



Committee on
HOMELAND SECURITY
Chairman Peter T. King

Opening Statement

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**Statement of Chairman Michael McCaul (R-TX)
Subcommittee on Oversight, Investigations, and Management**

**“DHS Acquisition Management Challenges: Solutions for Saving
Taxpayer Dollars”**

**September 21, 2012
Remarks as Prepared**

Billions of taxpayer dollars have been continually put at high-risk and multiple key security programs do not fully meet the Department of Homeland Security’s needs because DHS senior leadership is failing to hold acquisition programs accountable.

DHS major acquisition programs play a critical role in protecting the homeland. They include surveillance systems watching for terrorists and drug traffickers along our borders and machines screening airport passengers for explosives and other deadly threats, among other programs. These programs represent a significant investment for the American taxpayer.

In 2011, DHS reported to Congress that its current major acquisition programs will cost taxpayers a total of \$167 billion to field in the coming years. Unfortunately, a new report from the Government Accountability

Office (GAO) raises serious concerns about whether the Department is effectively managing these major acquisitions.

To its credit, DHS issued a policy in 2008 intended to ensure acquisition programs demonstrate critical knowledge at key points in the lifecycle of a program. Such a “knowledge-based” approach is often used by leading commercial firms and successful programs to mitigate risk and help ensure a sound investment.

In essence, the higher the level of knowledge attained at the outset about how a technology is designed and how it operates in real world environments, the lower the risk to the program and, in this case, the taxpayer.

However, GAO found that DHS senior leaders rarely hold programs accountable to this policy. Out of 49 programs reviewed by DHS leadership, 43 were allowed to move forward with development even though they had not adhered to DHS’s policy. Out of 71 programs reviewed by GAO, only 4 adhered to DHS’s policy; and over 30 programs had none of the documentation required to demonstrate this critical knowledge.

These programs include some of the Department’s most important initiatives, such as TSA’s Transportation Worker Identification Credential—created to ensure individuals who pose a threat do not gain unescorted access to our nation's ports and CBP’s Strategic Air and Marine Plan—intended to help CBP prevent terrorists, drugs, and other contraband from entering the country. This lack of accountability is unacceptable.

Earlier this year, GAO also reported that TSA did not fully follow DHS acquisition policy when acquiring its Advanced Imaging Technology or full body scanners. Touted as a key security layer, AIT is intended to use cutting edge technology to identify threats that may not be picked up by magnetometers or other security layers. According to GAO, DHS approved deployment of these machines without fully knowing TSA’s revised specifications. As a result, over 670 machines have been fielded that did not meet requirements that the Department initially determined were necessary to protect the aviation system.

And then there are examples like CBP's Secure Border Initiative Network or SBI-Net and TSA's Explosive Trace Portal program known as "the puffers" where taxpayers received little to no return on their sizable investment. These examples are very concerning. It seems like the Department's senior leadership is "MIA—missing in action" when it comes to effectively managing DHS. Why have an acquisition policy if the Department has no intention of enforcing it? A policy—even a good one that incorporates best practices—isn't worth the paper it's printed on if it isn't enforced and doesn't lead to positive outcomes.

The results of these management failures are programs that are delivered late, cost more, and do less than expected. For example, costs in 16 programs increased 166 percent in only three years. Only one-third of the programs had department-approved baselines—documentation essential for measuring cost growth.

For the two-thirds lacking this documentation, DHS doesn't even have the data needed to measure whether cost growth in these programs exists. These programs include CBP's Non-Intrusive Inspection Systems—designed to detect contraband, such as weapons and nuclear materials, and TSA's Electronic Baggage Screening Program—used to protect the aviation system from threats in checked baggage, among others. The total price tag for these "unaccountable" programs: about \$100 billion. In total, almost all the programs GAO reviewed faced significant challenges.

DHS has initiatives underway to try and improve its acquisition outcomes, such as its centers of excellence intended to leverage acquisition knowledge and expertise across components, and decision support tool designed to consolidate key program information to allow DHS senior leaders to make better decisions, among other initiatives.

But we need solutions now, not years down the road. These issues could result in two options: fewer resources to protect our homeland now or bankrolling these failures on the backs of future generations. Neither of these options is acceptable. The brave men and women defending our borders, protecting our airports, and patrolling our shores deserve better. The American taxpayer deserves better. This hearing will examine why these challenges exist and what DHS needs to do to fix these problems.