of weapons and combat systems. During this period also served as Program Manager for a Submarine Advanced Technology Program and the submarine design portion of the US/UK Trident Submarine Program.

From 1981 to February 1986 - Deputy Director of Naval Sea Systems Command (NAVSEA) Auxiliary Systems Sub-Group in the Engineering Directorate. Responsible for the design, engineering and life cycle support of surface ship and submarine piping, heating, ventilation and air conditioning systems and auxiliary machinery, including environmental pollution control and aircraft carrier fire fighting systems.

From March 1986 to March 1991 - Executive Director of the NAVSEA Amphibious, Auxiliary, Mine and Sealift Ships Directorate, responsible for ship design, acquisition, maintenance, modernization and life cycle support of these ships. During this period also served as Program Manager for two classified programs.

From March 1991 to October 1994 - Executive Director of the NAVSEA Surface Ship Directorate with expanded responsibilities to include aircraft carriers and in-service surface combatants, combat systems, security assistance and foreign military sales and the Navy's diving and salvage program.

From October 1994 to June 1998 - Executive Director and Senior Civilian of the Naval Sea Systems Command, the Navy's largest shore organization. In this position was responsible for the day-to-day operations of an $18 billion dollar a year, 70,000-person organization, including shipyards, laboratories, and engineering and test facilities.

From July 1998 to September 2002 - Principal Deputy Assistant Secretary of the Navy (Research, Development and Acquisition). Responsible for the oversight and execution of Navy and Marine Corps research, development and acquisition programs with an annual budget in excess of $30 billion dollars. These included aviation, weapons, shipbuilding, undersea and mine warfare, missile defense, information technology, command, control, communications and

intelligence, and security assistance. During the administration transition served as the acting Assistant Secretary of the Navy for 8 months.

From October 2002 to September 2003 - Senior Acquisition Executive of the National Security Agency (NSA), Ft. Meade MD. Was responsible for oversight and execution of signals intelligence and information security development and acquisition programs.

From October 2003 to the Present - Self employed defense and aerospace consultant. Also is a part time employee, systems engineer, of WILCOR, MD (7/2006-Present) and G2 Software Systems Inc., San Diego, CA (3/2004-Present).

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of Paul A. Schneider to be
Under Secretary for Management, Department of Homeland Security

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Under Secretary for Management?

   I believe that the President agreed with Secretary's Chertoff's recommendation that I would be an excellent nominee based on my background and experience to fill this critical position and in doing so, make a major contribution to securing our homeland.

2. Were any conditions, expressed or implied, attached to your nomination? If so, please explain.

   No.

3. What specific background and experience affirmatively qualifies you to be Under Secretary for Management?

   I have served in positions of significant responsibility that cover the broad range of management areas required for the Under Secretary for Management's position. For over 40 years I have served the public trust and have demonstrated my integrity, competence and ability to accomplish significant and challenging objectives. The skill set and experience that I have qualify me to meet the challenges of this important position.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Under Secretary for Management? If so, what are they, and to whom were the commitments made?

   No.

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures and/or criteria that you will use to carry out such a recusal or disqualification.

   Not to my knowledge. However, should a conflict arise, I will consult with the Department's Designated Ethics Official to seek advice and guidance.

II. Role and Responsibilities of the Under Secretary for Management

6. What is your view of the role of Under Secretary for Management?

According to Section 701 of the Homeland Security Act, the Under Secretary is responsible for the management and administration of the Department for the Secretary. While there are specific functions listed in this section, in sum, it means the incumbent is responsible for the business end of the Department's activities. This is key to accomplish the assigned missions. It is my view that the role of Under Secretary for Management is unambiguous by legislation and in practice.

7. What do you regard as the major internal and external challenges facing the Directorate for Management in DHS? How will you as Under Secretary for Management address these challenges and what will be your top priorities?

The most important challenge is to continue the effort that was started with the creation of the new Department. Merging 22 agencies with approximately 180,000 people and turning it into the most effective force to protect our country is not an easy task. This requires effective and efficient use of financial and human resources, enabling technology, strong processes and superb management. These are the challenges that would be the focus of my efforts.

Internally, I would focus on:

- **Improving acquisition throughout the Department**
- **Strengthening the requirements and investment review processes**
- **Eliminating overlaps across the major operating components**
- **Acquiring and maintaining human capital**
- **Seeking efficiencies across the enterprise in operations and the use of resources**
- **Making the key management systems, such as financial, world class**

One of the major external challenges for DHS is strengthening the ties with other Departments, such as Intelligence, DoD and Transportation. This is especially important in those areas where leveraging each other's strengths would serve as a force multiplier. Another challenge we need to face is seeking opportunities in the international arena where cooperation would leverage the resources of all and enable faster outcomes.

I would work with the Congress and the oversight organizations to understand their concerns with DHS and take whatever action I could to address them satisfactorily and improve the credibility of the Department.

8. As Under Secretary for Management, what actions would you take to ensure there is regular and effective communication between you and your staff to address relevant issues?

I am an effective communicator and team builder. My focus would be on a clear understanding of objectives and priorities against the major issues, teamwork on the staff and across the DHS components and ensuring there is a good understanding of how I like to operate. I give people lots of latitude, am not troubled by bad news because bad news does not age well, don't insist on a perfect answer and deal in real time communications on matters of urgent priorities. Since I have been at this a long time and in a multitude of different types of positions, I know how to quickly gain the confidence of the staff and establish the tempo for operations.

9. In his article "An Undersecretary for Management: Its Potential in the Department of Homeland Security," author Alan Dean[1] contends that too many of the leadership positions within the USM office of DHS are filled by political rather than career appointees. They argue that the office needs the continuity and expertise that could be supplied by a greater percentage of leaders from the Senior Executive Service ranks.

What is your view of the importance of career appointees in leadership positions within the USM office? Would you seek to enhance the proportion of such career appointees?

I believe that having career appointees in leadership positions is important. However, I do not have sufficient information at this time to determine the proper proportion of career versus political appointees and more importantly where they should be placed.

III. Policy Questions

General Management

10. By all accounts, DHS has struggled to forge a cohesive culture for the many component entities that were merged to form the Department. Yet building such a shared purpose and identity is crucial to the ultimate effectiveness of the Department and underlies the reasons it was created.

    a. What is your view of the progress DHS has or has not made to date on this challenge?

[1] Alan L. Dean. "An Undersecretary for Management: It's Potential in the Department of Homeland Security." Presented at the National Conference of the American Society for Public Administration. March 18, 2003. http://www.napawash.org/si/Dean.pdf

I think it is hard to judge the progress made to date by just examining charts and reading reports and not having an opportunity to get in and probe the details. Therefore, I have no basis to make such an assessment at this time.

b. What is the role of the USM in helping to forge such a culture?

I believe that building a shared purpose and identity is crucial to the ultimate effectiveness of the Department and underlies the reasons it was created. The USM is a forcing function to transforming the DHS culture.

c. What incentives, formal or informal, might be useful in building such a cohesive identity within the Department? For instance, would you favor creation of incentives, such as the Goldwater-Nichols reforms within the Defense Department that formally encourage and reward service in different areas of the Department?

I would approach adapting Goldwater-Nichols type changes very carefully in DHS because of the reasons it was created vs. the possible needs of DHS. I believe that it may be more beneficial to look at the Defense Management Review (DMR) for possible ways to improve. This system was implemented several years later and restructured the acquisition process, workforce and DoD and Service Secretariats.

11. What is your approach to managing staff, and how has it developed in your previous management experiences?

As a manager, I encourage frequent and open communication to ensure my staff understands their individual responsibilities and how they fit into the big picture. I opt for a diverse staff with different backgrounds and expertise, empower them and encourage them to use the positions they are in as learning experiences. I invest in their training and focus on building team cohesiveness and making the workplace one that they can take great pride in as they accomplish the vital mission of the organization.

12. The Department's management chiefs who you would oversee – CFO, CIO, CHCO, etc. – report through their respective components. For example, the CFO at ICE reports to the ICE Assistant Secretary for Management, not directly to the DHS CFO. What do you think of this management structure? Does it need to be modified to be more effective? If so, what modifications are needed?

The management structure at DHS appears to be similar to the one I am most familiar with, DOD. In DOD the Service Assistant Secretaries (Acquisition, Finance, Human Resources, and Facilities) and CIOs report to the Service Secretaries, not the respective DOD Assistant, Under Secretary or CIO. In my opinion this structure works fine and I see no reason at this time why that would not be adequate for DHS.

13. In March 2005, the Government Accountability Office (GAO) reported on the status of the integration of DHS's varied management processes, systems and people in areas such as information technology, financial management, procurement, and human capital, as well as administrative services. The GAO report said DHS has made some progress in management integration, but still needed a comprehensive management integration strategy. GAO noted that in such a strategy, DHS would integrate planning across management functions to identify critical interdependencies, interim milestones and possible efficiencies. As the Under Secretary for Management, do you support such a strategy, and if so, what would your role be in driving the continuing management integration of the Department?

I support the strategy proposed by the GAO. The GAO indicates some of the plans and directives already issued by DHS could be used in building the needed integration strategy. I would review the DHS progress against each of the elements of the integration strategy since the issuance of the GAO report and confirm that the effort is headed on the right track. My role would be to direct this effort and to be the forcing function across the Department.

14. Four years after its founding, the Department still lacks Department-wide guidance and policies in a number of areas. For example, until very recently, there was no Department-wide guidance for the use of government purchase cards. The Department also lacks a policy on information quality. Some components are still using policies they had in place before DHS's creation. How important is it to have Department-wide policies in these types of area? How will you achieve development and implementation of Department-wide policies in these and other important areas?

Department - wide policies are an essential element of good management and therefore areas that require policies should have them. I would look at the policies that are in effect, determine if they are adequate, and if not modify them as required to specify the proper requirements. I would also determine the areas that require policies that currently do not have them and have them developed and promulgated.

15. According to the testimony of David M. Zavada, Assistant Inspector General for Audits at DHS (9/13/2006 House Government Reform Committee hearing), as of September 2006, DHS also did not have a Department-wide corrective action plan in place to address internal control deficiencies. What are the critical elements that need to be contained in this plan, and how will you work to get a corrective action plan in place and ensure that corrective actions are taken?

A good plan identifies the processes to be fixed and the milestones that must be met to resolve the underlying root causes of the weaknesses. I understand that the CFO is currently working on producing such a plan. If confirmed, I would look to hold components accountable for their progress in meeting those milestones and eliminating the weaknesses.

16. DHS has created a "Master Housing Plan" that would consolidate most of its operations to St. Elizabeths in southeast DC, beginning with construction of the Coast Guard Headquarters.

    a. If this plan is realized and DHS moves toward a more unified campus at St. Elizabeths, how do you plan to take initial steps to ensure a smooth transition among the workforce from the multiple locations?

    Communication to the DHS workforce is absolutely key to this transition. A communications framework of employee groups from each DHS component would be set up to work on the major issues that are important to people, such as transportation, personal security, parking, food service, etc. Frequent status updates to everyone, including, town hall meetings, goes a long way in assuaging people's concerns. A move of this magnitude that has the potential to be disruptive to people's lives must be handled with special care. As the Executive Director and Senior Civilian of the Naval Sea Systems Command, the Navy's largest shore command, I was responsible for the planning of the move of approximately 5,000 people in numerous facilities in Northern Virginia to the Washington Navy Yard in Southwest Washington D.C. and therefore have considerable direct experience in these matters.

    b. What will be the keys to managing this project so that construction and subsequent relocations are completed on time and on budget?

    In order to effectively manage the scope, cost and schedule for this critical project, DHS must continue to work closely with the General Services Administration, who serves as the executing agent for the redevelopment of the St. Elizabeths West Campus.

    Using flexible office space designs that can easily accommodate expansion, contraction or other changes of individual functions without costly redesigns or scope creep.

    Working with GSA to establish, maintain and monitor a comprehensive project schedule with achievable milestones and financial performance reporting.

    Refining the programming estimates based on the approved final Master Plan. Budget support from the Congress for both agencies is necessary to keep the project on track.

    A DHS project team to manage all aspects of the planning, design/construction coordination with GSA and individual tenants, lease administration, outfitting and moves of the various offices to St. Elizabeths and other consolidation locations.

17. The Homeland Security Act of 2002 gives the Undersecretary for Management the responsibility for the "transition and reorganization process, to ensure an efficient and orderly transfer of functions and personnel to the Department of Homeland Security." (6 USC 341 (9)).

    a. Do you believe that this responsibility also applies to departmental reorganization?

    No. My interpretation of this specific wording is such that the responsibility is assigned to the Secretary. The rest of the quoted paragraph "...including the development of a transition plan" indicates the intent may have been specific to the initial establishment of the Department. However, under Section 872 the Secretary was given broad responsibility to "...establish, consolidate, alter, or discontinue organizational units within the Department."

    I understand that there is a difference in interpretation of section 872 regarding the actual extent of the authority that the Secretary has with respect to the interpretation of the word unit. Notwithstanding this disagreement, whatever is determined to be the actual scope of his authority, I think the Under Secretary for Management would be his agent for accomplishing any change of organizational nature that was required, in accordance with the intent of 6 USC 341 (9).

    b. Congress recently passed the Post-Katrina Emergency Management Reform Act of 2006, (P.L. 109-295), which mandates the reorganization of preparedness and FEMA functions within the Department. What is your role in carrying out Congressional intent in the reorganization?

    I think the Under Secretary for Management would be the Secretary's agent for accomplishing this change.

18. The Post-Katrina Emergency Management Reform Act of 2006, (P.L. 109-295), reinvents FEMA and among other things, reorganizes aspects of FEMA. What management challenges do you foresee in the implementation of P.L. 109-295? What are your plans to overcome these challenges?

    I have reviewed P.L. 109-295 and it appears that the required changes are fairly straight forward. I am not aware of the details of the existing headquarters organizations to detect any specific challenges but I will examine this further if I am confirmed.

19. In July 2005, the Department unveiled its Homeland Security Learning and Development Strategic Plan to align education, training, and professional development with the Department's strategic goals. The plan addresses the need to

align education and professional development with the Department's vision, mission, core values, and strategic plan. What is your assessment of the plan? What changes would you make to the plan? What are your views on the best way to train employees generally?

Shortly after its creation, the DHS Training Leaders Council published the Homeland Security Learning and Development Strategic Plan for 2006-2010 This Strategic Plan is still valid and is utilized by the Department's training, education and professional development professionals to guide individual and collective Component programs. The Department's Chief Human Capital Officer, in conjunction with the Department's Training Leaders Council and Human Capital Council, is finalizing a Learning and Development strategy that will implement the goals of the Homeland Security Learning and Development Strategic Plan across the Department. The Strategic Plan when combined with implementing the Learning and Development strategy will serve to standardize its employee development programs enterprise-wide, and will greatly assist in developing a culture of a "Team DHS."

20. Legislation has been introduced (S. 1712) to establish within the Department a Deputy Assistant Secretary for Management who would serve as the principal advisor to the Secretary of Homeland Security on management issues and would be responsible for overall planning and budgeting; financial management; human resources and personnel; and management of information resources, including technology, networks, and telecommunications functions. Do you believe elevating the management responsibilities within the Department as provided in S. 1712 would help address the need to integrate management within the entities comprising DHS?

I have read the proposed legislation and am hard pressed to find substantive differences in job scope and areas of responsibility between the current Under Secretary for Management's position and the one proposed. It appears the major change is one of formally making the proposed position directly behind the Secretary and Deputy Secretary in order of succession. Since the current position serves the President and the Secretary, and the responsibilities described in the proposed legislation are currently with the Under Secretary for Management and his Chiefs, the ability to exert influence and effect outcomes is determined in large part by the confidence the Secretary has in the incumbent and how he or she operates on a daily basis with the DHS leadership.

Human Capital Management

21. What do you see as your role, if confirmed, in addressing the human capital challenges facing DHS?

Answer 22 addresses this question.

22. What do you believe are the principal challenges facing the Department in the area of human capital management, and what do you believe should be done to meet those challenges?

One of the principal challenges in the area of human capital management is hiring and retaining the right talent. I understand that the DHS Chief Human Capital Officer has prepared an aggressive Human Capital Operational Plan with a major emphasis on talent management. This plan is comprised of initiatives to include establishing a benchmark hiring model and utilizing contemporary hiring flexibilities. These initiatives will specifically impact the hiring challenges within certain occupations across the Department such as those in the Information Technology arena. The Chief Human Capital Officer has also engaged outside entities to include the Office of Personnel Management and the Partnership for Public Service to provide targeted recruiting and staffing services to directly assist FEMA in their hiring efforts.

23. DHS, and FEMA in particular, have suffered very high vacancy rates, often for positions of critical importance. This Committee's investigation on the preparation for and response to Hurricane Katrina found that vacancies in FEMA hurt the nation's ability to respond to that catastrophic event. The vacancy rates are of such concern to Congress that the Post-Katrina Emergency Management Reform Act of 2006, enacted as part of the FY2007 Homeland Security Appropriations bill, mandated that FEMA report to Congress every quarter on vacancy rate.

    a. The Directorate of Management is responsible for human resources for the entire department. If nominated, what will you do to ensure that FEMA and DHS have filled vacant positions?

    Develop aggressive recruitment strategies in targeted areas of opportunity; consider consolidated recruitment with DHS tiger teams for key skills like IT, contracting, financial management across all DHS components; work with major companies that are downsizing to capitalize on their skills; examine expanding the use of Interagency Personnel Agreements and Government Industry rotation programs and establish metrics to be able to monitor progress.

    In addition, the DHS Chief Human Capital Officer has prepared an aggressive Human Capital Operational Plan with a major emphasis on talent management. This plan is comprised of initiatives to include establishing a benchmark hiring model and utilizing contemporary hiring flexibilities. These initiatives will also directly impact FEMA. The Chief Human Capital Officer has also engaged outside entities to include the Office of Personnel Management and the Partnership for Public Service to provide targeted recruiting and staffing services to directly assist FEMA in their hiring efforts.

b. How should DHS maintain the human capital needed to achieve results – getting the right employees for the job and providing the training, structure, incentives and accountability to work effectively?

Start with identifying the qualifications of the people needed to do the missions assigned; establish baseline templates for those critical skills; establish training programs and rotational job experiences where required to fill the gaps; create incentives to obtaining the training and hold the management of the organizations accountable for making sure it is accomplished.

24. The Committee's investigation of Hurricane Katrina found that training and education of its personnel, at the Department level and within its component agencies, needed to be improved. The Committee's report, like the White House's report on Hurricane Katrina, recommended that DHS develop a more robust system for the training, education and professional development of its full time personnel, particularly for mid-level and senior level positions, with the creation of a Homeland Security Academy. What is DHS doing to provide training, education and professional development for its personnel? Do you agree with both reports, calling for a Homeland Security Academy or Institute?

Regarding the specific matter of operational training, I am not certain who is responsible for this type of effort at DHS. Based on my DoD experience the armed forces have migrated to joint training, whereby they train like they would actually fight. For the most part this means joint forces; elements from each of the services train jointly; and there is a Combatant Commander (4 star, Joint Forces Command, who is assigned that responsibility).

With that said, the Department has recently established a Chief Learning Officer (CLO) position within the DHS Office of the Chief Human Capitol Officer (CHCO). I envision expanding the learning and development responsibilities of the CHCO, the CLO and the DHS Training Leaders Council with the goal of designing, developing and delivering high quality training, education and professional development programs and courses to DHS and our interagency and intergovernmental partners.

25. This Committee's investigation of Hurricane Katrina found that training of various teams within FEMA is sorely lacking. For example the Emergency Response Teams at FEMA rarely trained together. As Director of Management, what do you envision as your role for ensuring that personnel within the Department receive adequate and meaningful training?

The Department has recently established a Chief Learning Officer (CLO) position within the DHS Office of the Chief Human Capitol Officer (CHCO). I envision expanding the learning and development responsibilities of the CHCO,

the CLO and the DHS Training Leaders Council with the goal of designing, developing and delivering high quality training, education and professional development programs and courses to DHS and our interagency and intergovernmental partners.

26. The federal government has been active in contracting out selected government functions. While contracting out can be an effective means of performing the department's activities, it is critical that the government have sufficient staff on board with the appropriate skills to establish policy, maintain a strong institutional memory and to effectively manage acquisitions and contract oversight in order to ensure quality, economy, and timeliness. What are your views on the future of federal contracting and the capacity of the federal government to ensure that the public interest is appropriately served?

    The general trend is to downsize the Federal Government. Without discussing addressing whether that is good or bad, it is reality. Therefore, contracting out will be a way of life and if properly used can be a multiplier of Government effectiveness. The challenge is to determine what functions are inherently governmental in nature, must be done by the Government and cannot be contracted out, primarily to maintain the public trust. Some of these are obvious like legal, contracting and decision making. Everything else can be reviewed to determine where contracting for the service may be beneficial and if necessary how the government business model could change to take advantage of contracting. Reducing the skill set that the government has to retain organically may have its advantages. In any scenario, however, there needs to be maintained the proper oversight of contracted efforts to assure the government needs are truly realized.

27. Recently the U.S. Court of Appeals for the D.C. Circuit upheld the District Court's opinion which struck down DHS' HR MAX Pay for Performance Plan. How do you propose to work with the various federal employee labor unions in order to successfully construct and implement a new Pay for Performance Plan for DHS?

    It is my understanding that the referenced Court action struck down certain aspects of the DHS human resources program, not the entire plan. A key component of any pay for performance plan is a solid performance management system to support it. I would expect DHS invest the resources necessary to make sure that employees and managers are trained in goal setting, performing periodic reviews, providing feedback, etc.

    Engaging in continuous dialogue with the various labor unions and maintaining open communications is important.

28. Although the new personnel system for DHS employees is in the process of being redesigned for collective bargaining employees, DHS has already started moving non-collective bargaining employees into a pay for performance system. Do you

believe that the pay for performance system currently implemented for non-collective bargaining employees should eventually conform to the resulting pay for performance system for collective bargaining employees?

Recognizing that measuring performance requires a solid performance management system, some components within the Department continue to work on improving and managing employee performance through pay for performance systems. As the Department moves forward, such systems are likely to be considered and discussed.

29. Advocates of personnel flexibilities (such as performance-based pay, pay banding, and other flexible authorities) believe such flexible authorities are needed to achieve a more responsive human resources management system. Concerns, however, have been raised that such flexibilities can increase the risk of arbitrary and unfair action and politicization in the workplace. Do you believe these concerns have any validity? What can be done to address these concerns?

When employees have concerns about whether performance and compensation decisions are made in anything but an objective manner, then those concerns are valid whether they are true or not. Therefore, it is essential to develop a system with the appropriate checks and balances, as well as transparency, to ensure that employees perceive that decisions are made in a fair and objective manner. A way to avoid those misperceptions is through a sound robust performance management system where expectations are clearly articulated.

30. What actions in your past executive experiences demonstrate your style and approach in the area of labor-management relations?

I have always taken an approach of frank discussions about why there are needs for changes, the issues being addressed, express a good understanding of the views labor might have; understand their concerns and issues and try to reach agreements and if necessary settle for incremental progress. I think it is absolutely essential to gain peoples' trust and confidence that you are a person of integrity and while they might not always agree with you or like what you have to say they will know that you are giving them the straight and honest story.

31. What role would you like to see unions play at the Department, and what style or arrangements involving labor and management do you intend to foster? For example, will you foster labor-management partnership at the Department, or do you believe that other kinds of arrangements would be preferable? What steps will you take to achieve the kind of labor-management relationships you want?

I believe in consultation with the employee representatives to ensure they are kept up-to-date on any new policies and procedures that would impact the workforce across DHS. The Chief Human Capital Officer has established a

relationship with these leaders and wants to maintain such a relationship as we move forward on issues of joint concern.

32. According to the April 10, 2006 issue of Federal Human Resources Week, mentoring opportunities are welcomed by federal workers and help in recruitment and retention efforts. In addition, according to the International Mentoring Association, when training is combined with coaching and mentoring, productivity is increased by 88 percent. Do you believe formal mentoring programs would help improve communication; strengthen recruitment and retention programs; and help with succession planning at DHS, and if so, what steps would you take to increase mentoring opportunities at DHS?

Yes, I wholeheartedly believe that mentoring programs and opportunities are a great way to create a positive climate and culture in any organization and that includes DHS. As such, I believe that mentoring should be an integral part of all DHS leadership development programs at the managerial, supervisory and SES levels. I also believe that all managers, supervisors and senior leaders should be held accountable for mentoring their subordinates and that this could possibly be included as an evaluation criteria in their own annual performance appraisal. The Chief Human Capital Officer is involved in the design of a leadership development strategy that includes mentoring and rotation.

33. In 2003, the National Academy of Public Administration and the National Commission on the Public Service Implementation Initiative agreed that in developing any new appeals process for federal employees, the process must not only be fair, but also perceived as fair to sustain credibility. What in your view are the minimum requirements any appeals process needs in order to be both fair and perceived as fair?

At a minimum, the employees must perceive that they will have a system that provides due process. In addition, they must be able to appeal any adverse action to a neutral party to ensure that their case was adjudicated in an objective manner. Finally, the process must be transparent so that employees understand where they stand at all times.

34. It is generally agreed that in the War on Terrorism, having sufficient staff with foreign language skills is important. What programs or policies do you believe need to be in place in order for DHS to recruit, train, and retain employees with language proficiency?

Certain DHS frontline occupations require employees to maintain a proficiency in a foreign language. We would develop programs to ensure employees have all the skills they need, including language.

I am not aware of the details of all of the DHS efforts in this area However, I am aware the intelligence community has the same needs and have pursued many efforts in this area. I would start with examining those, see how DHS could capitalize them and expand if necessary first and then look at supplementing means to meet this demand.

Financial Management

35. DHS faces unique financial management challenges that must be addressed as it continues to integrate its 22 entities into a single Department. Many of the larger agencies that were consolidated into DHS have a history of poor systems and inadequate financial management. As a result of the serious and long-standing deficiencies in the internal controls and financial management of the 22 distinct entities that now compose DHS, financial auditors issued a disclaimer opinion on DHS financial statements for fiscal years 2004 and 2005.

    a. Describe your views on the importance of financial management, in general, and what your role would be in addressing these challenges in order to provide accurate, relevant, and timely financial management information to decision makers.

    Financial management is vital to the success of the Department's effort. At the most basic level, leadership must be in the know for every program: what is appropriated, obligated, committed and expended. There should be metrics for these activities. This is not just for the purpose of financial tracking but for making sound business and management decisions. It is key to the effective utilization of the appropriated resources. It takes good systems, well trained people and rigor and discipline across the enterprise. I would work with the CFO and the DHS operating units to make sure this happens.

    b. What would be your strategy for ensuring accountability over the billions of dollars in funds that FEMA is spending for disaster relief?

    One would prefer internal controls to be designed to prevent improper payments before they occur. However, in serving the Department's mission in disaster response conditions, preventive controls must be balanced against the need to quickly provide relief to those most in need. If confirmed, I would work with FEMA to ensure control systems designed are aimed at deterring waste, fraud, and abuse.

    c. What would be your strategy for addressing the significant financial management challenges faced by DHS's Immigration and Customs Enforcement component and the Coast Guard?

    The key is an effective corrective action plan. It is my understanding that the IG and the auditors have commented favorably on ICE's progress As a

result of its effective corrective action plans, ICE no longer contributes to a number of material weaknesses. The USCG still contributes to almost every material weakness. I would look to see that the USCG adopts a similar commitment to effective corrective action plans.

36. In order for DHS to make decisions about the cost-effectiveness of its various programs, DHS must first be able to analyze and compare its prior budget allocations and activities associated with each allocation. However, this Committee has repeatedly heard that GAO cannot conduct meaningful analysis of the budget and resource allocations of the Department of Homeland Security from one year to another because DHS fails to maintain appropriate records. What role do you believe the Undersecretary for Management should play to correct this problem?

I believe the Under Secretary for Management should take quick action to fix this problem. Please see my answer to question 35 a, regarding the essential nature of having basic information for good decision making.

37. Effective financial management requires sound financial management systems. Few of the systems inherited by DHS are integrated, several are outdated, and many have limited functionality. To address this problem, the Department had undertaken an initiative called eMerge2 and initially intended to develop a single, unified financial management system. The Department later chose to move to a shared service provider concept. What do you think about the shared service provider approach?

Based on my experience with implementing enterprise wide systems the focus is too often put on the mechanics of the system or software, rather than changing the underlying processes and what the people that must use the system do and how the jobs must change to reap the advantage of the new system.

I have had many discussions with major companies that have transformed their business practices and the number one priority has been financial management. They have implemented corporate wide systems such as PEOPLESOFT, SAP and ORACLE. The key lessons they learned from this experience were a new system is worthless unless you change the processes and what people do, and that this is very hard and takes a long time.

I would review the details of the current approach to ensure that its architecture is sound, the strategy solid and that its focus is on process and people, not just the technology and software systems.

38. DHS requires its agency components to contribute to DHS's Working Capital Fund (WCF), a fund used to support services used across the agency. How should DHS ensure that the agencies contribute appropriate amounts to the WCF?

I have been advised by the CFO that the DHS Working Capital Fund is substantially different than the WCF that the DOD uses Therefore, I would

have to understand the details of the DHS WCF including the specific activities and services, formulation process, how the assessment charges are determined etc.

39. In fiscal year 2005, the Department initiated the CFO's Three Year Vision for the Department of Homeland Security's Financial Reporting. As part of that initiative, an Internal Control Committee was established to coordinate actions and plan for compliance with the internal control provisions of the Department's Financial Accountability Act. What are your views on the importance and role of internal control in DHS's ability to effectively meet its mission, goals, and objectives?

Sound internal controls are essential to effectively meeting the Department's mission. DHS must have a process in place by which it can test whether our internal controls are well designed and operating effectively on a continuous basis. This means that management must move away from reliance on what outside auditors determine is wrong, and rather be in a position to find what is wrong and fix it before it becomes a major problem. We cannot assume that controls are working well just because auditors don't tell us to the contrary.

40. This committee held several hearings examining how precious taxpayer dollars, meant to help the Gulf States recover from Hurricane Katrina, were lost to waste, fraud, and poor management and decision-making. What steps should the Department take to better protect against waste, fraud, and mismanagement?

Protecting against waste, fraud, and mismanagement should be a critical part of the Department's internal control efforts. Improving processes and controls surrounding disaster relief before a catastrophic event occurs is key. Learning from past mistakes, setting priorities, providing training and the right tone at the top, and working cooperatively with federal and private entities are all key.

I have been advised that FEMA is aggressively taking steps to recoup funds that were paid in error or as a result of fraud and they are improving contracting and acquisition support. For example, the increased use of standby contracts should ensure that goods and services are procured at normal not disaster inflated prices. Improvements are being implemented for the accounting of property purchased for disasters. Real-time verification of applicant's identities now occurs for FEMA's Individuals and Households Program (IHP). These appear to be positive steps better protect against waste, fraud, and mismanagement.

Acquisition Management

41. Many of the federal government's more experienced acquisition personnel are eligible for retirement, while reforms are placing new demands on the acquisition workforce. For example, acquisition personnel must have a greater knowledge of

market conditions, industry trends, and the technical details of the commodities and services they procure.

At the same time, the number of procurement actions has risen 12 percent, with the greatest amount of work coming on contracting actions over the simplified acquisition threshold of $100,000. In essence, the procurement workforce is truly "doing more with less." There are concerns that the government may rapidly be losing the personnel needed to manage the procurement of increasingly sophisticated goods and services. What additional tools do you believe are necessary at DHS to ensure the recruitment and retention of qualified individuals to the acquisition workforce? One response to this growing crisis is an increased reliance on contractor support. How should the Department determine the appropriate roles for government personnel and contractor personnel?

In general, DHS needs to make more effective use of existing authorities such as direct hire authority and launch a Department-wide contracting intern program. In the FY'08 budget submission, DHS requested the funding necessary to establish a DHS Acquisition Intern Program, with one hundred new entry level positions in '08 (300 total over a three year period). The program will be the primary DHS vehicle for selection and development of an entry-level acquisition workforce. In addition, I understand that DHS is aggressively working to fill contracting vacancies and will continue to explore options such as Department-wide training and other incentives including relocation expenses, recruitment bonuses, educational loan repayment, and/or payment for graduate classes, in order to ensure DHS attracts and retains a contracting workforce that will ensure the public interest is appropriately served. DHS is also using a number of other tools to reduce the burden on the workforce and buy goods and services more efficiently, such as strategic sourcing techniques.

Procurement, however, is only one element of acquisition management. Acquisition also includes understanding operational and life-cycle requirements, formulating concepts of operations; developing sound business strategies; exercising prudent financial management; assessing trade-offs; and managing program risks. It is executed by a team of professionals who understand and are able to manage the entire life-cycle of a major program effort. Initial indications are that DHS has a shortage of people that are experienced in program management, including its related functional areas (e.g. acquisition logistics, cost analysis). If confirmed, I would focus on this area as one of my initial priorities by identifying needed skills and processes and considering expedited delivery of training in key disciplines for those individuals involved in the management of the Department's major programs.

42. An outside study conducted earlier this year at the request of the DHS Office of Procurement Operations found systematic deficiencies in its review of 72 randomly selected contract files, including missing files, incomplete files, and insufficient evidence of adequate price competition. This report follows on a series of reports by

the DHS Inspector General's Office identifying hundreds of millions of dollars of questionable or unsupported costs under DHS contracts.

a. What steps do you plan to take to improve procurement competencies at DHS?

If confirmed, I intend to garner a better understanding of the contracting challenges the Department faces. Based on my existing knowledge, DHS needs to address procurement staffing needs. This includes hiring a sufficient number of contracting professionals and ensuring that they have the appropriate skill sets to perform their jobs. Some specific competencies that I'm currently aware need greater attention are contract management and pricing. I would ensure that the Department devote resources to building these competencies, as well as any other competency gaps that I ascertain. Two of the tools I anticipate using to build the procurement workforce are direct hire authority and the establishment of a robust acquisition intern program.

b. This Committee was made aware of the procurement study through a report in the Washington Post, months after the report was delivered to DHS. In order to assist DHS in improving its management, Congressional Committees of oversight must have timely and honest information about the functioning of the Department. Do you pledge to keep the Committee informed of analyses assessing the management of the Department?

If confirmed, I will provide the Committee with information regarding management assessments. Assessments are, however, performed at a number of levels within DHS and the initial assessment findings may not hold up under more detailed review. The "Washington Post" article, for example, indicated that nearly three dozen files could not be located. Upon further review, all but one of the "missing" files were found on the Contracting Officer's desk and DHS was able to reconstruct the one remaining file from copies available in its electronic contract writing system

43. In September 2006, GAO issued a report entitled, "Interagency Contracting: Improved Guidance, Planning and Oversight Would Enable the Department of Homeland Security to Address Risks." The report found that speed and convenience, rather than cost, often drive DHS decisions to use interagency contracts. In Fiscal Year 2005, DHS spent $17.5 billion on contracted purchases, 37 percent of which was through other agencies' contracts and contracting services. Yet GAO found that DHS lacks sufficient agency-wide guidance for use of interagency contracts and that DHS does not always consider contracting alternatives to ensure a good value. What steps will you take to ensure that interagency contracts are used when they provide the best value for DHS, and not simply the greatest convenience?

DHS has an existing Management Directive that requires all interagency agreements be approved by a contracting officer before being sent to another

Department or agency to acquire supplies or services needed by DHS. While this requirement institutes some discipline into the process, the Management Directive is currently being reviewed for revisions. If confirmed, I would ensure that any revision to the Management Directive on interagency agreements include appropriate safeguards and discipline that will result in DHS obtaining the best value whenever using interagency agreements.

44. In its September 2006 report on use of interagency contracts by DHS, GAO concluded: "While the challenges to effective management of an acquisition function in any organization with a far-reaching mission are substantial, these challenges are further complicated at DHS by an organizational structure in which the Chief Procurement Officer lacks authority over the components. Without such authority, the department cannot be sure that necessary steps to implement improvements to its acquisition function will be taken." Do you agree that the DHS Chief Procurement Officer should be granted a more centralized authority over the procurement activities of the DHS constituent agencies?

I believe that the DHS Chief Procurement Officer (CPO) already has sufficient authority to effectively oversee contracting actions performed at the component level. Procurement authority at the DHS Components is granted and can be rescinded or restricted by the CPO. In addition, the CPO is authorized to establish DHS-wide procurement policy and to assess component compliance with all statutory and regulatory requirements. While the Heads of Contracting at the Components report up to the Component chiefs (in an effort to provide better mission support and responsiveness to the Components) such decentralized reporting can and does work at many places, such as the Department of Defense, without the need to have a direct reporting relationship.

45. As you may be aware, DHS is in the midst of a recapitalization program for the Coast Guard called the Deepwater Program. Every study has said that the Coast Guard vitally needs to rebuild its cutters, its aircraft, and its command and control systems. The Deepwater Program is the plan to accomplish these things.

The plan, however, is a 20-25 year plan. In fact, if the Coast Guard is recapitalized over a 10-year period, there would end up being a saving of a significant amount of money (over $4 billion) and increasing available Coast Guard resource hours (close to 1 million hours). By stretching it out, we are making the program more expensive in the long run, and we are delaying the Coast Guard the use of vitally needed assets. The Coast Guard, in the post 9/11 environment, has taken on a much greater maritime security mission, and it is stretched very thin.

What actions would you take to accelerate delivery of new Deepwater assets to the Coast Guard?

For the Deepwater ship assets, I would:

1. **Determine the most efficient manner for building the National Security Cutters (NSCs) and fund it to take advantage of shipyard production processes.**
2. **For the Fast Response Cutter (FRC), see answer to question number 46.**
3. **For the Offshore Patrol Cutter (OPC), analyze options for the mix of assets needed to accomplish the mission (i.e. changing the mix of OPCs vs. NSCs, using the Navy Littoral Combat Ship with a CG mission system etc.) and determine a way ahead.**

For the Deepwater aviation assets, since they appear to be fairly well defined and progressing into production, determine the optimal funding profile for practical acceleration where possible, and fund to that level.

46. In July of this year the GAO reported on the status of the Coast Guard's Deepwater Fast Response Cutter design efforts. One component of the Deepwater Program includes the development of a replacement vessel, the Fast Response Cutter, for the Coast Guard's legacy 110 foot patrol boats. The service life of these patrol boats is rapidly diminishing due to significant hull erosion and obsolete C4ISR equipment. The first Fast Response Cutter was to be delivered in 2007. While additional Fast Response Cutters were being delivered, the legacy 110 foot patrol boats were to have been modernized to extend their length and lifespan. Unfortunately, the Fast Response Cutter program was delayed due to design problems and the 110 foot patrol boat life-extension program was discontinued entirely. Now, the first replacement vessel is not scheduled to be delivered until 2010 at the earliest.

    What would be your strategy to ensure that vital maritime security assets are built and delivered as rapidly as possible and the gap in patrol boat hours is significantly reduced?

    The gap in patrol hours is known. Therefore, if confirmed, I would request the Coast Guard analyze the options for closing the gap in the near term. These options could include: increasing the operational tempo of the existing patrol boat fleet recognizing there is an operational cost to doing this; and building an interim near term replacement to meet interim needs. Depending on the results of the analysis an interim strategy to address the gap in parallel while patrol boat hours could be implemented, allowing the development of, the ultimate design that meets all USCG requirements to be pursued in a deliberate and logical manner.

47. You served as Senior Acquisition Executive for the National Security Agency from October 2002 to November 2003, and left during a period when a program named "Trailblazer," valued at over $1.1 billion came to light. Please describe your role with this project.

The Trailblazer source selection and contract award to SAIC happened before I went to work at NSA. I am subject to a Non Disclosure Agreement, these are typical for individuals leaving NSA. At this time I have requested a waiver to the NDA and once I receive this waiver I will supplement my answer.

48. A former DHS Inspector General has described the structure of DHS as one that "promotes inefficiency, waste, and dysfunction." What experiences from acquisition management at the Department of Defense do you hope to use to improve management at DHS?

The major experience is how to manage major acquisition programs. I think there are major lessons learned on why programs fail and what management action can be taken to prevent them from happening that are applicable to any major program. I would look to see how my knowledge could be successfully applied to improve the execution of DHS programs.

a. Are there specific DOD policies, procedures, or programs you would propose using at DHS? If so, which ones?

DoD has many policies and procedures that have been in existence for several years that may be beneficial to consider at DHS. They include: requirements generation and validation, technology readiness assessments, independent cost estimating, program establishment and execution gates; and how to exercise proper oversight. Qualifications and standards for personnel running programs and the development and containment of an acquisition workforce. I would examine existing DHS policies, procedures, and programs and determine if there was benefit to applying DOD models.

49. This year the National Research Council (NRC) provided its report on the U.S. polar icebreaking fleet. The current fleet has four vessels, three operated by the U.S. Coast Guard. Unfortunately, two of the three Coast Guard operated polar icebreakers have reached the end of their 30 year service lives. It is reported that routine maintenance on these vessels has been deferred due to a lack of funds and no major life-extension programs are scheduled for either vessel. Recently, OMB transferred the budget authority for managing the polar icebreakers from the U.S. Coast Guard to the National Science Foundation but did not address the basic problem of under funding routine maintenance or providing funds for U.S. Coast Guard non-science icebreaker missions. The NRC made several recommendations in its report including that the U.S. clarify its national policy and that it continue to project an active and influential presence in the polar regions to support its national interests. In addition, the NRC also recommended that the U.S. immediately program, budget, design, and construct two new polar icebreakers to be operated by the U.S. Coast Guard. With the high probability for increased shipping activity and natural resource exploration in the arctic, it is important that the U.S. have a coherent strategic plan for operations in that region.

a. How would you address the NRC recommendation to clarify our national policy for polar operations?

Recommendation number 7 of the NRC report recommends that a Presidential Decision Directive (PDD) be issued to clearly align agency responsibilities and budgetary authorities. The effort within the administration to develop a PDD would flesh out the issues associated with why Polar icebreakers are essential instruments of U.S. national policy and determine how important they are compared to other national priorities; and then focus on the resources that are required to maintain this capability and how best to manage it.

b. What actions would you take to respond to the NRC recommendation to design and construct a replacement polar icebreaking fleet?

The specific actions to be taken would depend upon a number of factors, including the language in the PDD described in 49 a., a determination of mission need, an analysis of alternatives for satisfying that need, and the language in any Congressional legislation authorizing and appropriating funds to satisfy that need.

c. What actions would you take to ensure that the Coast Guard was provided adequate budgetary authority and operational control of the fleet?

As part of the process discussed in my answer to 49 a, the budget requirements and operational control responsibilities of the fleet would be clearly identified and specified. A key issue discussed in the NRC report is that the funding to support the operational fleet is inadequate to execute current mission requirements. I would anticipate that future budget submissions would include a request for an increase in funding necessary to accomplish the approved mission requirements.

Funding and Cost Sharing

50. Department of Homeland Security grants for first responders have dramatically declined over recent years, both in the administration's budget requests and in actual appropriations. For example, in Fiscal Year 2004 the administration requested $3 billion dollars for the big three homeland security grant programs, yet in Fiscal Year 2007, it only requested $1.5 billion – a 50% reduction in just 3 years. These programs are crucial for ensuring that state and local governments are prepared to meet the challenges of preventing and recovering from a terrorist attack. The Directorate of Management's responsibilities include determining DHS budget requests. Under your leadership, do you expect the reduction of vital grant programs to continue?

I am not familiar with the details of the grant programs therefore it is difficult to project what the President's budget will be in future years.

51. State and local governments are seeking greater "flexibility" for use of homeland security funding, such as local determination of the most effective use, and multi-year funding to match multi-year planning goals and objectives.

    a. Should DHS provide such flexibility to state and local governments? If so, under what conditions?

    The Department should continue to provide appropriate flexibility at the state and local level. This is consistent with the DHS view of the role of the State as the strategic integrator for the development and implementation of a comprehensive homeland security strategy.

    b. What mechanisms should DHS employ to monitor the use of funds appropriated for homeland security to determine that the money is spent for the intended purpose, including bolstering everyday response capabilities?

    I understand that the Office of Grants & Training (G&T) provides on-site programmatic monitoring to all state and territorial grantees each year. This monitoring includes validating progress against goals and objectives identified in the state homeland security strategies. G&T also provides for random checks of invoices and receipts, to ensure that monies were actually expended in the manner that they were reported.

    c. What should DHS do to secure and improve the quality, timeliness, and specificity of state and local homeland security funding and performance data provided to DHS?

    The Department should continue to provide programmatic guidance to all grantees in order to craft their applications, and then follow up with detailed programmatic and technical assistance throughout the lifecycle of the grant.

    The Department also requires detailed programmatic and financial reporting every six months for each grantee and sub grantee. The grantees must show where monies are being expended against the existing homeland security strategy, and the amount of money going to each sub grantee.

    d. There are also questions as to what extent the federal government should fund private sector homeland security costs.

i. What tools or mechanisms should be considered to engage, fund, or support the private sector responsible for much of the nation's critical infrastructure?

The Department should continue to be involved in partnerships with private sector entities.

ii. In what circumstances is it appropriate for the federal government to provide funding to the private sector for their efforts to combat terrorism and provide homeland security?

The private sector is an important partner in the nation's preparedness. I understand there are provisions that allow for state and local jurisdictions to make funding available to private sector entities if they choose. Other grant programs, such as the Port Security Grant Program, specifically invite private sector companies to apply for direct grants, as ports are usually privately-owned.

52. The Fiscal Year 2007 Homeland Security Appropriations conferees expressed that the Science and Technology Directorate should greatly improve its strategic plan and budget documents to reflect the new vision for S&T as proposed by the Undersecretary. The conferees also withheld certain funds until an expenditure plan is developed for other research and development programs within the S&T Directorate. What steps should be taken to address these concerns and ensure the S&T management and budget is effective in advancing and implementing the important initiatives of the Directorate?

I believe that the Under Secretary for S&T is fully aware of what actions must be taken to obtain the release of the cited funds. I would work with the Under Secretary to help him develop an executable plan that focuses DHS priorities in the S&T area.

Information Technology Management

53. Since the establishment of DHS in 2003, the Department's Office of the Chief Information Officer (CIO) has focused much effort on establishing a single IT infrastructure (commonly referred to within the Department as "One DHS, one infrastructure") to consolidate and integrate the multiple data centers operated and maintained by DHS's 22 component agencies.

a. Describe what experiences, if any, you have in developing and establishing IT infrastructures.

In my last two positions at the Navy and during my assignment at NSA I was heavily involved in developing IT infrastructure. I have great appreciation

for the difficulty in transitioning to a completely outsourced IT infrastructure, migration of legacy systems at the desktop and in managing fee for service type contracts for IT. The Navy effort involved over 300,000 users. Using a significantly different business model across a large enterprise such as DHS is a tough challenge.

b. What would be your strategy for consolidating and integrating DHS's multiple data centers into a single IT infrastructure?

I do not have the necessary insight into the details of the DHS infrastructure or the Enterprise Architecture to respond to this question.

c. What are your views on the progress that DHS has made toward achieving this objective?

I do not have the necessary insight into the details of the DHS infrastructure or the Enterprise Architecture to respond to this question.

54. IT management best practices call for organizations to focus their management attention on ensuring that they have sufficient staff (human capital) with the appropriate mix of critical knowledge, skills, and abilities.

a. What are your views on whether DHS has sufficient IT human capital with the appropriate mix of critical knowledge, skills, and abilities?

I do not have sufficient knowledge of the DHS IT status to respond to this question.

b. To the extent that you believe there are deficiencies in existing IT human capital at DHS, what would be your strategy for addressing such deficiencies?

While I do not know if there are deficiencies, there are specific steps that could be taken to address the problem. They include: increased hiring of people, reliance on outside expertise such as contractors or FFRDCs who serve as trusted agents, IPAs with key IT centers etc.

55. The DHS CIO has a significant role in guiding technology investments and creating one network and one infrastructure to ensure IT connectivity among the Department's 22 legacy organizations. The CIO reports directly to the Under Secretary for Management. The DHS IG has repeatedly criticized this structure, reporting in December 2005 that: "the Department would benefit from following the successful examples of other Federal agencies in positioning their CIOs with the authority and influence needed to guide executive decisions on Department-wide IT investments and strategies." ("Major Management Challenges Facing the Department of Homeland Security," December 2005, OIG-06-14)

a. Do you agree with the DHS IG's recommendation?

I have reviewed the audit report and fully support the need for CIOs to have the proper authorities. Based on my experience I know there are several different organization models that can work. Since I do not have sufficient knowledge of how the IT efforts are executed within DHS, if confirmed I would investigate this matter and make an assessment of the adequacy of the DHS CIO's authorities.

b. What steps do you believe are necessary to ensure that the CIO has adequate authority to fulfill his strategic IT management responsibilities?

Same answer as 55a

c. If confirmed, how do you envision the relationship between the Office of the Chief Information Officer and the Office of the Directorate for Management?

The CIO is a direct report to the USM. In day to day operation he has the broad latitude to exercise his responsibilities with minimum oversight. I would expect the majority of my involvement with the CIO to be in coordination with the other Business Chiefs on general corporate matters involving the overall management of the Department.

56. DHS has several information technology programs underway that are interrelated and intended to improve national security through, among other things, identifying import and export transactions that pose a threat to the United States (Automated Commercial Environment [ACE]); identifying commercial aviation passengers who require additional security attention (Secure Flight); and collecting, maintaining, and sharing information on foreign nationals (US-VISIT). GAO has reported on problems DHS has encountered in managing each of these important programs. For example, the ACE program has delivered less than planned system capability at higher than planned cost; the Secure Flight program has raised concerns about airline passengers' privacy, while encountering delays in important system planning, development, and testing activities; and the US-VISIT program has not employed rigorous, disciplined management controls. GAO has made recommendations to the Secretary of Homeland Security to address these problems

a. What would be your strategy for addressing the problems identified for each of these programs?

I have not had an opportunity to review these items in the degree necessary to answer this question with the detail it deserves. However, I would ask the appropriate people in charge of these programs to give me a detailed brief on their programs to include their challenges. Since I'm sure that each program's challenges are different, we would have to modify oversight

appropriately to ensure that these programs are run in a more efficient manner.

b. What steps would you take to effectively manage the interdependencies and relationships among these programs?

I have not had an opportunity to review these items in the degree necessary to answer this question with the detail it deserves. However, I would ask the appropriate people in charge of these programs to give me a detailed brief on their programs to include their challenges. Since I'm sure that each program's challenges are different, we would have to modify oversight appropriately to ensure that these programs are run in a more efficient manner.

57. This year, we saw several incidents where government computers were stolen, potentially compromising the information contained on them. Certain DHS components, in carrying out their missions, must maintain personal information on U.S. citizens.

a. What will you do to minimize the risk that the personal information contained on DHS computers and in DHS information systems is not compromised?

I would ensure that DHS Implements the PII requirements as specified in the Clay Johnson OMB memo requiring certain measures be taken to protect PII data.

b. What would be your response if personal data were compromised, for example if a computer containing personal information about U.S. citizens was lost or stolen?

I would ensure that immediate appropriate actions were actions taken by DHS including proper notification of the appropriate authorities and individuals, security steps, technical procedures, recovery actions etc.

58. For several years, GAO has reported on information security weaknesses at DHS and its component agencies and has designated information security as a government-wide high-risk issue. In addition, the House Government Reform Committee has given DHS a failing grade on its federal computer security report card every year since 2003. What would be your strategy for implementing an effective information security program within DHS and its component agencies?

The DHS IG's "Evaluation of DHS' Information Security Program for Fiscal Year 2006," dated September 2006 identifies the specific weaknesses with the DHS information security program and provides 8 recommendations for improvement These recommendations which were concurred with by the DHS

CIO are a blueprint for improvement. I would make sure there were adequate resources to work on this critical effort and that the blueprint was followed.

59. Recent reports and investigations have found waste and fraud in FEMA's distribution of individual assistance and public assistance. Some of this waste and abuse is due to FEMA's information technology systems which are woefully inadequate. What will you do to ensure that FEMA's information technology systems are improved to reduce waste and fraud?

I have not had an opportunity to review this problem in detail. However, I would instruct my staff to evaluate the reasons behind this waste and abuse and instruct them to put controls in place to reduce it in the future.

60. In a recent report, "Evaluation of DHS' Information Security Program for Fiscal Year 2006," the DHS IG concluded that DHS still needs to establish appropriate training for individuals with significant information security responsibilities. How will you ensure that employees with information security responsibilities are adequately trained?

The Security Training Procedures section of the referenced report identifies the specific issues that need to be addressed in the training area and the DHS CIO concurred with the specific recommendation regarding training. I would ensure that actions are initiated to accomplish the specific recommendations.

61. According to a report released by the President's Management Council in October, DHS could defend less than half of its IT investments – the budget of which will reach $4.16 billion in FY07. What do you believe needs to be done in order to ensure better oversight of these programs?

I have not had an opportunity to review this problem in detail. However, I would instruct my staff to evaluate the reasons behind this waste and abuse and instruct them to put controls in place to reduce it in the future.

62. What would be your strategy for building an organizational culture within DHS that will facilitate information sharing both within the DHS and with external stakeholders, such as other federal agencies, state and local governments, and the private sector, while protecting the privacy and civil liberties of U.S. persons?

I do not have the sufficient understanding of the culture that DHS has established in this area, and I would need to review and discern the extent that DHS is already building this culture. However, as a general rule I believe in surveying our customers and stakeholders to ensure that all parties have a say in the sharing of information as well as protecting the privacy and civil liberties of US citizens.

63. What would be your strategy for improving information management within DHS and its component agencies in order to facilitate a more collaborative environment and better continuity of operations between DHS and external stakeholders—to include other federal agencies, state and local governments, and local first responders?

I do not have the sufficient understanding of the culture that DHS has established in this area, and I would need to review and discern the extent that DHS is already building this culture. However, as a general rule I believe in surveying our customers and stakeholders to ensure that all parties have a say in the sharing of information as well as protecting the privacy and civil liberties of US citizens.

64. Reports from constituents and briefings by the Privacy and Civil Liberties Oversight Board reveal that it is nearly impossible for a person to have his/her name removed one's name from the No Fly list and other terrorist watch lists once that name is on the list. What can be done to reduce the number of false positives on these lists and the establishment of an effective redress mechanism for those individuals who should not be on a watch list, but are?

I do not have the sufficient understanding of this program to sufficiently answer this question. However, I would ask that my staff review the terrorist watch list programs and involve the Chief Privacy Officer of DHS in finding solutions to this problem.

IV. Relations with Congress

65. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

66. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

V. Assistance

67. Are these answers your own? Have you consulted with DHS or any interested parties? If so, please indicate which entities.

Many of the questions posed in this questionnaire go to a level of specific detail about DHS programs or other efforts about which I have relatively little in the way of firsthand knowledge. Nevertheless, I have endeavored to identify as much information as possible so as to be as responsive as possible to the Committee. This has entailed normal pre-confirmation and departmental orientation consultations with the White House personnel office and related staff, and DHS staff. I have also consulted with NSA. That said, these answers are my own, and are based upon my understanding of information provided to me.

AFFIDAVIT

I, PAUL A. SCHNEIDER, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Paul A. Schneider

Subscribed and sworn before me this 2ND day of December, 2006.

Joseph E. Andrew
Notary Public JOSEPH E. ANDREW
NOTARY PUBLIC
My commission expires 8/1/07.

Addendum to Question 47

Trailblazer is one of the National Security Agency's (NSA) modernization programs designed to help transform NSA's national security mission. As part of that program, SAIC was awarded, as a result of a competition, the technology demonstration platform contract. The SAIC contract was awarded in September 2002 before I reported to the NSA in October 2002.

Shortly after reporting to the NSA, I started conducting reviews of major several acquisition programs as part of my indoctrination process and as part of the effort to finalize the budget that was being prepared. In December 2002, I conducted a review of the Trailblazer program and became very concerned about several aspects of the program.

It is important to understand that, at the time, the NSA Senior Acquisition Executive did not have line authority for the Trailblazer program and several other programs. One of the reasons I was hired was to restructure the NSA acquisition organization structure and process along the lines of the Department of Defense (DOD) as directed by the Congress in several years of legislation.

Notwithstanding the limitation on my authority, in January 2003, I convened an executive meeting of the SAIC team, including the SAIC Sector President and the Vice Presidents of the supporting contractor team with the appropriate people at NSA to review the status of Trailblazer.

During the meeting, it became apparent there were many problems that were impacting progress in program execution and that were attributed to both the government and industry. I assumed a leadership role and directed several actions that were of a technical, architecture, IT infrastructure, information security, and

resources nature. Subsequently, SAIC changed the leadership of their team.

I continued to have these meetings approximately every 6 weeks to solve problems and demanded frank, open discussions of the issues without fear of retribution. As a result, we started to make progress on the critical issues.

Recognizing that the contract awarded was for a "technical demonstration" to reduce risk of the future full scale program, we refined the scope to include a series of limited demonstrations using actual operational personnel to provide incremental confidence that the ultimate objective was achievable, although there would obvious risks with the ultimate scale-ability of the demonstration project.

At this time, it became apparent that the architecture had flaws that needed to be changed and the appropriate government and contractor personnel worked aggressively to modify it.

The demonstrations were conducted and it was more obvious progress was being made. During this timeframe, an outside board of industry and technical experts reviewed the progress, witnessed the demonstration, and were satisfied that progress was being made. We also went out of our way to ensure the appropriate Congressional staff were exposed to what was going on. One of my interests was to improve the communication between the NSA and the appropriate Congressional oversight committee staff and I believe I was successful in this effort.

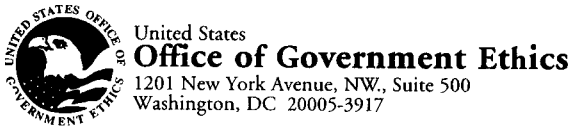
In the late spring of 2003, I began discussions with the Director and the Deputy Director about how to change the acquisition organization system to comply with Congressional direction and to be more in line with current DOD models. We agreed on a general framework as principle that included SAE with line execution

authority of over programs, Program Executive Officer(s) (PEO) who could be responsible and accountable for program or part of labor of programs that would be managed by individual program managers; and streamlined reporting relationships. Once we agreed on the general framework we started working on the details of the number of PEOs, specific programs, and how this new organization would relate to the rest of the NSA organization. The Director and the Deputy Director and I disagreed on the number of PEOs and the array of program but ultimately I was satisfied with their position, recognizing that this in fact was a sufficient step in the right direction and that a major culture change was probably best accomplished in incremental steps.

When I left NSA I was satisfied that the program was properly restructured to reduce risk during the demonstration phase, and that with proper management, it was positioned to be successful.

Since I have had no involvement with this effort since 2003, in answering this question I consulted with NSA who advised that they are satisfied that the program is on the right track and that they are ready to proceed to the next major acquisition milestone.

Paul A. Schneider



November 20, 2006

The Honorable Susan M. Collins
Chair
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Madam Chair:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Paul A. Schneider, who has been nominated by President Bush for the position of Under Secretary for Management, Department of Homeland Security.

We have reviewed the report and have also obtained advice from the Department of Homeland Security concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated November 15, 2006, from Mr. Schneider to the Department's ethics official, outlining the steps that he will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with the actions he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Schneider is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

Post-Hearing Questions Submitted by
Senator Susan M. Collins
For the Nomination of Paul A. Schneider
To be Under Secretary for Management, Department of Homeland Security
December 6, 2006

1. What will be your top 3 priorities in the first 6 months of your job, should you be confirmed?

   - **Improving acquisition throughout the Department**
   - **Acquiring and maintaining human capital**
   - **Enhancing the key management systems**

2. Almost four years after its creation, the Department still lacks Department-wide guidance and policies in a number of areas. For example, until very recently, there was no Department-wide guidance for the use of government purchase cards. The Department also lacks a policy on information quality. How will you achieve development and implementation of Department-wide policies in these and other important areas?

   Department-wide policies are an essential element of good management and therefore areas that require such policies should have them. If confirmed, I would look at the policies that are in effect, determine if they are adequate, and, if not, modify them as required to specify the proper requirements. I would also determine the areas that require policies that currently do not have them and have them developed and promulgated.

3. The Department's management chiefs who you would oversee – Chief Financial Officer, Chief Information Officer, Chief Human Capital Officer, etc. – report through their respective components. For example, the CFO at ICE reports to the ICE Assistant Secretary for Management, not directly to the DHS CFO. What do you think of this management structure?

   The management structure at DHS appears to be similar to the one I am most familiar with, DOD. In DOD, the Service Assistant Secretaries (Acquisition, Finance, Human Resources, and Facilities) and CIOs report to the Service Secretaries, not the respective DOD Assistant, Under Secretary or CIO. In my opinion this structure works fine and I see no reason at this time why that would not be adequate for DHS.

4. DHS, and FEMA in particular, have suffered very high vacancy rates, often for positions of critical importance. This Committee's investigation on the preparation for and response to Hurricane Katrina found that vacancies in FEMA hurt the nation's ability to respond to that catastrophic event. The vacancy rates are of such concern that in recently passed Post-Katrina Emergency Management Reform Act of 2006, Congress mandated that FEMA report to Congress every quarter on the vacancy rate. The Directorate of

Management is responsible for human resources for the entire department. If nominated, what will you do to ensure that FEMA and DHS have filled vacant positions?

It is my understanding that the DHS Chief Human Capital Officer has met with FEMA leadership in order to identify hiring concerns, and has initiated the establishment of a "FEMA Hiring Tiger Team." Those preliminary discussions have produced a primary focus on both hiring process issues and the targeted recruitment of veterans and, where appropriate, students. Further, the Chief Human Capital Officer has committed to continue to listen to hiring issues within FEMA by gathering FEMA manager and applicant responses to the Office of Personnel Management survey as well as utilizing FEMA's survey responses from separated employees.

I have also been advised that the DHS Chief Human Capital Officer has prepared an aggressive Human Capital Operational Plan with a major emphasis on talent management. This plan is comprised of initiatives to include establishing a benchmark hiring model and utilizing contemporary hiring flexibilities. These initiatives should also directly impact FEMA. The Chief Human Capital Officer has also engaged outside entities to include the Office of Personnel Management and the Partnership for Public Service to provide targeted recruiting and staffing services to directly assist FEMA in their hiring efforts.

In addition, I would develop aggressive recruitment strategies in targeted areas of opportunity; consider consolidated recruitment with other DHS tiger teams for key skills like IT, contracting, financial management across all DHS components; work with major companies that are downsizing to capitalize on their skills; examine expanding the use of Interagency Personnel Agreements and Government Industry rotation programs and establish metrics to be able to monitor progress.

5. Recently the U.S. Court of Appeals for the D. C. Circuit upheld the District Court's opinion striking down part of DHS's HR MAX Pay for Performance Plan for those DHS employees subject to collective bargaining. The Department of Justice is not likely to appeal this decision to the U.S. Supreme Court on behalf of DHS. Consequently, the labor unions and DHS officials will have to go back to the drawing board to design a new plan. If confirmed, how do you plan to ensure that a plan acceptable to both sides can be successfully implemented?

It is my understanding that the referenced Court action struck down certain aspects of the DHS human resources program, not the entire plan. A key component of any pay for performance plan is a solid performance management system to support it. I would expect DHS invest the resources necessary to make sure that employees and managers are trained in goal setting, performing periodic reviews, providing feedback, etc.

As a restructured plan was developed, I would ensure that the Department was engaging in continuous dialogue with the various labor unions and maintaining open communications.

6. DHS faces unique financial management challenges that must be addressed as it continues to integrate its components of 22 Federal entities into a single Department. Many of the larger agencies that were consolidated into DHS have a history of poor systems and inadequate financial management. What will your role would be in addressing these challenges in order to provide accurate, relevant, and timely financial management information to decision makers?

   Financial management is vital to the success of the Department's effort. At the most basic level, leadership must be in the know for every program: what is appropriated, obligated, committed and expended. There should be metrics for these activities. This is not just for the purpose of financial tracking but for making sound business and management decisions. It is key to the effective utilization of the appropriated resources. It takes good systems, well trained people and rigor and discipline across the enterprise. I would work with the CFO and the DHS operating units to make sure this happens.

7. In the Fiscal Year 2007 Homeland Security Appropriations reports, appropriators from the Senate, the House of Representatives and the conference committee criticized the Science & Technology Directorate for management shortfalls and inadequate expenditure plans. Furthermore, Appropriators sought to withhold some funding until S&T provides greater detail in their funding requests. Mr. Schneider, how do you plan to rectify the financial management deficiencies identified by appropriators in the areas of financial management, management controls, and performance measures and evaluations?

   I would work with the DHS CFO and with the organization's leadership to ensure that these types of deficiencies are identified and corrected. It is my understanding that Under Secretary Cohen has begun taking aggressive steps to address these particular concerns.

8. I was deeply disturbed this morning to hear from GAO about continuing issues of waste, fraud and abuse in FEMA's Individuals and Households Program in the wake of Hurricane Katrina, as well as a lack of controls to ensure property purchased to support hurricane relief is not lost or stolen. FEMA is spending billions of dollars, taxpayer dollars, for disaster relief. In advance of the next disaster, what will be your strategy for ensuring accountability in disaster spending?

   Sound internal controls are essential to effectively meeting the Department's mission. DHS must have a process in place by which it can test whether our internal controls are well designed and operating effectively on a continuous basis. This means that management must move away from reliance on what outside auditors determine is wrong, and rather be in a position to find what is wrong and fix it

before it becomes a major problem. We cannot assume that controls are working well just because auditors don't tell us to the contrary.

Protecting against waste, fraud, and mismanagement should be a critical part of the Department's internal control efforts. Improving processes and controls surrounding disaster relief before a catastrophic event occurs is key. Learning from past mistakes, setting priorities, providing training and the right tone at the top, and working cooperatively with federal and private entities are all key.

I have been advised that FEMA is aggressively taking steps to recoup funds that were paid in error or as a result of fraud and they are improving contracting and acquisition support.

9. Many of the Federal government's more experienced acquisition personnel are eligible for retirement. Reforms are placing new demands on the acquisition workforce. For example, acquisition personnel must have a greater knowledge of market conditions, industry trends, and the technical details of the commodities and services they procure.

   At the same time, the number of procurement actions has risen 12 percent, with the greatest amount of work coming on contracting actions over the simplified acquisition threshold of $100,000. In essence, the procurement workforce is truly "doing more with less." I am concerned that the government may rapidly be losing the personnel needed to manage the procurement of increasingly sophisticated goods and services. What additional tools do you believe are necessary at DHS to ensure the recruitment and retention of qualified individuals to the acquisition workforce?

   In general, I think DHS needs to make more effective use of existing authorities such as direct hire authority and launch a Department-wide contracting intern program. In addition, I understand that DHS is aggressively working to fill contracting vacancies and will continue to explore options such as Department-wide training and other incentives including relocation expenses, recruitment bonuses, educational loan repayment, and/or payment for graduate classes, in order to ensure DHS attracts and retains a contracting workforce that will ensure the public interest is appropriately served. DHS is also using a number of other tools to reduce the burden on the workforce and buy goods and services more efficiently, such as strategic sourcing techniques.

   Procurement, however, is only one element of acquisition management. Acquisition also includes understanding operational and life-cycle requirements; formulating concepts of operations; developing sound business strategies; exercising prudent financial management; assessing trade-offs; and managing program risks. It is executed by a team of professionals who understand and are able to manage the entire life-cycle of a major program effort. Initial indications are that DHS has a shortage of people that are experienced in program management, including its related functional areas (e.g. acquisition logistics, cost analysis). If confirmed, I would focus on this area as one of my initial priorities by identifying needed skills

and processes and considering expedited delivery of training in key disciplines for those individuals involved in the management of the Department's major programs.

10.This year, we saw incidents where government computers were stolen, potentially compromising the information contained on them. Certain DHS components, in carrying out their missions, must maintain personal information on U.S. citizens. What will you do to minimize the risk that the personal information contained on DHS computers and in DHS information systems is not compromised.

I would ensure that DHS Implements the PII requirements as specified in the Clay Johnson OMB memo requiring certain measures be taken to protect Personal Identifiable Information (PII) data.

Senator Daniel K. Akaka
Additional Questions for the Record
Nomination Hearing for Mr. Paul Schneider
Under Secretary for Management, Department of Homeland Security
December 6, 2006

Questions for Mr. Schneider

1. Strong employee protections help an agency meet is mission. In the Committee's prehearing questions, you were asked what elements you believe are needed to ensure that an employee appeals process is both fair and perceived as fair. You responded that the appeals system must provide due process, appeal to a neutral party, and transparency.

A. What elements do you believe need to be in an appeals system in order for it to be transparent?

All proposed adverse actions must be communicated in full to the employee so the employee knows precisely what he or she was alleged to have done. I believe employees must know in advance which third party (administrative court or arbitrator) or judicial process their adverse action can proceed to, and the employee-initiated process on how to advance that case. The employee should also know which standard of review is applicable. For instance, whether the agency must show with a preponderance of evidence that the penalty for the adverse action is warranted. Another aspect of transparency is to communicate whether the case can be advanced to alternative dispute resolution.

I have substantial personal experience in these matters as the initiator of adverse actions, as a reviewing official and as a deciding official.

B. What is your definition of due process?

Management must communicate to employees the full basis of why a particular action is proposed or was taken against them. The employees also must be afforded an opportunity to rebut the allegations. If the matter is handled internally by an administrative grievance procedure, the management official hearing the grievance must listen to all sides and not merely be a rubber stamp for a lower subordinate official's proposed action.

C. Do you believe the appeals process proposed by the Department of Homeland Security (DHS) meets these standards?

I have not had an opportunity to review the proposed appeals process.

D. Do you believe the internal appeals process for Transportation Security Officers (TSOs) at the Transportation Security Administration (TSA) meets these requirements?

I have not had an opportunity to review the internal appeals process.

2. The Administration is promoting pay for performance throughout the federal government. Employees are understandably concerned about such a proposal because efforts to reward performance under the General Schedule have not worked and the move to a more speculative pay system invites opportunities for cronyism and retaliatory action. In response to the Committee's prehearing questions you said that performance and compensation systems must have appropriate checks and balances as well as transparency.

   A. Please share with us what checks and balances you believe are integral to a performance management system?

   First and foremost training is essential. Initial supervisory training is important to educate program policy and procedures. Including the administration of the performance management program as a critical aspect of supervisory performance appraisals is necessary. This level of oversight up the chain of command is key. Performance Review Boards when used provide assurance that evaluations are looked at in an objective manner.

   B. Do you believe the current DHS performance management system contains these elements?

   Although I have not had an opportunity to review the current DHS performance management system I have been advised that DHS performance management program requires Performance Leadership Training for all new supervisors and managers; and that to date over 12,000 supervisors/managers have been trained. All supervisors and managers have a leadership competency as part of their annual performance evaluation. Additionally, DHS has automated the performance management process which provides reporting capability to ensure that the process is being managed timely.

   C. What type of training do you believe is necessary for such a system to be successful?

   Training should include aspects of the program as well as communication skills.

3. The move to a pay for performance system raises many concerns, including funding and the use of quotas. Although the use of quotas is specifically prohibited in regulations governing the Senior Executive Service (SES) pay for performance system, and is also included in the DHS final regulations issued in 2005, the Senior Executives Association found that 53 percent of respondents to its survey believed their agency used quotas. What actions will you take to ensure that the actual and perceived use of quotas is prohibited?

   Quotas are absolutely prohibited by OPM and DHS. If necessary I would provide

training to all supervisors and employees to make sure this was understood. I have been evaluating SESs for over 25 years and have never been given quotas and would not accepted them if given them.

4. This Committee has been very active in working to enhance whistleblower protections for federal employees. However, unlike other employees at DHS, TSOs do not have the same protections as their colleagues because they are unable to bring their cases before the independent Merit Systems Protection Board. Obviously whistleblower disclosures made by TSOs can have a significant and substantial impact on national security. Do you believe TSOs should be denied the same protections from whistleblower reprisals as other DHS employees?

   It is my understanding that TSO's are not precluded from taking their concerns to the Office of Special Counsel (OSC). I also understand that under a May, 2002 Memorandum of Understanding between TSA and the OSC, TSO's are protected from reprisal for whistle-blowing under protections very similar to those set forth in the Whistleblower Protection Act (WPA). Under the MOU, if the OSC believes the TSO allegation warrants an investigation, an inquiry will be conducted and findings and recommendations will be reported to the TSA.

5. I was pleased by your response to the Committee's prehearing questions regarding your strong support for employee mentoring programs. You said that mentoring should be an integral part of all DHS leadership development programs at the managerial, supervisory, and SES levels. Will you institute mentoring programs for newer DHS employees to help them better understand the culture and mission of the Department and more quickly become proficient in their duties?

   Yes. I enthusiastically support formal and informal mentoring programs. I have personally served as a mentor to scores of people and will encourage the senior leadership of DHS to be active participants in this effort.

   I would like to first pilot a mentoring and coaching program at the leadership entry level this fiscal year. It is important that mentoring be part of any succession planning process and those DHS employees in the pipeline for leadership positions have an opportunity to participate in a mentoring program. I would also explore what currently exists within the DHS components to provide mentors to new DHS employees, so that they have a better understanding of the culture and the mission of DHS. These existing mentoring programs could then be leveraged across DHS.

6. The Aviation and Transportation Security Act (ATSA) specifically provided that TSA employees would be covered under the personnel management system of the Federal Aviation Administration (FAA), including collective bargaining rights, veterans' preference, whistleblower and anti-discrimination protections, and retirement and unemployment rights enforceable through appeal to the Merit Systems Protection Board. ATSA also included a statutory footnote to the law stating that "notwithstanding any other provision of law," the TSA Administrator may "employ, appoint, discipline,

terminate and fix the compensation, terms and conditions of employment of Federal service" and shall "establish levels of compensation and other benefits" for TSOs. TSA has argued that because of the ATSA footnote it is not bound by FAA personnel policies or any other labor law regarding TSOs. As a result, TSA administers two personnel systems that are different than the personnel system of its parent agency, DHS. Considering the distinct differences between TSA's personnel policies and those at DHS, do you believe radically different personnel policies facilitate unity at DHS? If so, please explain how DHS should be involved in TSA's personnel policies and conduct oversight and accountability?

I think this matter requires much more study on my part before being in a position to give an informed answer. If confirmed I would look into this matter.

7. The Homeland Security Appropriations Act for FY 07 contained a provision I authored to establish a rotational program to allow employees at DHS gain broad expertise throughout the Department.

A. How do you believe this provision should be implemented?

At the request of the Secretary, the Office of the Chief Human Capital Officer and DHS components are already involved in the design of a rotational program for aspiring members of the Senior Executive Service. In addition, rotational assignments are a key requirement for the SES Candidate Development Program. This is an area that I have great interest in and lots of experience and I would make it a focus on my efforts to help establish a uniform DHS culture across the entire Department.

B. What types of rewards or incentives do you believe should be in place to encourage mid-level employees to serve in other areas of the Department and build relationships and better understand the interconnectiveness of the components' individual missions?

Rotational assignments serve as a catalyst to encourage employees to gain experience throughout the Department. These rotational assignments can potentially serve as a requirement for promotion into senior level position in the future.

8. As more personal information is entered into massive databases and networks, it becomes essential that strong privacy protections are in place. Although the Chief Information Officer falls under the Management Directorate, the Chief Privacy Officer reports directly to the Secretary. How will you work with the Chief Privacy Officer to ensure that activities under your direction protect the privacy of American citizens?

I will work with the Chief Privacy Officer and the Chief Information Officer to ensure that privacy policy and guidance is implemented in systems.

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