



**One Hundred Ninth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515**

June 1, 2006

The Honorable Michael Chertoff
Secretary
Department of Homeland Security
Washington, DC 20528

Dear Secretary Chertoff:

On May 18, 2006, the Subcommittee on Management, Integration and Oversight held a hearing entitled "The Department of Homeland Security's Human Capital Challenges: Morale, Recruitment and Retention at all Levels." As the title indicates, this hearing was convened to examine the Department's continuing problems with low employee morale and high attrition rates.

In his written testimony, Mr. K. Gregg Prillaman, the Department's Chief Human Capital Officer, testified that the Department's goal for its human capital system is to "...clarify each employee's roles and responsibilities and give them a set of clear performance objectives that are tied to the Department's overall objectives."¹ Additionally, Mr. Prillaman indicated that the new personnel system "... requires all managers and supervisors to go through a training program to improve their skills in communications with employees, making assignments, setting performance objectives, providing feedback and coaching to employees, receiving feedback from employees, and providing a fair and balanced evaluation of the employee's strengths and weaknesses at the end of the year.

After hearing his testimony, we were initially hopeful that Mr. Prillaman would be able to bring about positive change in the Department's problematic human capital system. Those hopes ended rapidly when within 48 hours of his testimony before this Committee, unconfirmed news reports surfaced indicating that Mr. Prillaman would soon resign from his post. Unfortunately, several telephone calls placed to your Legislative Affairs office failed to confirm those reports. Therefore, we were taken aback to learn through the news media that Mr. Prillaman's resignation will be effective on June 9, 2006.

¹ Excerpt from K. Gregg Prillaman's Testimony before the Management Integration and Oversight Subcommittee. *"The Department of Homeland Security's Human Capital Challenges: Morale, Recruitment and Retention at all Levels"* (May 18, 2006).

We are concerned that Mr. Prillaman's resignation was not thoroughly disclosed to this Committee either before his May 18th testimony or immediately thereafter when it became known to the Department.² The Department's failure to disclose this information in a timely fashion once again raises issues concerning its willingness to actively and cooperatively engage with this Committee.

The report of Mr. Prillaman's impending resignation is disturbing not only because it raises issues about the Department's commitment to addressing attrition and morale issues but also because it further underscores the need for a proven human capital system.

First, Mr. Prillaman has served in his post for only eight months. The resignation of an individual with 30 years of experience in the personnel field after this extremely short tenure at the Department seems to underscore the many problems facing the Department in hiring and retaining appropriate and qualified personnel. If the head of the Department's personnel operations found resignation to be his best option, then what message does this send to the rank and file employees who are uncertain about the Department's direction?

Second, in his testimony, Mr. Prillaman indicated his commitment to strengthening the Department's human capital system by stemming the tide of employee departures and improving the consistently low morale reported by employees of the Department. These are problems which must be fixed. We are concerned that any successor to Mr. Prillaman may jettison current plans to address these issues, thereby further protracting efforts to implement programs to raise employee morale and decrease attrition. What effect will Mr. Prillaman's departure have on the plans which he has developed to address personnel issues at the Department?

Third, it appears that Congress may be questioning the Department's ability to raise employee morale and reduce attrition by implementing an unproven system, such as MaxHR. As you know, the House of Representatives recently voted to reduce Max HR funding to \$14.7 million for FY 2007. This funding level is well below the Administration's request of \$41.7 million. How will this drastic cut in funding affect the implementation of the MaxHR personnel system?

Fourth, a recent Government Accountability Office (GAO) report raises serious concerns about the Department's ability to implement the impartial and fair evaluation process that is lauded as the linchpin of the MaxHR system. Specifically, in a recently released report,³ GAO found that the conversion to career status of two DHS employees to be highly questionable and a possible violation of Title 5 of the Merit System

² "DHS Personnel Officer Resigns as Department Tackles Crucial Workplace Issues," The Washington Post, May 30, 2006.

³ GAO, *Personnel Practices: Conversions of Employees from Noncareer to Career Conversions May 2001-April 2005*, GAO 06-381 (Washington, D.C.: May 25, 2006).

Principles.⁴ As you know, the Merit System Principle is designed to facilitate “recruitment from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.”⁵ In one position, with an annual salary of over \$112,000, GAO found that the position appeared to have been created for a particular individual.⁶ GAO based its finding on the fact that the agency did not advertise the opening and that no evidence existed that would suggest that any other candidates were considered for the position.⁷ This is extremely disturbing on its face, but it is more troubling given the fact that this conversion was made for a high ranking employees with appropriated funds, making it unlikely that it merely “slipped through the cracks.”

In essence, it appears that the Department’s human capital system is in critical condition, possessing neither steady, seasoned leadership nor clearly defined goals. The Department must fix these problems and ensure that employees are able to remain focused on their important mission of securing our nation. Unfortunately, we have not seen significant and sustained efforts to accomplish these goals.

Based on these concerns, please provide a written response for the following questions:

- (1) The ability to adequately implement a fair personnel system is a major component in both employee morale and attrition rates. The GAO report concerning the conversion of the non-status employee is a glaring example of personnel practices which would portray and image of favoritism and unfairness. Given that GAO has identified the creation of this position as having been a possible violation of federal law, what actions will the Department take regarding this position?
- (2) Given the resignation of the Chief Human Capital Officer, several unfavorable court decisions, and severely decreased appropriations for MaxHR implementation, what actions does the Department plan to take regarding the implementation of Max HR?
- (3) We have been informed by a Department spokesperson that Mr. Prillaman tendered his resignation to the Department on May 15, 2006, three days prior to his testimony before this Committee. Please provide your rationale for failing to disclose his resignation prior to his appearance before this Committee.

⁴ 5 U.S.C. § 2302(b)(6) (2006).

⁵ *Id.*

⁶ GAO, *Personnel Practices: Conversions of Employees from Noncareer to Career Conversions May 2001-April 2005*, at 62.

⁷ *Id.*

I look forward to your response within two weeks but no later than June 15, 2006.
If you have any questions, please do not hesitate to contact Jessica Herrera-Flanigan,
Democratic Staff Director at 202-226-2616.

Sincerely,



Bennie G. Thompson
Ranking Member
Committee on Homeland Security



Kendrick B. Meek
Ranking Member
Subcommittee on Management, Integration,
and Oversight