



Testimony of

E.J. Holland, Jr.

Assistant Secretary for Administration

U.S. Department of Health and Human Services

Before the

Subcommittee on Government Operations

U.S. House Committee on Oversight & Government Reform

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Chairman Chaffetz, Ranking Member Cummings and distinguished subcommittee members:

I am E.J. Holland, Jr., the Assistant Secretary for Administration at the U.S. Department of Health and Human Services (HHS). I am honored to be here on behalf of my Department. It is my privilege to testify before this distinguished committee on what I believe is an important issue.

While I am incredibly honored to serve in this Administration, I am relatively new to civil service. I came here five years ago, after a 41 year career in the private sector, practicing law and serving in senior executive positions at three successive Fortune 500 companies. Now as Assistant Secretary for Administration at HHS, I serve in a role similar to Chief Administrative Officer in the private sector. My division, the Office of the Assistant Secretary for Administration, is responsible for supporting over 80,000 employees, in such areas as technology, real estate, human resources and security services. I came to serve in government with the commitment to help make the government efficient and effective. Your invitation and my deep commitment to the American taxpayers bring me here today.

You have invited me to testify regarding the tax accountability of federal employees. Let me begin by saying that, at HHS, we expect our employees to be exemplary citizens. Our code of ethics requires that each of us “satisfy in good faith our obligations as citizens, including all just financial obligations, especially those such as federal, state, or local taxes that are imposed by law.”¹ We believe that Federal employees hold the public trust and should be held to a high

¹ 5 C.F.R. § 2635.809.

standard of conduct. We agree that federal employees, like all citizens, should pay their Federal, as well as state and local, taxes.

It also is of utmost importance that I communicate to you that HHS is not privy to information about tax delinquency matters of our employees. It is the Internal Revenue Service (IRS) that collects tax delinquency information. Only the IRS has the procedures in place to recover funds from HHS employees who are delinquent in paying taxes. Our understanding is that the IRS sends our payroll provider, Defense Finance and Accounting Services (DFAS), one of four authorized government payroll providers, the information needed to collect any tax levies. DFAS notifies and collects from the Federal employee without any intervention by HHS personnel. Even if HHS were privy to tax delinquency matters of our employees, HHS would have to establish a nexus or connection between an employee's position and the tax delinquency in order to take any administrative action against the employee.

Under OPM government-wide regulations on suitability (5 CFR part 731), evidence that a job applicant is dishonest in meeting financial obligations from Federal programs, such as taxes, may result in a negative suitability determination. This does not automatically make the applicant ineligible for Federal employment but may be a consideration based on individual circumstances. While there is not a current law strictly barring a person with seriously delinquent tax debts from Federal employment, we do have laws and regulations that we follow that significantly restrict the awarding of contracts to tax delinquent offerors. The Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235, division E, sections 744 and 745), includes prohibitions against awarding contracts to any entity which has a Federal tax liability or has been convicted of a felony criminal violation under any Federal law. The Federal Acquisition Regulation (FAR) requires that contract offerors in certain circumstances certify whether they have been notified about delinquencies in Federal taxes and the Federal Acquisition

Regulatory Council is developing regulatory changes to the FAR to implement the new requirements in the Appropriations Act.

In summary, Mr. Chairman, we do not currently have any authority to enforce tax delinquency laws on the employees of HHS. We are not privy to information regarding specific employees who might be delinquent in paying their taxes. We at HHS believe that taxpayers, regardless of their income and regardless of their place of employment, should be held accountable for filing accurate tax returns and paying the taxes they owe on time and are fully supportive of implementing the law.



Biography

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E.J. Holland, Jr. **Assistant Secretary** **for Administration (ASA)**



As the Assistant Secretary for Administration, E.J. (“Ned”) Holland, Jr., leads an organization of approximately 3800 Federal employees and contractors that provides a variety of support services to the Department of Health and Human Services including human resources, information technology, diversity management and EEO, facilities management, and internal business consulting. The division also operates a \$900M fee-for-service center that provides financial management, administrative operations, strategic acquisitions, and occupational health support to customers across Federal government.

Before joining the Department, Ned served as the Senior Vice President of Human Resources and Communications for Embarq Corporation which was the fourth largest local telecommunications exchange carrier in the United States and the largest independent local provider, serving customers in 18 states and providing local, long distance, high-speed data and wireless services to residential and business customers. In this capacity, Ned managed employee and labor relations, talent management, compensation and benefits, employee experience, corporate security, internal and external communications, the Intranet and Multimedia Communications Center and the events management team. Embarq was included in the Fortune 500® list of America’s largest corporations.

Prior to his tenure at Embarq, Ned served as Vice President for Compensation, Benefits, Labor and Employee Relations for Sprint, as Senior Vice President, Chief Administrative Officer and Corporate Secretary for Payless Cashways, Inc., and as managing partner and co-chairman of the health law practice group of the Kansas City law firm of Spencer Fane Britt & Browne.

A graduate of Rockhurst College in Kansas City, Missouri, with a degree in Philosophy, and of Boston College Law School in Brighton, Massachusetts, with a law degree, Ned and his wife Bridget are the proud parents of two girls, and Ned has three other grown children and three grandchildren.

Throughout his career, Ned has engaged with a variety of community and economic development organizations and served several healthcare-related organizations, formerly acting in roles that included:

- Chairman of Truman Medical Center, the Kansas City, MO, public hospital system
- Chairman of the Kansas City Area Hospital Association
- Member and finance committee chair of the Kansas Health Policy Authority
- Board member of Joint Commission Resources, the educational and consulting subsidiary of the Joint Commission on Accreditation of Healthcare Organizations