Testimony before U.S. House of Representatives Committee on Homeland Security Hearing: A New Perspective on Threats to the Homeland David M. Walker Comeback America Initiative, Founder and CEO February 13, 2013

Good morning Chairman McCaul, Ranking Member Thompson, and distinguished members of the Committee. I am honored to be here to offer my perspective on the current state of the Department of Homeland Security and how it can best achieve its important mission, that of helping to secure our country and its citizens.

The perspective I bring to this issue is based on my almost 40 years of experience across multiple sectors of the economy, spanning over 20 years of private sector experience, over 15 years of total federal government service, including almost ten years as Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO), and almost five years in the non-profit sector. During my tenure as U.S. Comptroller General, I gained extensive knowledge of homeland security issues, and I testified before Congress on numerous occasions about this topic, including during the planning and formation of the Department of Homeland Security (DHS) in 2002. I am currently the founder and CEO of the Comeback America Initiative, which educates and engages the public about the threat posed by our nation's structural deficits and mounting debt burdens, and possible ways to address them.

As has been stated by Admiral Mike Mullen, myself, and others, the single greatest threat to our nation's security is our own fiscal irresponsibility and mounting debt burdens. Absent a change in course, our nation's debt levels will become unsustainable. This will threaten our position in the world, economy at home, our national security, and even our domestic tranquility over time.

While legislation in recent years, including the Budget Control Act and the American Taxpayer Relief Act of 2012, was intended to help address our fiscal challenge, they have not addressed the three key drivers of our structural deficits: known demographic trends, rising health care costs, and an outdated and inadequate tax system. As a result, the portion of the federal budget that is on autopilot is set to increase from its current 67%, and the nation's longer-term deficits will grow over time. According to last week's updated budget projections from the Congressional Budget Office, under current law, mandatory spending, including interest, will consume 76% of the federal budget in 2023. Discretionary spending will be squeezed to roughly 24% of total spending, with non-defense discretionary spending being about 12% of total spending. As a percent of GDP, non-defense discretionary spending our nation's future is to reach a "grand bargain" that restores fiscal sanity, recaptures control of the budget, and ensures adequate financing for the departments and agencies that fall under the express and enumerated constitutional roles and responsibilities of the Federal Government, including homeland security.

Given the inevitability of our Federal Government having to do more with less, it is more important than ever for all federal agencies, including DHS, to have a comprehensive and integrated strategic plan that is future focused, results oriented, resource constrained, and that considers customers, employees and other key stakeholders. In my experience, there are three key elements any organization must have to be successful -1) it must have a plan; 2) it must have a budget; and 3) it must have outcome-based performance metrics. Unfortunately our Federal Government as a whole fails on all three of these. DHS has done a better job, but there is still plenty of room for improvement.

This past November marked the 10th anniversary of the formation of DHS, and the Department has made meaningful strides during that time to improve its performance, during some trying times, when it comes to homeland security threats. I recall during my testimony before Congress in 2002, when Congress was considering the creation of the department, pointing out that a consolidation of 22 separate agencies was one of the biggest transformational changes the Federal Government had ever undertaken. In fact, at the time I stated that "the experiences of organizations that have undertaken transformational change efforts along the lines that will be necessary for the new department to be fully effective suggest that this process can take up to 5 to 10 years to provide meaningful and sustainable results". Now that 10 years have passed, it is appropriate to explore areas that DHS can focus on to more effectively achieve its critically important mission.

First, I believe DHS must improve its strategic planning processes. It is vitally important for any organization to have a strategic plan to guide its actions, allocate resources and measure results. Unlike the Federal Government as a whole, DHS has made real progress in its department-wide planning. However, GAO and others have recommended that DHS provide more opportunity for stakeholder participation in its planning process. Given DHS's reliance on partners to achieve its mission, in both the public and private sector, it is vitally important for those stakeholders to be meaningfully engaged in the planning process. In addition, DHS must do a better job of integrating risk management into its planning process, especially given the nature of its mission. Integrating risk management practices as a key element of its planning must also involve the development of more outcome-based performance measures to guide allocation of limited resources.

Second, DHS must improve its financial management practices. While DHS has made progress in improving its financial management practices since its inception, a lot more work needs to be done. For example, failure to fully integrate its financial management system, and various internal control weaknesses, have resulted in DHS not being able to achieve an unqualified audit opinion on its financial statements since the department's creation. DHS also has a number of material internal control weaknesses that need to be addressed.

In addition to integrating its financial management systems, DHS must make further strides in modernizing and integrating other management practices and systems. DHS faces serious challenges in integrating its IT, financial, human capital, and acquisition systems. These challenges have contributed to cost overruns, schedule delays, and an inability to achieve stated departmental goals and objectives. Furthermore, with regard to acquisition management, DHS should implement more strategic and portfolio-based investment practices, and execute existing acquisition policy more effectively.

GAO has stated that "DHS culture has emphasized the need to rapidly execute missions more than sound acquisition management practices. Most major programs lack reliable cost estimates, realistic schedules, and agreed-upon baseline objectives..." DHS must improve these practices if it is to effectively fulfill its mission.

Third, there are clear and compelling human capital challenges that DHS must address if it is to effectively achieve its mission in a sustainable manner. Any organization is only as successful as its people, and based on recent analysis employee morale at DHS is amongst the lowest at all federal agencies. Furthermore, given the demographic trends facing government at all levels, it is vitally important that DHS employ strategic workforce planning that focuses on acquiring, developing and retaining a workforce capable of achieving its mission. This includes appropriate succession planning and recruiting practices.

The issues I have highlighted are areas where Congress can employ its oversight responsibilities to ensure DHS is best able to fulfill its mission in the future, especially in an era of serious fiscal challenges. However, I also encourage the Congress to consider creating a Government Transformation Task Force, similar to that being advocated by the Government Transformation Initiative (GTI), for which I serve as Chairman of the Board. Under GTI's proposed approach, an independent body, authorized by statute, would be created to recommend ways the federal government can operate more economically, efficiently and effectively. The task force would be made up of non-conflicted leaders with proven track records of transforming organizations in the public, private and/or non-profit sectors. It would issue reports and recommendations outlining ways to help government focus on results, plan strategically, streamline operations, leverage technology, adopt best practices, and otherwise improve performance. Congress should be required to consider the task force recommendations in a timely fashion.

Our nation's poor financial condition and mounting debt burdens require that Congress think outside the box and develop new ways to make government more future-focused and results-oriented. The creation of such a task force could help restructure our government to meet the needs of the 21st century, while achieving efficiencies that allow it to live within the resource constrained reality that our current fiscal path will require.

When testifying before the creation of DHS I said that, "Strong and visionary leadership will be vital to creating a unified, focused organization, as opposed to a group of separate units under a single roof." DHS has made real progress in this regard, but more action is required. At the same time, greater vision and leadership is required to help ensure that the federal government as a whole can effectively address the many sustainability challenges that we face. This is essential if we want to effectively discharge our stewardship obligation to our children, grandchildren and future generations of Americans.

I thank you again for the opportunity to testify before your distinguished committee, and I would be happy to answer any questions you may have.