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Introduction

Good morning Chairman Chaffetz, Ranking Member Cummings, and distinguished Members of the Committee. I am proud to appear before you today to represent the Secret Service at the conclusion of the Presidential Campaign. Through the exceptional commitment and dedication of our workforce, the Secret Service successfully accomplished its mission, though we continue to look ahead, as we prepare for the Presidential Inauguration and beyond. Our over 6,500 employees, as with generations that have preceded them, demonstrated a level of professionalism upon which the reputation of our agency was built. I appreciate the opportunity to speak today about these accomplishments, as well as the challenges ahead, and the efforts the Director and his staff have undertaken to ensure that the Secret Service is an agency that continuously improves.

Mission Status

Protection is the priority of this agency. The Secret Service reached a milestone in this election year last week with the General Election. The agency began preparation and training for candidate operations in the summer of 2015, and at the direction of the Secretary of the Department of Homeland Security (DHS or the Department), initiated protection for then-candidate Donald Trump and Dr. Ben Carson in November of 2015. This effort grew to include augmented protection for Secretary Clinton, a permanent protectee of the agency, Senator Bernie Sanders until he suspended his campaign, and eventually the Vice-Presidential nominees and their spouses. It also included the security of three Presidential debates - Hempstead, NY, St. Louis, MO and Las Vegas, NV - as well as one Vice Presidential debate in Farmville, VA. In the course of this election year, the Secret Service coordinated security for over 2,500 candidate trips, during which approximately four million people went through magnetometer screening.

Protection is a collaborative effort and we were fortunate to have the support of a number of partners over the past year. We worked with our DHS colleagues at U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI), the Transportation Security Administration (TSA), and U.S. Customs and Border Protection (CBP), as well as state and local public safety agencies to ensure protection for these candidates. We are honored to have been part of the professionalism demonstrated by all of these entities and are appreciative for their assistance as we worked together to provide protection for the candidates.

Amidst candidate operations, the agency coordinated five National Special Security Events (NSSEs) over the past year. While federal, state, and local partners from across government supported these NSSEs, I am proud to say these recent events also demonstrated a tremendous "Unity of Effort" within the Department. The Federal Emergency Management Agency, U.S. Coast Guard, TSA, ICE, CBP, and others were all critical to the security planning and execution efforts. This "whole of government" approach has become an effective model for these events. The NSSEs included the State of the Union, 2016 Nuclear Security Summit, the Republican National Convention, the Democratic National Convention, and the 71st United Nations General Assembly.

The election of our next President last week put a symbolic cap on candidate nominee operations, but our work continues at a vigorous pace. The Secret Service has been deeply involved in Presidential Transition Office efforts and already enhanced the level of protection for the President-elect and Vice-President-elect and their families, to reflect the positions they will formally hold come January. When the next President is sworn into office and the current President reenters private life, the Secret Service will also be prepared with a former President Obama protective division. In addition to a former Presidential protective division, Vice President Biden and Dr. Biden will be eligible to receive Secret Service protection for six months upon leaving office. Planning for this historic day of transition on January 20, 2017, the 58th Presidential Inauguration, has been well underway since early this summer.

Despite the added challenges of multiple NSSEs and protection of the presidential candidates throughout the campaign, the Secret Service ensured the safe arrival and departure for 8,580 protective travel stops in fiscal year (FY) 2016, a 40% increase in protection over the previous year. Personnel also completed 8,369 protective surveys, executed 140 protective intelligence arrests and provided security for 26 foreign trips for the President and 36 foreign trips for the Vice President, over the course of this campaign. In fact, the Secret Service is presently traveling with the President on a three country trip to Greece, Germany, and Peru, which required personnel to travel in advance capacities.

The success of these protective trips is dependent on existing, long standing relationships agents throughout the world have with state, local, and international law enforcement counterparts. These relationships are developed largely through cooperative investigative work. We stand by this complementary, integrated relationship between protection and investigations which is the basis of this agency, knowing that it is the very foundation of the results we achieve. The structure of the agency, with an integrated mission, allows for an ebb and flow in its investigative mission in order to prioritize these protective responsibilities. Although the focus of the Secret Service has principally been on protection over the past year, the Secret Service also continued to engage in significant investigative casework throughout the country and across the world.

In addition to our significant protective responsibilities, the agency remains focused on investigating cyber crime, a top priority. The Secret Service, and its partners, established long ago that defense alone is inadequate – proactive law enforcement investigations are essential in combating cyber threats. These investigations often involve the strong domestic and international law enforcement partnerships developed over many years. For example, in April 2016, Marcel Lazar of Arad, Romania, also known as “Guccifer,” was extradited to the United States after an investigation led by the Secret Service’s Washington Field Office, the Federal Bureau of Investigation, and the State Department, in coordination with Romanian authorities. Lazar accessed private online accounts of American citizens including an immediate family member of two former Presidents. Other victims included a former member of the U.S. Cabinet, a former member of the U.S. Joint Chiefs of Staff, and approximately 100 other Americans. In September 2016, Lazar was sentenced for the unauthorized access to a protected computer and aggravated identity theft.

Core financial infrastructure violations involving crimes like money laundering continue to be investigated as well. In June 2016, a Secret Service Santa Ana Resident Office investigation of a long-running telemarketing scheme that targeted small businesses and charities led to 20 federal arrests and seizures over \$5.2 million. Over 200 victim companies were interviewed during the investigation, which included churches, non-profit organizations, schools, small businesses, and government entities and involved at least eighteen fraudulent call centers. Significant community impact cases like this one show the important impact that the agency has made, not just in protecting the President, but protecting the financial infrastructure of this country.

Protective Mission Panel and House Oversight & Government Reform Reports

Since his arrival, Director Clancy has rebuilt the Secret Service’s command structure and implemented policies to increase transparency and communication between senior leaders, supervisors, and the rank and file across the agency. Many of these changes implemented recommendations of the Protective Mission Panel (PMP) and this Committee.

The work of the PMP led the Secret Service to examine how we lead the organization; how we train for and conduct operations; and how we engage with every member of the workforce. A year after the PMP issued

its report, the Secret Service invited the panel members to meet with the Director to discuss the progress we had made and to get their input to ensure that our actions and intended direction were consistent with the intent of their recommendations.

The DHS Office of Inspector General (OIG) recently reviewed the Secret Service's progress in implementing the recommendations of the PMP. In its report, the OIG noted that fully addressing some of the PMP recommendations will take considerable time, funding, and stakeholder support. We appreciate the OIG's assessment, and concur with the five recommendations the report offered to allow the Secret Service to be more responsive to the PMP recommendations.

In addition to the OIG report, we have actively sought assessments and feedback from other external sources. Understanding that work/life balance was at the root of many of the PMP's recommendations, we contracted an independent third party to conduct a comprehensive study of work/life balance at the Secret Service. Additionally, we have sought the feedback of the National Academy of Public Administration, which recently completed an assessment of our business transformation efforts and helping us to identify ways to build upon our completed actions.

All of these efforts demonstrate our focus on improving the Secret Service, not just in short-term actions, but as part of a sustained, long-term effort of continual improvement. Our efforts to address the PMP recommendations have also allowed us to appropriately address similar concerns of this Committee, which include changes in Secret Service leadership and structure, hiring and retaining personnel, and budgeting for our mission needs.

Training and Personnel

In addition to our operational demands, the Secret Service remains focused on our human capital requirements. As Director Clancy has said on numerous occasions, our people are our most important asset. A healthy, robust workforce benefits all involved and allows us to work to our potential in protection and investigations. Increased staffing is the key to enabling improved quality of life and training opportunities for our employees. In FY 2016, amidst an extraordinary protective tempo, the agency hired 327 special agents, 309 Uniformed Division officers, and 194 Administrative, Professional and Technical (APT) staff members, giving us the highest total employee population we have had since 2012. This success is a direct result of our National Recruitment Strategy which was developed with the assistance of a professional marketing firm. This marketing firm is also helping to carry out the campaign across the country to discover talented candidates. In addition, through our Entry Level Assessment Centers, the Office of Human Resources has been able to reduce applicant processing time for special agents and Uniformed Division officers from ten months to four.

We plan to build on the momentum of our recruiting efforts and hire approximately 280 special agents, 280 Uniformed Division officers, and 260 APTs in FY 2017. The tireless efforts of our Human Capital Division, Security Clearance Division, our field offices, and the personnel at the James J. Rowley Training Center, in coordination with the Federal Law Enforcement Training Centers have made this possible. Our FY 2016 hiring represents a 67% increase in basic training courses compared to the previous year. The Rowley Training Center has grown and adjusted to meet the increased training needs of the Secret Service. In addition to growing its special agent training staff, the Rowley Training Center has begun a series of capital improvements to meet the needs of our workforce. Upgrades and investments in a Building Defense Training Facility, Canine facility, shooting ranges, and other school-house facilities improve the capacity and capability to provide needed training for our workforce. With these long-term investments, the Secret Service is providing necessary immersion, real-life, integrated training befitting our premier law enforcement personnel into the future.

Our human capital efforts are multi-faceted. While we have made significant progress on our hiring goals, we realize the positive impact of hiring is muted if attrition is ignored. As such, the retention of our existing workforce has been a priority. The current workforce retention issues facing the Secret Service are directly related to the effects that increased operational demands, evolving threats and the need for additional manpower have on employee morale.

The agency's first retention effort to date was directed at our Uniformed Division workforce, where we were able to implement the Uniformed Division Retention Bonus Program. The Secret Service rolled out other incentives including the re-ignition of the student loan repayment and tuition assistance programs, updating the telework policy, and revitalizing the Senior Special Agent and Senior Resident Agent program. The Secret Service is also considering several options for a more comprehensive retention program including an agency-wide APT Career Progression Plan and a child care subsidy program.

Secretary Johnson and Director Clancy are giving particular attention to an initiative intended to ensure that our employees are compensated appropriately. The "max-out" issue has been consistently identified as one of the top issues affecting employee morale and employee retention. However, the protective mission requires continued, uninterrupted coverage for our protectees, requiring individuals to work over the amount for which they are able to be legally paid due to the annual cap. The Secret Service is in the process of developing a more comprehensive position on specific legislative changes, and looks forward to working with the Committee to address employee morale and retention issues

Technology, Perimeter Security and Operations

Working closely with our partners in the National Park Service, the Secret Service has received preliminary approval from the Commission of Fine Arts and the National Capital Planning Commission for designing an upgraded fence round the White House complex. The Secret Service has completed initial testing of the preferred design and hired an external engineering firm to validate the design and engineering process. With completion of a full-scale design mock-up, the Secret Service will seek to start construction of the new fence around the central 18-acres of the complex in 2017.

In-line with the recommendations of the PMP, the Secret Service has increased the number of special agents in the Presidential Protective Division. In addition, through the aggressive hiring efforts previously discussed, the Secret Service is seeking to increase the number of Uniformed Division officers at the White House by 200. While this is a long-term process, in FY 2016, each new graduating special agent spends two weeks in a protective assignment at the White House. The Service has also transferred multiple Uniformed Division administrative assignments to APT employees to increase the number of officers available to provide increased opportunities for training and leave.

Leadership

Since the arrival of the Chief Operating Officer (COO), the Secret Service has aligned business units to report to the COO with an enterprise wide view. Operational protective-investigative divisions continue to report to the Deputy Director. In addition, the Secret Service split its Human Resources and Training Divisions, and elevated the Office of the Chief Information Officer (CIO) and Office of the Chief Financial Officer (CFO), and created the Office of Strategic Planning and Policy at the executive level. These changes created clear lines of responsibility and highlight the importance of their input to senior decision makers.

This mission-oriented organizational structure is also supported by the increasing expertise of the executive workforce. In addition to the COO, the Secret Service has hired career, non-law enforcement professionals to lead the Office of the CIO, Office of Strategic Planning and Policy, Office of Technical Development

and Mission Support, Office of the CFO, and has recently announced an external search for the new head of the Office of Human Resources. These subject matter experts bring a wealth of executive level experience to their posts and will help the Secret Service to continually evolve its professional workforce.

The Secret Service has also worked tirelessly to achieve a mission-based budget starting with the 2018 – 2022 Resource Allocation Plan. To support this budget, the Chief Financial Officer (CFO) has held multiple town-hall style events with the workforce to outline the changes and its implementation across the directorates. In addition, the Office of the CFO has worked closely with other stakeholders in DHS, the Office of Management and Budget, and the staff of the Congressional Appropriations Committees to support the submission of the new budget. The success of these actions is reflected in the Secret Service’s transition to the Common Appropriations Structure in FY 2017. An intermediate, but successful transition is crucial to achieving a full mission-based budget in 2018; the new structure will provide increased granularity of our spending needs and support budget justifications into the future.

Integrity and Accountability

The Secret Service has taken many actions to strengthen and implement its integrity and discipline process. The Secret Service established an Office of Integrity in 2013 that defined integrity and professional standards, disciplinary policies and procedures, and a service-wide table of penalties was developed to ensure fairness and consistency in the disciplinary process. The table of penalties is a living document and changes can be incorporated as needed. For example, we recently updated the table of penalties to include instances of failing to report misconduct and expand the definition of the “Lack of Candor” offense codes, indicating that lack of candor should be charged independently of underlying misconduct.

In addition, the Office of Integrity has developed a series of web-based videos to familiarize the workforce with the discipline process and outline the clear-lines of responsibility and accountability designed into the new process. In July 2016, the Office of Integrity published the 2015 Discipline Report to communicate with the workforce regarding the actions taken in response to the disciplinary process for the previous year. Further, the agency has enhanced the mechanisms by which employees can report instances of misconduct.

The Secret Service recognizes that the integrity and accountability of our leaders and workforce are essential to conducting our integrated mission and of great interest to members of this Committee. With that in mind, we have implemented several of the Committee’s recommendations.

The Secret Service has been working steadily to realize the recommendations as outlined by the PMP and your Committee. Although much has already been accomplished, many of these changes are long-term and cannot be achieved without sustained effort by the entire organization.

Validation

To assess progress and expected effectiveness of actions underway, the Secret Service requested the National Academy of Public Administration conduct an independent review of recent enhancements to its business support functions and organizational management. The Academy formed an expert panel and study team to evaluate Secret Service management and operational policies, protocols, and practices and to recommend modifications to those reforms or additional steps to most effectively and efficiently meet the agency’s objectives and recommendations of the PMP and this Committee. In addition, the Secret Service has accomplished a substantial number of organizational, policy and process changes to transform the way the agency does business, to professionalize administrative, technical and management functions and to remedy numerous staffing and employee issues. Agency leadership has achieved these changes in a relatively short time, demonstrating its commitment to change.

Information Technology (IT)

Before I conclude my remarks, in light of the presence of the Department's Inspector General and his recent report on IT, I would like to speak for a moment on the subject. Director Clancy re-aligned the IT management structure under a Chief Information Officer (CIO) to be more consistent with that found across industry. CIO Kevin Nally was named to that position by Director Clancy and brings a wealth of knowledge with him from his time as CIO of the United States Marine Corps.

Robust information security and a modern IT infrastructure are foundational to the success of the Secret Service mission. Since the Information Integration and Technology Transformation (IITT) program began with funding in 2010, significant strides have been made to provide secure capabilities to a highly mobile workforce. As pointed out in the recent DHS-OIG report, changes to the IT infrastructure did not come soon enough to prevent unacceptable and unauthorized access to personally identifiable information on the Secret Service mainframe database which existed at the time. The retirement of the 1980s era mainframe and associated upgrades to a modern IT environment have allowed for greater controls and assurance that access to systems across the Secret Service enterprise is limited to those with a need and authority to know the information contained within. Further, administrative system rights have been limited, and IT policies continue to be updated and communicated to the workforce.

These were changes occurring when CIO Nally arrived and he has worked tirelessly to see them through to completion. At the same time, he has been laying out his own vision and strategy to move the agency forward as he continues to aggressively hire to fill vacant positions within his office.

Conclusion

As we conclude this election year, the operational challenges facing the men and women of the Secret Service will not subside. Each day, our special agents, Uniformed Division officers, and APT staff face unparalleled demands. This has been the nature of the mission of this agency faced by generations of employees. Our employees continue to meet the high-tempo needs of the mission in an ever changing threat environment. Their perseverance to be successful in protection, while immersing themselves in complex investigations motivates our leadership staff to implement positive change for them in this agency. Under the direction of Director Clancy, his leadership team will continue supporting all of our employees by building on staffing and retention initiatives, and fighting to provide them with the commensurate compensation for the long hours they work on behalf of the American people. We are proud of our progress to date on the PMP recommendations and will continue to do the work that remains. We also appreciate the OIG's audit on our IT systems and recognize that continued improvements are needed and essential to the successful completion of our mission. The Secret Service will continue to improve the oversight and management of our IT systems to ensure that the information with which it is entrusted is properly protected and secured. We bring the same focus to the recommendations of your Committee's report, and you should expect to see similar results to the ones already achieved, in those that remain.

The agency, the leadership team, and our employees are committed to continually improving the Service. Thanks to the hard work, dedication, and many sacrifices of our employees, we have been successful when the demands of the mission were at its highest this year. On behalf of Director Clancy, I would like to publicly thank them for carrying on the proud tradition of this agency and let them know the Director and his leadership team will continue to do everything we can to fully support them, as we focus on ensuring a reputation that is second to none.

Chairman Chaffetz, Ranking Member Cummings, and members of the Committee, this concludes my written testimony. I welcome any questions you have at this time.