

**AGENCY APPROACHES TO REORGANIZATION
EXAMINING OMB'S MEMORANDUM ON THE
FEDERAL WORKFORCE**

HEARING

BEFORE THE

SUBCOMMITTEE ON
REGULATORY AFFAIRS AND FEDERAL
MANAGEMENT

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

—————
JUNE 15, 2017
—————

Available via <http://www.fdsys.gov>

Printed for the use of the Committee on Homeland Security
and Governmental Affairs



U.S. GOVERNMENT PUBLISHING OFFICE

27-394 PDF

WASHINGTON : 2018

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

RON JOHNSON, Wisconsin, *Chairman*

JOHN McCAIN, Arizona	CLAIRE McCASKILL, Missouri
ROB PORTMAN, Ohio	THOMAS R. CARPER, Delaware
RAND PAUL, Kentucky	JON TESTER, Montana
JAMES LANKFORD, Oklahoma	HEIDI HEITKAMP, North Dakota
MICHAEL B. ENZI, Wyoming	GARY C. PETERS, Michigan
JOHN HOEVEN, North Dakota	MAGGIE HASSAN, New Hampshire
STEVE DAINES, Montana	KAMALA D. HARRIS, California

CHRISTOPHER R. HIXON, *Staff Director*
MARGARET E. DAUM, *Minority Staff Director*
LAURA W. KILBRIDE, *Chief Clerk*

SUBCOMMITTEE ON REGULATORY AFFAIRS AND FEDERAL
MANAGEMENT

JAMES LANKFORD, Oklahoma, *Chairman*

JOHN McCAIN, Arizona	HEIDI HEITKAMP, North Dakota
ROB PORTMAN, Ohio	THOMAS R. CARPER, Delaware
MICHAEL B. ENZI, Wyoming	MAGGIE HASSAN, New Hampshire
STEVE DAINES, Montana	KAMALA D. HARRIS, California

JOHN CUADERES, *Staff Director*
DOUG MURRAY, *Professional Staff Member*
ERIC BURSCH, *Minority Staff Director*
ASHLEY POLING, *Minority Counsel*
KATIE DELACENSERIE, *Subcommittee Clerk and Committee Archivist*

CONTENTS

	Page
Opening statement:	
Senator Lankford	1
Senator Heitkamp	3
Senator Hassan	11
Senator Peters	12
Senator Harris	18
Prepared statement:	
Senator Lankford	31
Senator Heitkamp	33

WITNESSES

THURSDAY, JUNE 15, 2017

Hon. Ellen Herbst, Chief Financial Officer and Assistant Secretary for Administration, U.S. Department of Commerce	5
Lee J. Lofthus, Assistant Attorney General for Administration, Justice Management Division, U.S. Department of Justice	6
Donald K. Bice, Associate Director, Office of Budget and Program Analysis, U.S. Department of Agriculture	8
Michael Stough, Director, Program Analysis and Evaluation Division, Office of the Chief Financial Officer, U.S. Department of Homeland Security	9

ALPHABETICAL LIST OF WITNESSES

Bice, Donald K.:	
Testimony	8
Prepared statement	45
Herbst, Hon. Ellen:	
Testimony	5
Prepared statement	36
Lofthus, Lee J.:	
Testimony	6
Prepared statement	41
Stough, Michael:	
Testimony	9
Prepared statement	49

APPENDIX

National Treasury Employees Union Statement	54
National Treasury Employees Union Letter	60
Responses to post-hearing questions for the Record from:	
Ms. Herbst	61
Mr. Lofthus	73
Mr. Bice	83
Mr. Stough	91

**AGENCY APPROACHES TO REORGANIZATION:
EXAMINING OMB'S MEMORANDUM ON THE
FEDERAL WORKFORCE**

THURSDAY, JUNE 15, 2017

U.S. SENATE,
SUBCOMMITTEE ON REGULATORY,
AFFAIRS AND FEDERAL MANAGEMENT,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:34 a.m., in room SD-342, Dirksen Senate Office Building, Hon. James Lankford, Chairman of the Subcommittee, presiding.

Present: Senators Lankford, Heitkamp, Hassan, and Harris.

Also present: Senator Peters.

OPENING STATEMENT OF SENATOR LANKFORD¹

Senator LANKFORD. Good morning, everyone. Welcome to today's hearing titled "Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce."

Today this Subcommittee focuses for the third time this year on how to ensure the Federal workforce effectively and efficiently serves the American people. I have the privilege of serving tens of thousands of Federal employees in Oklahoma, and I know they work very hard—honorably to be able to serve their country.

However, a complicated Federal bureaucracy has hamstrung agencies as they seek to achieve their core missions in service to all Americans. Federal agencies have responded to ever-evolving missions and changing circumstances by creating new component agencies and offices in an attempt to better their constituencies.

But this has led to a troubling reality. As we meet today, no one knows exactly how many agencies actually make up the Federal Government. There is no master list of all the programs and all agencies. We are doing a lot, and sometimes we do not even know what each other is doing. In 2012, the Administrative Conference of the United States tried to determine how many Federal agencies exist and concluded "there is no authoritative list of government agencies."

In addition, according to the Office of Personnel Management (OPM), the total number of non-seasonal full-time permanent Federal employees grew from approximately 1.76 million in 2000 to 2.1 million in 2016. This represents a 16.2-percent increase, with no

¹The prepared statement of Senator Lankford appears in the Appendix on page 31.

understanding or measurement of whether this has made government more effective or responsive to the problems we face.

With such a sprawling bureaucracy and growing workforce, Congress and the Executive Branch must examine together whether taxpayer dollars could be spent more effectively and efficiently. Until recently, the Federal Government has not pursued a comprehensive approach to determine how best Federal agencies should be structured to tackle the challenges facing our Nation today.

It is past time we critically examine how government should be organized to best serve the American people. Recognizing the need for a new direction, on March 13, 2017, President Trump issued Executive Order (EO) 13781 on a Comprehensive Plan for Reorganizing the Executive Branch. Following this Executive Order, the Office of Management and Budget (OMB) published a memorandum on April 12, 2017, for agencies titled “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce.”

Today we have the opportunity to discuss agency plans to meet the reorganization requirements and the timeline outlined in OMB’s memorandum. Specifically, OMB directed agencies to finalize three items by June 30, 2017: plans to maximize employee performance; high-level drafts of Agency Reform Plans to reorganize programs and organizational charts to eliminate duplication and inefficiencies; and, third, progress reports on “near-term workforce reduction actions.”

Today we will discuss the processes and methods individual agencies are pursuing to restructure and improve their agencies and operations. In conversations with OMB, I have learned that this first phase in the Federal reorganization is an opportunity for agencies to comprehensively redesign and improve their structures and operations. This means that agencies themselves have been empowered to improve employee performance, realign their workforces and operations with their missions, and streamline costly, duplicative programs.

Most importantly, OMB is providing the American people—the customers of the Federal agencies—the opportunity to comment on the Federal Government’s reorganization efforts through a public comment website. Ultimately, it is every public servant’s most important job to hear the American public and serve their needs.

In an effort to give agencies better tools to accomplish that core job, I recently partnered with this Committee’s Ranking Member, Senator McCaskill, to introduce the Federal Agency Customer Service Experience Act of 2017. This bipartisan legislation will remove a barrier that prevents agencies from getting public feedback on their satisfaction with the Federal Government’s customer service. I hope to quickly send this bill to the President’s desk for signature into law.

With much more work to be done to improve the efficiency and effectiveness of the Federal Government, I look forward to hearing from our witnesses today regarding their agencies’ plans to meet the OMB memorandum’s requirements. We look forward to hearing testimony today from the Departments of Commerce, Justice (DOJ), Agriculture (USDA), and Homeland Security (DHS).

With that, I recognize Ranking Member Heitkamp for her opening remarks.

OPENING STATEMENT OF SENATOR HEITKAMP¹

Senator HEITKAMP. Thank you, Chairman Lankford, and thank you so much for calling this hearing.

As the Ranking Member of the Homeland Security and Governmental Affairs Subcommittee that oversees the Federal workforce, I really cannot think of a more appropriate topic for today's hearing.

When the Administration implemented their hiring freeze across the Federal Government in January of this year, I had grave concerns about the local impacts that unfilled vacancies would have on communities and citizens in my State of North Dakota.

My concerns only deepened after hearing rhetoric from the Administration about reducing the workforce through attrition. Across-the-board cuts and a shrinking of the overall Federal workforce are not the answer to making the Federal Government more efficient or effective.

When I hear of proposed cuts nearly as high as 21 percent at the U.S. Department of Agriculture, I worry about my farmers and ranchers and how they are going to get the critical support and critical information they need from our Farm Service Agency (FSA) field offices.

Bill Hejl, who grows sugar beets, spring wheat, corn, and soybeans near Casselton, North Dakota, is one of those farmers that I worry about when I hear about these drastic cuts.

Bill drives 30 miles or more to get to an FSA office right now—a distance that he cannot afford to see increase in the future because of potential staffing cuts.

Bill is someone who plans to hand down his farm to his son one day, and it is important for us to think about the impacts that these kinds of cuts will have on the next generation of farmers and all of those in our rural communities.

While the hiring freeze has technically been lifted, I want you to know that I am paying very close attention to how agencies are implementing the guidance that was given to them by the Office of Management and Budget on April 12, and I stand ready and willing to question any cuts that come at the expense of talent, morale, and the mission of our Federal workforce.

It is essential that agencies are not putting the cart before the horse when it comes to reorganization. They must carefully think through the long-term impacts any potential reductions and what those reductions will mean for the citizens of States like North Dakota.

With nearly a third of the Federal workforce eligible to retire in 2019, it is critical that the Federal Government connect with the millennial generation in a way that speaks to their needs and their desire to pursue mission-oriented careers and demonstrates that a career in the Federal Government has a lot to offer a young millennial person.

¹The prepared statement of Senator Heitkamp appears in the Appendix on page 33.

We will not be able to achieve that if we undermine the very mission that drives the younger generation of workers who care so much about a career in public service. I think if we unwisely cut important agency functions, it will make it tougher for us to recruit and maintain quality Federal employees.

I am going to be doing all that I can to basically drive efficiency, drive effectiveness of the Federal workforce, but not look for a meat cleaver solution to this problem. Are there Federal employees who may not be fulfilling a mission that we no longer need? Sure. We ought to know that. But across-the-board cuts and simple solutions like percentage reductions, they do not get us where we need to be. Plus I think with a third of the workforce willing to retire and maybe seeing an opportunity to retire when the mission is not as clear, I think that we are asking for not a short-term problem but what will result in a long-term problem in terms of quality of the Federal workforce.

So I look forward to hearing from the witnesses. I look forward to hearing some of the examples of how we can be more efficient and effective with our employees, but also how we need to maintain a workforce that has high morale and, as a result, has the ability to recruit the best and brightest Americans to work for the people of our country.

Thank you, Mr. Chairman.

Senator LANKFORD. At this time I will proceed with the testimony from our witnesses.

Ellen Herbst is the Chief Financial Officer (CFO) and Assistant Secretary for Administration at the U.S. Department of Commerce. Prior to her Senate confirmation in 2013, she served as a senior adviser to the Deputy Secretary of Commerce. She spent 25 years in the private sector in both large and small businesses before her time in government service. Thanks for being here.

Lee Lofthus is the Assistant Attorney General (AG) for Administration in the Justice Management Division of the U.S. Department of Justice. In 2006, Mr. Lofthus was appointed to his current role and also received a Meritorious Presidential Rank Award. He has served in the Department of Justice since 1982 in various capacities. Thank you, sir, for being here.

Don Bice is the Associate Director of the Office of Budget and Program Analysis, U.S. Department of Agriculture. He also serves as the Department's Performance Improvement Officer. From 2007 to 2011, Mr. Bice served as the Deputy Director for Budget, Legislative, and Regulatory Systems in the same office.

Michael Stough is the Director of Program Analysis and Evaluation Division, Office of the Chief Financial Officer, at the U.S. Department of Homeland Security. He also serves as the Department's Deputy Performance Improvement Officer. Prior to his career at DHS, Mr. Stough served in the U.S. Air Force (USAF) for 31 years. Thanks for your service there as well.

I would like to thank each of our witnesses for appearing today. It is the custom of this Subcommittee that we swear in all witnesses that appear before us, so if you would please stand and raise your right hand. Do you swear that the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. HERBST. I do.

Mr. LOFTHUS. I do.

Mr. BICE. I do.

Mr. STOUGH. I do.

Senator LANKFORD. Thank you. You may be seated.

Let the record reflect all the witnesses have answered in the affirmative.

We will be using a timing system today. You will have 5 minutes for your opening statements. Obviously, we have all gone through your written statements. They will be a part of the permanent record as well. Anything you would like to add to your written statements and your oral statements, you can do that. And then we will have multiple rounds of questions after that to just pepper you with difficult questions to be able to walk through.

Ms. Herbst, you are the lady on the panel, but you are also first on that one as well, and so we are going to honor that. We will be glad to be able to receive your testimony.

TESTIMONY OF THE HONORABLE ELLEN HERBST,¹ CHIEF FINANCIAL OFFICER AND ASSISTANT SECRETARY FOR ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Ms. HERBST. Thank you. Chairman Lankford, Ranking Member Heitkamp, and distinguished Members of the Committee, it is truly an honor and a privilege to be here before you today to discuss our Department's process for drafting our Reform Plan.

The Secretary of Commerce is in strong support of this initiative, and I am pleased to appear before you on his behalf to tell you about the process the Department is using to drive more effective and efficient mission delivery and to be excellent stewards of the taxpayer dollars entrusted to us.

We are making good progress, and we are confident we will meet the June 30th deadline for the initial draft submission per the OMB guidance. This initial recommendation from our Department is the result of a process that starts with initial idea formation, and then analysis and synthesis to identify likely best candidates for discussion.

Throughout the summer, we will have iterative discussions with various stakeholders, including OMB, other Executive Branch agencies, employees, and users of our mission services and products. And based on these inputs, the Department will prepare a final draft to submit to OMB in September.

This approach starts first with close coordination with OMB and OPM, who are taking the lead on coordinating amongst the various agencies—and, I might add, being very supportive. We are also taking advantage of the existing structures and processes within our Department to gather input.

The Secretary tasked me to lead the Reform Plan effort in my role as CFO and Assistant Secretary for Administration, but also in my role as Chairman of something we call the Department Management Council (DMC). This Council consists of Senior Executive representatives from each of our bureaus as well as major departmental offices, such as a General Counsel (GC), Chief Information Of-

¹The prepared statement of Ms. Herbst appears in the Appendix on page 36.

ficer (CIO), and CFO. And in most cases, those representatives are the responsible “Chief Operating Officer (COO)” for their respective organizations. We have directed the DMC to consider input from managers, employees, reports from the Inspector General (IG), reports from the Government Accountability Office (GAO), and from users of services and products in crafting their draft recommendations to us. Then, additionally, a team at the Department level is providing input to the overall plan with our emphasis on cross-cutting ideas at the Department and governmentwide level. And, last, of course, we are receiving lots of ideas from the public through the web portal established by OMB.

Each operating unit was asked to prepare an initial draft recommendation in the areas of burden reporting reduction, streamlining and improving business processes, any potential for merging or eliminating functions or programs, improvements in efficiency and effectiveness, and alternative delivery models for our existing mission services and products. In addition, the Secretary is taking a fresh look across the Department at our missions and organization to see if new structures could further improve delivery of essential services in the most efficient manner possible.

Commerce also has functional councils that represent areas like human resource (HR), acquisitions, financial management, and information technology, and each of those councils was tasked with identifying burden reduction opportunities to the Department as well as coordinating with their respective OMB functional offices.

The HR Council is also tasked with leading the effort on employee performance management and workforce planning, as called for in the guidance. And to carry out this responsibility, the Council has created a separate working group which has inventoried our existing tools, processes, training that we have in place today that are responsive to the guidance as well as identifying the gaps and additional tools, processes, and training that we need to have the Executive Order carried out.

Finally, we recognize that this undertaking is requiring considerable effort in the formation of the recommendations, but will require an even greater effort in implementation of any of the accepted recommendations. We are committed to implementing proposals that will meet the goal of improving our delivery of mission services and products at the most effective, efficient levels possible.

I want to thank you again for the opportunity to appear before you today and for your continued support of our Department. I am pleased to answer any questions you may have. Thank you.

Senator LANKFORD. Thank you. Mr. Lofthus.

TESTIMONY OF LEE J. LOFTHUS,¹ ASSISTANT ATTORNEY GENERAL FOR ADMINISTRATION, JUSTICE MANAGEMENT DIVISION, U.S. DEPARTMENT OF JUSTICE

Mr. LOFTHUS. Good morning, Chairman Lankford, Ranking Member Heitkamp, and distinguished Senators. Thank you for the opportunity to share the efforts of the Department of Justice to implement the President Executive Order on reorganizing the Executive Branch.

¹The prepared statement of Mr. Lofthus appears in the Appendix on page 41.

On April 4, Attorney General Sessions sent a memo entitled “Department of Justice Reorganization Plans” to the heads of all DOJ components and United States Attorneys describing the process for developing the Department’s plan to be submitted to OMB in September. Additional details on how to approach the reorganization task came on April 12 in OMB Memorandum M–17–22 entitled “Comprehensive Plan for Reforming the Federal Government and Reducing the Civilian Workforce.” Justice is well underway with our work toward responding to the administration’s reorganization plans.

The process laid out by the Attorney General will obtain input from four internal sources and one external source. First, internally, the Attorney General directed each component to review its activities and submit reorganization proposals to us by June 16. Second, he asked key members of his office and the offices of the Deputy Attorney General (DAG) and the Associate Attorney General to develop ideas for reorganization. Third, he asked my organization, the Justice Management Division, to develop ideas. And, importantly, as a fourth internal source we have asked our Department of Justice employees for their input. I am pleased to report that we have received over 450 employee ideas so far. Finally, we are receiving ideas from the public via the web portal established by OMB.

The Attorney General’s goal was that, wherever possible, DOJ components should align the resources into our key priorities: strengthening our national security protections and counterterrorism efforts; combating illegal immigration; deterring violent crime; fighting human trafficking; and reducing opioid and drug abuse. Focusing on those key priorities is paramount to ensuring DOJ’s effectiveness in serving the American people.

So far in our process, we have met with the executive officers—those are the senior management officers—of our components to outline the idea collection process, provide a standardized template for submitting ideas, and answer their questions. Our offices are well underway in their work to develop their ideas. My organization is preparing our own component plan as well as developing DOJ-wide and governmentwide ideas. We have also been collecting DOJ workforce data that will assist our leadership group in developing and evaluating ideas, and we have been reviewing public suggestions provided by OMB. And we are reviewing GAO and OIG reports for their recommendations.

All of this will come together after June 16 when we inventory and begin to assess all the ideas we have received. We will have preliminary discussions with OMB, and then we will meet with the Associate Attorney General, the Deputy, and the Attorney General to get their input and direction.

I fully expect this to be an iterative process. Some ideas will be low-hanging fruit and within the authority of our individual offices to implement. Other ideas will require the approval and direction of the Attorney General. Yet others will require OMB and Congressional action. The entire DOJ plan will be included with our fiscal year (FY) 2019 budget submission to OMB in September.

Thank you for the opportunity this morning to talk about our efforts, and I look forward to your questions.

Senator LANKFORD. Thank you. Mr. Bice.

TESTIMONY OF DONALD K. BICE,¹ ASSOCIATE DIRECTOR, OFFICE OF BUDGET AND PROGRAM ANALYSIS, U.S. DEPARTMENT OF AGRICULTURE

Mr. BICE. Good morning, Mr. Chairman, Ranking Member Heitkamp, and distinguished Members of this Subcommittee. I also appreciate the opportunity to appear before you today to discuss the actions that USDA has taken already and will be taking to implement the President's direction on improving the efficiency, effectiveness, and accountability of the Department.

Arguably, no other Federal agency has more direct interface with Americans than does USDA. That is why it is so important that we constantly think about who we serve and how we are serving them. Luckily, USDA is accustomed to change through the farm bill process where we reauthorize the bulk of our programs every 5 years. And through that process, we get the wisdom of Congress and our stakeholders, and we learn how we are performing and whether or not we can perform what we are performing better.

In terms of how we are going to move moving forward, Secretary Perdue has said he will be guided by four principles:

First, he wants to maximize the ability of the men and women of America's agriculture and agribusiness sector to create jobs, to produce and sell the foods and fiber that feed and clothe the world, and to reap the earned reward of their labor.

Second, he will prioritize customer service every day for American taxpayers and consumers.

Third, USDA will continue to serve in the critical role of ensuring the food we put on the table to feed our families meets strict safety standards.

And, lastly, we must preserve our land, and we must pursue clean air and water. Stewardship is not an optional item for farmers, producers, and ranchers.

As a downpayment on meeting these priorities and on meeting the President's direction for reform, Secretary Perdue acted quickly, once he was confirmed, to propose a reorganization of the Department on May 11. The Secretary directed the creation of a new mission area for international trade under a new Under Secretary for Trade and Foreign Agricultural Affairs. He also reconstituted our domestic-facing agencies under a newly named Under Secretary for Farm Production and Conservation. He also positioned the rural development mission area so that it reports through an Assistant to the Secretary directly to him. These steps recognize the importance of international trade to the ag sector, arranges USDA mission areas in a more logical fashion, and ensures that rural America always has an opportunity and a seat at his table.

Moving forward, the Department has taken steps to create a Modernizing USDA Commission made up of program mission areas of sub-Cabinet-level members within the Department and our staff office leads. Our Modernizing USDA Commission will help drive within agencies the need to focus on the interaction each USDA

¹The prepared statement of Mr. Bice appears in the Appendix on page 45.

agency customer has with the Department and to improve that customer experience.

As part of our 2019 budget process, we will be asking agencies to analyze how each of their programs aligns to the Secretary's new strategic goals; rank and prioritize their programs; analyze their organizational structures, including their field structure to determine whether it needs to be updated; and we are going to analyze and identify appropriate staffing levels.

In addition, as you may know, the President recently announced the creation of the Interagency Task Force on Ag and Rural Prosperity that is having its first meeting actually this morning at this point at the Department. It is a multi-agency, a multi-departmental organization that will look at barriers to economic prosperity and the welfare of communities in rural America, including how innovation, technology, and infrastructure play a critical role in fully bringing our rural communities into the 21st Century. They are going to find ways to improve regulatory flexibility and provide relief for farmers and small businesses in rural America. We will examine how the Federal Government does its business and how that impacts food and fiber production and rural communities.

Thank you again for the opportunity to appear before you today, and I look forward to answering your questions.

Senator LANKFORD. Thank you. Mr. Stough.

TESTIMONY OF MICHAEL STOUGH,¹ DIRECTOR, PROGRAM ANALYSIS AND EVALUATION DIVISION, OFFICE OF THE CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. STOUGH. Good morning, Chairman Lankford, Ranking Member Heitkamp, distinguished Members of the Committee. Before I begin, I would just like to very quickly on behalf of the men and women of DHS offer our thoughts and prayers for Congressman Scalise and the others who were injured yesterday in the senseless attack in Virginia. We wish them well and hope that they have a speedy recovery.

I am honored to appear before you today to discuss our Department's plan to achieve greater effectiveness, accountability, and efficiency in both the management of our business processes and the conduct of our mission to protect the homeland and secure our Nation's borders. We recognize both the imperative and the opportunity presented by the issuance of Executive Order 13871, and we are committed to improving Department management processes and front-line operations.

In discussions with our Department's leaders, we developed a set of guiding principles that have helped us steer our effort. We recognize that success relies on the proper tone from the top, a well-defined governance structure to guide analysis and implementation, comprehensive and coordinated communication, transparency throughout the process, clear scope, and a structured framework for analysis. Most importantly, we recognize the critical requirement that we do no harm. We will in no way compromise our ability to protect the integrity of our Nation's borders, both physical

¹The prepared statement of Mr. Stough appears in the Appendix on page 49.

and virtual, or to aid communities that have been struck by natural or manmade disasters. We have kept these principles in mind throughout this process, and we believe we have set a solid foundation that will help us succeed in this important initiative.

Through a rigorous literature review that includes, of course, GAO and IG reports and recommendations, an online survey administered to Department personnel, and OMB's request for public comment, we have received and evaluated well over 50,000 suggestions. Every idea has been considered. We have identified several important issues out of that review for further consideration, and we are now in the process of refining those issues and will present them to senior leadership this month.

Through our analysis, we have identified potential improvements for single components, multiple components that share the same mission space, and for multiple departments and agencies as well, and we expect that some ideas will be implemented quickly, but others will require more in-depth study and analysis to weigh potential benefits against costs and return on investment.

Our view spans both the near and long term as we work to improve the Department today while also shaping it for success in the coming years.

I can assure you that senior leadership, including the Secretary, is committed to this effort, and we are excited for the opportunities that lie before us. Thank you again for inviting me to participate today, and I look forward to your questions.

Senator LANKFORD. Thank you. I have not kept track of every one of our hearings, but I do believe for Senator Heitkamp and me, this is the first time all four witnesses finished at least a minute before their time was expired. [Laughter.]

That could be a Congressional Record.

Senator HEITKAMP. And it could be foretelling in terms of their efficiency plans.

Senator LANKFORD. And effectiveness.

Senator HASSAN. Yes, I was going to say, talk about efficiency, right?

Senator LANKFORD. I want to ask one quick question of everybody, and then Senator Heitkamp and I are going to defer our questions to the end and move to some other Members. Then we will come back to our questions. But I do want to ask one clarifying comment of everyone.

Do all four of you expect to make the June 30th deadline to be able to have that done? Ms. Herbst mentioned that specifically in her testimony, but for all four of you, just yes or no. Do you expect to make the June 30th deadline?

Ms. HERBST. Yes.

Mr. LOFTHUS. Yes.

Mr. BICE. Yes.

Mr. STOUGH. Yes.

Senator LANKFORD. OK, great. Let me defer to Senator Hassan for initial questions.

OPENING STATEMENT OF SENATOR HASSAN

Senator HASSAN. Well, thank you, Mr. Chairman, and thank you all for being here and for sharing your time and your experience and your perspective.

I want to say at the outset how much I appreciate the effort that we are all talking about today. I am a former Governor, and it is the type of work we undertook on a regular basis in our State as well. That being said, it is also very important to me that the effort be focused on the mission and how best to accomplish the mission in a flexible and streamlined way, not necessarily with the goal, for instance, of personnel reductions. I think it depends a lot on what you are trying to accomplish. So I thank you for your work, and I look forward to the ongoing conversation.

I wanted to start, Mr. Stough, with you, and I thank you very much for your and the Department's well wishes to the Congressman and all those who were injured yesterday. We appreciate that very much.

Your written testimony says that Secretary Kelly continues to emphasize that, to protect the homeland, DHS cannot do more with less; therefore, the principal focus is on effectiveness first, followed by accountability and efficiency.

With that said, the overall DHS budget for fiscal year 2018 cuts critical programs to keep our homeland safe. These cuts include programs like the Visible Intermodal Prevention and Response (VIPR) teams at the Transportation Security Administration (TSA) and the grants that help cities and States prepare for and respond to complex terrorist attacks. These cuts come amid renewed aviation threats and a heightened State of alert of the potential for homegrown terrorism attacks in the United States.

As a result, the budget request appears to be the embodiment of trying to do more with less. So given the Secretary's statements that you referenced, are you suggesting that OMB directed these cuts over DHS' objections?

Mr. STOUGH. Senator, thank you for your question. I think we just have to recognize the reality of the fiscal constraints within which we live. And so that is really, part of what I said, this is an imperative, but this is also an opportunity for us that we do recognize that we have to make some tough choices because, the priorities for hardening the border, immigration enforcement, all of the other activities which we have to undertake, we have to balance risk across the entire enterprise.

And so it is incumbent upon us as we look at each of the areas as we have gone through this for the issue areas to figure out if there are areas where we can have complementary efforts that will allow us to use our resources more effectively.

Senator HASSAN. I thank you for the answer. I will say to you, as I said to Secretary Kelly in the Homeland Security hearings we have had, the cuts to our local and State efforts to help with airport security in the soft areas in particular are hugely concerning, and they are not something that States or cities are in a position to replace. So I think if the American people were to understand the impact of these cuts, we might be having a different discussion, and I would look forward to continuing that with you.

Mr. Lofthus, I wanted to touch base with you as well. You are Assistant Attorney General for Administration and the CFO for the Department, which gives you a view of the whole Department. Is that correct?

Mr. LOFTHUS. Yes.

Senator HASSAN. So I would like to focus on one of the components you help oversee, the Federal Bureau of Investigation (FBI). In the Department's current organization, what structural safeguards are in place to ensure that the FBI can conduct its critical investigative work free from political interference?

Mr. LOFTHUS. The FBI is a component of the Department of Justice. The Department of Justice is an organization that has a very decentralized management structure. The Director of the FBI exercises day-to-day management control over the FBI and its investigations, and there is a very structured process when they talk to the Department of Justice and talk to the Deputy Attorney General's office, and those controls have been in place for a long time and continue to be in place.

Senator HASSAN. Well, thank you for that answer. I think you probably know that there have been a lot of recent concerns raised about whether those structures have been sufficient in protecting the FBI from attempts at least to interfere. So I know that your process is not yet complete, but what changes to the Department's organization have been discussed or submitted that might impact the FBI's independence?

Mr. LOFTHUS. Right now, our ideas are due from our components on June 16, so we do not have those ideas yet. When we get the ideas, our plan is to inventory, evaluate, and prioritize all the ideas we receive. That is the way we are going to go about it. So we will see what ideas come in. I expect ideas to come from the FBI itself. I do not anticipate changes that will impact the FBI's independence.

Senator HASSAN. Yes.

Mr. LOFTHUS. We look forward to their ideas. I think they are going to have some good ideas. It is a talented organization, and as I say, we are going to inventory, evaluate, and prioritize the ideas and discuss them with management. And it will be an open process, and I look forward to seeing what the FBI has to say.

Senator HASSAN. Well, thank you. And I would just encourage you all to think about the issue of whether we need more structures in place to protect the FBI and its leadership from political interference. It is critically important to justice in our country.

Thank you.

Senator LANKFORD. Senator Peters.

OPENING STATEMENT OF SENATOR PETERS

Senator PETERS. Thank you, Chairman Lankford and Ranking Member Heitkamp. Thank you for allowing me to be here. I am not a regular member of the Subcommittee, so it is a great opportunity to come here and join you for this very important discussion. I appreciate you holding this hearing and for giving me an opportunity first to make a statement and then ask a couple questions.

First, the statement that I really wanted to make regards the hiring freeze just generally, and I was concerned when I learned

that President Trump had instituted a Federal hiring freeze because research has shown that hiring freezes increase rather than decrease waste in Federal Government. And after looking at the hiring freeze that took place during both the Carter and Reagan Administrations, the GAO found that hiring freezes can, and I quote, “increase the cost of government operations by producing imbalances between clerical staff and professionals, impeding recruiting efforts, and wasting recruiting resources. This can result in higher costs for accomplishing work, backlogs in both clerical and professional duties, reduced quality of work, reduced mission and program performance, and decreased morale.”

So I was certainly troubled to hear the President was seeking to do yet another hiring freeze to reduce the size of the Federal workforce, and that is why I asked the GAO to examine the implementation of the freeze as well as the guidance given by the OMB and OPM to Federal agencies. And I was pleased to have Senator Heitkamp join me in that request.

So not only is the GAO going to look at whether the freeze saved money; it is also going to look at the April 12 memo to determine if the guidance given by the OMB is comprehensive and consistent with leading best practices. GAO is also going to examine the potential costs and benefits of the proposed reforms and whether there is sufficient, reliable data available to support a business case or a cost-benefit analysis.

I am the Ranking Member on the Subcommittee of Federal Spending Oversight and Emergency Management, and I am committed to making government as efficient as possible. However, I am also interested in accomplishing this in a cost-effective manner that does not unduly harm agencies’ functioning abilities. And I hope that through this GAO review we can find the best way to improve our operations and maintain a Federal Government that is accountable to the American taxpayers. So I appreciate you being here today and holding this hearing on this issue.

I am also very concerned about funding for the 2020 Census. This is, as all of you know, a constitutionally mandated survey used by businesses and nonprofit organizations, researchers, all levels of government. Census data is also used to distribute more than \$450 billion per year in Federal funds to States and localities. And I know the Bureau is in the process now of implementing a number of reforms to reduce costs and improve results, including IT systems to support online responses and non-response follow-up technology for their critical field work. And while these reforms require increased funding on the front end to support design, testing, and other preliminary work, they are also projected to save more than \$5 billion.

Ms. Herbst, I understand that certain tests slated for this year have been canceled due to the uncertainty of the fiscal year 2017 funding and that 2018 is absolutely critical to conducting the end-to-end readiness test in order to accomplish these very important goals that I have outlined.

So my question is: How has the OMB’s memo affected the planning for the 2020 Census?

Ms. HERBST. The decennial Census is the single largest individual undertaking that the Department has, and it receives quite a bit of oversight, as you might imagine, at the Department level.

As Secretary Ross has come in as the new head of our Department, he has made it very clear repeatedly, both within the Department and publicly, that our number one priority for the decennial Census is an accurate, complete count of people where they live. We are committed to achieving that priority as efficiently as possible, but the priority is an accurate, complete count.

The Census Bureau is in the process of updating its life cycle cost estimate to incorporate the latest information available from the testing that has been done and program decisions that have been made.

Independently, the Secretary has directed staff, members of his team, including myself, to conduct a rigorous deep dive into the Bureau's cost estimates and these programs decisions to come up with an independent cost estimate based on the decennial design, and we anticipate delivering that updated life cycle cost later this summer.

In the President's budget for fiscal year 2018, it does provide for conducting the fiscal year 2018 end-to-end test, and that planning continues.

Senator PETERS. All right. Thank you so much. I appreciate it.

Ms. HERBST. Thank you.

Senator LANKFORD. Senator Peters, I would give you a little extra time because you did have the initial statement we had talked about before. If you need to ask an additional question, I would give you some additional time. Do you need additional time?

Senator PETERS. No, I think we are fine. Thank you.

Senator LANKFORD. All right. Senator Heitkamp.

Senator HEITKAMP. Thank you so much, Mr. Chairman.

I am going to repeat a line from my opening statement. A third of the Federal workforce will be eligible to retire in 2019. So the morale of the Federal workforce, the vision that you exhibit in terms of your agencies, is going to be critical to maintaining the historic knowledge that goes with a third of the workforce. We cannot overstate the challenge of what would happen tomorrow if every person eligible to retire in the Federal service walked out the door.

And so this exercise has to be done not solely as an exercise of efficiency; it has to be done as an exercise in reaffirmation of the mission and the goals, because when people feel the—or know the mission, know the goals, know how critical they are to the public because, as we all know, we may think they serve a President. We may think our staff serves us. We may look at this and say it is all about who is at the top, who is the Secretary, who is the President, who is the Senator. At the end of the line, most really good quality Federal employees that I know—know who the boss is, and that is the taxpayers of this country.

I hope in your analysis what you are thinking about is how you reaffirm how your mission will be established and how your mission will be advanced in light of these efficiencies, because if you demoralize, if you devalue your workforce, they will vote with their feet, because they can go and take a part-time job doing something

else and take their Federal retirement. And I think that is a very precarious and dangerous situation that we are in if we really believe that these positions are absolutely essential to serving the public.

So just with that, I put that—as you are considering your plans and as you are putting these together, I just want to put the overlay. I want you to get a list of all the employees in your offices who could walk out the door tomorrow, and then think about how you would do the work and meet the mission of your agencies.

So I am particularly concerned, Mr. Bice, over the cuts to agriculture, of course, discouraged, and where I have been a strong supporter of Secretary Perdue, and his vision, especially as it relates to trade, so I am not criticizing the Under Secretary for Trade, but I am discouraged that we cannot maintain our commitment at the Under Secretary level to rural development.

You will take a look at all of the poverty ratings, all of the challenges. When we think about poverty and we think about blight and we think about the challenges of America, we frequently go to that urban city; we go to the middle. We know, those of us who represent and think about rural America every day know that the highest rates of poverty and the biggest challenges we have are in rural America. It is not in urban America. And so I hope that we can have a robust analysis of the role that USDA plays not only in assisting farmers on the farm program, but also making sure that that rural development role does not get left behind.

And so, Mr. Bice, I think when you—foundationally—and I will do this very quickly so our colleague from California can get her questions in. Secretary Perdue affirmed to all of the employees that he now manages and serves, if you believe in servant leadership, that he serves that there would not be cuts to the workforce at USDA when looking at a 21-percent cut to that agency. Tell me how you are going to do that and not cut employees.

Mr. BICE. Well, thank you for the question. So I think what we have talked about with the Secretary and with the people around the Secretary is to not make the discussions we are having on reform about cutting offices or people. It is more about how are we serving the customer. Are we serving them in the right way? Are we in the right locations? Are we meeting the needs out there?

Most of our discussions have been about how can we make sure that the customers are served in a better way, and I include employees in that equation. The Secretary has talked about, unfortunately, you can go into some county offices, and FSA will be on one side of the building, or maybe in a different building than our Natural Resources Conservation Service (NRCS) folks, and our FSA folks, they do not talk as well as they could. Their systems do not communicate as well as they should. So the burden we are placing on the farmers, it is not just about how far they are driving, but it is also once they get in the office, we are making them go to multiple places to fill out multiple applications for similar programs. So the discussions we have had have been around how do we serve them better, not necessarily how we are going to reduce our workforce. So that is one of our focuses.

Senator HEITKAMP. But it is hard for me to imagine those kinds of efficiencies would result in a 21-percent reduction in budget.

And, I do not think that is going to happen. I think Congress is not going to authorize a 21-percent—I would like to see advocacy at USDA talking about the money that was saved in the last farm bill and that we already gave in sequestration. We have been one of the leaders in agriculture in meeting budget reductions, and so we are—I fail to see how we are going to get to 21 percent and still do what I know needs to be done.

And I will tell you this: You take people out of NRCS in my State; it just is going to delay and frustrate farmers who want to tile, who want to do the kind of work that they need to get permission from NRCS for. And so one thing that we learned during the Bakken challenges and with this huge increase, when we really saw a lot of Federal employees leaving and the inability to recruit a new workforce, the business of North Dakota fails—or does not fail, but it definitely suffers, whether it is getting a Bureau of Land Management (BLM) permit or whether it is getting information from USDA. And so we need to tell that story more often, and you need to tell that story more often.

Thank you, Mr. Bice. I will turn it over.

Senator LANKFORD. That is all right. And just a quick follow-up on that as well. FSA, I think we talked about it before. It is a consistent frustration just on process. I am sure it is one of the areas you are looking at, and I will not ask for the conclusion at this point, but it is one of the things I have mentioned to Secretary Perdue, and that is, if you have a disaster in an urban area, the Federal Emergency Management Agency (FEMA) comes out and responds to that typically within 30 days. If you have a disaster in a rural area, FSA, it may take a year, year and a half before there is disaster relief. And if it is a true disaster, 18 months later, disaster relief is not really disaster relief. That is a check after the fact.

So FEMA has been able to work out the process in the urban areas, but FSA is still working out how to do that response in the rural areas. And it is one of the many areas, as you mentioned before, trying to be able to work the coordination, the paperwork, and how to be able to do the timing on that.

Let me just go through several things here, and then I am going to go to Senator Harris in just a moment.

Ms. Herbst, you made the comment “lots of ideas from the public.” In fact, Mr. Lofthus, you also, I think, made the specific comment about public comments as well. Can you give us an idea? The OMB hoped to be able to put this out and say if you have comments, put them here. The question we have on the dais is: Are those comments really coming in? How many comments are you getting from the public of what can be done better to be able to serve?

Ms. HERBST. Thank you. Indeed, the web portal worked. I will talk to Commerce. I can give you a sense overall that 110,000 comments were sent out to the Bureaus or to the Agencies. That does not mean they were unique because many of the comments had multiple Agencies in them, and OMB, if it was a multiple-agency comment, they sent it to every Agency that was included in the comment. For Commerce, we have gotten over 5,000, again, including ones that had multiple Agencies in it.

Because we are sometimes known as the “data agency,” we are able to apply data analytical tools at our disposal, and what we are doing is de-duplicating comments that are, repeated and getting down to a manageable number that is then being evaluated in my office first for whether it is a specific bureau that needs to look at it and respond or whether it is a more general department-wide comment.

So it has worked. OMB has made the comments available, and they expect us to follow up on all of them. They have made that expectation clear.

Senator LANKFORD. Agree or disagree with anyone else on that as far as the comments coming in from the public have been helpful, had enough? Mr. Lofthus.

Mr. LOFTHUS. We have gotten over 6,700 comments from the public, and as my colleague from Commerce described, we are going through them. And there are a lot of duplicates, frankly, but we are going through them, and we are going to pick out the ones that we see have applicability for Justice, and it is going to go into our large inventory that we start to evaluate after—

Senator LANKFORD. Do you have a system to be able to go through and evaluate those ideas? While every idea when you are brainstorming is a good idea, not every idea actually works. I get that. So what is your system that you have created to be able to go through these 6,700 ideas and say this is a great idea, we need to implement this?

Mr. LOFTHUS. That is an excellent question and also ties to something that Senator Heitkamp mentioned a moment ago. If I can just talk to you about how we intend to evaluate all these ideas, not only the 6,700 from the public, the several hundred from our employees, and all the ideas we are going to get from the Department of Justice organizations, we have a few guiding principles.

First, does it have a benefit to DOJ program priorities, or is it connected to our mission? That is very important to us. It needs to be connected to what we do about violent crime, national security, enforcing Federal laws. Does it solve a problem? That is one of the standards. We want to look at does this idea solve a problem for us. Does it improve service to the public? Does it make DOJ more effective? Does it save money?

All of those things we are going to use to evaluate the ideas we get, and particularly the employee ideas we are getting. I have only been able to scan a few because officially we are not inventorying these things until Monday to start to go through them. But I have been very impressed with the quality of the ideas we are getting from across the Justice Department. I think it was a great approach to go out and get ideas from our employees.

Senator LANKFORD. OK. Other comments from the public or from your employees, how is it working?

Mr. BICE. In terms of the public comments, when we announced the reorganization on May 11, we published a notice in the Federal Register, and about a quarter of those comments coming in were about rural development and expressed some concern about rural development. But the majority of the comments were very supportive of the attempts to improve service and to look at where the

lifeblood of American agriculture would be, which is selling our goods overseas as well as domestically.

So, generally, it has been a very positive feedback that we have gotten. The Secretary has also had multiple hearings and has heard from members both in writing and also verbally about some of the concerns. So we are going to take all that in as we move forward, and, again, our focus is about what is best for our customers, not necessarily in terms of reducing offices or reducing our employees. It is about trying to make sure we are serving our customers better.

Senator LANKFORD. I am pleased to be able to hear that. By the way, if there is any comment I hear from our farmers in Oklahoma more than weather, it is the markets in Asia and trying to determine what happens in international trade. So if you are going to rural America right now, you better be brushed up on international trade policy, because they are extremely aware of that. So I am pleased to be able to hear some of those comments as well as coming directly to you.

Mr. Stough, do you want to mention anything on that?

Mr. STOUGH. Yes, sir, just very quickly. We solicited comments from the front-line operators and the folks in DHS, and we got approximately 2,400 comments from that through—we put a website, a portal up for them to come in, plus they also used email, and from that we started evaluating—this was a while back. We have a team that is doing this on a daily basis, and we were able to distill out of that about 45 different issues for consideration, the ones that we think they are the big candidates to tackle as far as, how do we align investigations, some of the things like that that we need to look at.

And then on top of that, we got about 50,000 comments from the public. Now, many of those, again, were comments that went to everybody, but we got a tremendous amount for us. And what we wanted to do was we had the 40—we figured out roughly the issues that we know we think we probably need to go after, and so what we wanted to do was see how do these comments align. We have a rigorous evaluation process that looks at feasibility, looks at some other things. But then what we wanted to do is we tried to take a look at each one of the individual public comments coming in and see if they fit within one of those or if there is an outlier someplace we probably need to explore differently. But I think going through that right now we feel very good about what we are seeing. We have had a lot of thoughtful comments from both the public and from the folks at DHS.

Senator LANKFORD. Great. Senator Harris.

OPENING STATEMENT OF SENATOR HARRIS

Senator HARRIS. Thank you, Mr. Chairman.

Mr. Stough, during his nomination hearing on January 10, Secretary Kelly committed to doing a top-to-bottom assessment of DHS. When he appeared before the Committee again on April 5, however, he testified that it has not yet been done.

Is your office helping Secretary Kelly to perform this assessment? And if so, when do you expect it to be complete?

Mr. STOUGH. Thank you for your question. I am not sure if this actually falls into the top-to-bottom assessment, although that is exactly what we are doing as we go through this process. When we started the process, we met with the Deputy Secretary who gave us—she has a kickoff meeting for each of the Executive Orders that have been rolled out or have been signed in order both to help the folks that are going to be implementing it or going through it to understand each other and what each other's role is, but also to set expectations. And she told us for this, as I think I said in my written statement, that she wanted a top-down and a bottom-up approach.

And so we have the opportunity through this to solicit, from the employees that are out there that are doing the mission every day, what are the things they think we should be looking at, and then we also have what leadership came in and said from our perspective here is what we are seeing as well.

So this really is the work that is going to be going on from the time that we come up with the issues that we think we need to be going after is really going to constitute a significant amount of what you would call, the top-to-bottom assessment.

I would argue that probably like anything else, there is a pretty good distribution of this, so we will pick the most critical items first that will provide the most value, and then I think we see what is left over and where we need to go next.

Senator HARRIS. Approximately how many employees of the Department would receive their questionnaires, I am assuming?

Mr. STOUGH. It was made available to everybody. The Deputy Secretary put out a message that said, "We welcome your input." We had a website portal that they could go to, and it was just a form that asked what the idea is and a couple of other things. They had room to make their comments. But we also offered—because you never know as far as having access to the website, we also offered email as well, so we got them both.

Again, we got about 2,400. Everybody knew about it, or at least they should have. It was put out to everybody. And we got about 2,400 comments, and many positive from the folks in the field saying, "Thank you for doing this. It is great to be able to have a voice in this process."

Senator HARRIS. Are you prompting them in any way with any questions so you can elicit certain information from them? Or are you just leaving it open for them to offer information as they—

Mr. STOUGH. I am sorry, but at my age, I cannot remember what I had for breakfast, but I do not remember exactly the number. But, yes, in fact, we did have a way to structure it in there so that, why is this important and how will it affect certain prompts.

Senator HARRIS. Great. And U.S. Customs and Border Protection (CBP) is making plans to loosen the current polygraph standard for new agents. Congress required the polygraph for new hires following widespread cases of corruption within CBP. What risk assessment has been done within DHS to ensure changes do not undermine workforce integrity? And will you commit to providing an assessment to us?

Mr. STOUGH. I am sorry, that is within CBP itself, so I am not sure. But I certainly will be happy to go back and ask that question and get back to you and provide a response.

Senator HARRIS. And we have had testimony in our Committee that the Department has, for an agency of its size, a particularly high amount of—I do not know if you would say “dissatisfaction,” but “dysfunction” is a word that has been used to describe it. What do you believe are some of the steps that we can take and that you can take to improve that condition and that status within the Department?

Mr. STOUGH. Well, we really think this is the first step. I mean, that is why we are excited about this effort, because we are getting—and, obviously, we are having to assess and distill and roll through it now. But we got plenty of frank comments from folks out in the field that said, here are areas that we think you need to take a look at, and everything—and, of course, that covered the range of structure and process and policy. And so it has given us a pretty good vector on the areas we need to go after to improve operations.

Senator HARRIS. The President has directed DHS to hire an additional 10,000 U.S. Immigration and Customs Enforcement (ICE) agents and 5,000 Border Patrol agents. What workforce planning and modeling was used to support that recommendation? And can you provide that to the Committee?

Mr. STOUGH. Again, I will have to go back and ask because I was not in that space, but I will take that for action. We will go back and provide a response.

Senator HARRIS. OK. I appreciate that.

And then you will at some point—and then if you can tell me when—give us an idea of what kinds of responses you are getting from the field, from the troops, as they are, in the Department.

Mr. STOUGH. Yes, ma’am.

Senator HARRIS. I would be very interested in hearing those.

Mr. STOUGH. The first step, of course, is we will provide our response to OMB at the end of June. And then we will develop the follow-on, the Agency Reform Plan, and we will have the component Reform Plans rolled into that. And then at some point we should be able to point to here is where the ideas came from, here is how they were originated.

Senator HARRIS. And will that feedback be available to the public?

Mr. STOUGH. I will have to ask. I am not sure.

Senator HARRIS. OK. My request would be that it would be available to the public.

Thank you. Nothing else.

Senator LANKFORD. Can I ask just a clarification on that? Obviously, I go back to not every idea is a good idea. Some ideas are just ideas on it. The transparency I am always a big advocate for on it. But are there names or anything else that are attached to this information? Because I want people to be able to put in ideas and not necessarily—

Senator HARRIS. I agree.

Senator LANKFORD [continuing]. Be exposed on that.

Senator HARRIS. I agree.

Mr. STOUGH. There are no names attached.

Senator LANKFORD. OK, great. Well, I would say this as well, and I was just talking to Senator Heitkamp about this. Some of my most beneficial times in agencies are when I have had a polite meeting with leadership of the agency and then taken an hour to go cubicle to cubicle to be able to visit with the folks that are working in the task, because I get very practical ideas.

I asked earlier about ideas from the public. You all are also all getting ideas from the team members, the folks that are career, that have been there a very long time. When I talk to career folks, I have had comments, for instance, people say to me—when I would say to them, “Well, tell me what you do,” and they have smiled at me and said, “I do something that should not be done.” It always has caught me off guard. And they have said, “Do not get me wrong. I love my job, but we should not do this at all.”

How are we getting that feedback? And Senator Heitkamp was trying to run some numbers here on it as far as the percentage of employees that have responded back to you. What were some of the—

Senator HEITKAMP. Mr. Chairman, you have 60,000 employees at U.S. Customs and Border Protection—correct?—and about 60,000 at TSA. But yet we are below, way below just even a couple percent in terms of responses. And so, the numbers look large, but they are not large in comparison.

Senator LANKFORD. Percentage.

Senator HEITKAMP. As a percentage of the overall workforce. And we all have an opportunity, because we fly a lot, to see the dissatisfaction from TSA in particular. I frequently ask them, “How is it going?” And they just roll their eyes. And, I understand that it is a difficult job, and frequently you are dealing with a very crabby traveling public. But there does not seem to be a sense of cohesion when I go through those—and I make it a point, as does Senator Carper, who for years, will shake the hand of every person. I am usually too much in a hurry to do that. But we have a chance to meet a lot of your employees in Border Protection, and I think if you ask them, I do not think they feel they get listened to.

And so one of the concerns that I have is this may seem like a big number, but I think some of them have just thrown up their hands and said, “It will never change anyway.” And how do we combat that? “Here we go again, another attempt to try and make us happy. Nothing ever changes, so we are not going to participate.”

Senator LANKFORD. So let me add one thing, because I want to broaden this out to everybody, then have you go first on this, Mr. Stough. What is being done proactively to make sure we are getting input from as many people as possible and that they know they are being heard? Back to the comment before, bottom-up, because those folks know what is going on and know what can be more efficient and what is working and what is not working. Mr. Stough.

Mr. STOUGH. So what I do not know and, obviously, what we cannot—because there are not names attached to it—is out of the 50,000 public comments, how many of those came in from our employees? We do not know. We gave them an opportunity separately

to have the portal, but we do not know if the others came from there. But you are right. We would obviously love to have as many ideas from the public as possible.

The Deputy Secretary has embarked on a listening tour, and that listening tour is not just—it is, of course, to the administrative offices and buildings, but it is also out to the front lines. She is trying to get to as many different locations as possible, and she is committed to soliciting ideas there and bringing those back.

And it is interesting. We did have comments that came back and said sort of the same thing: “I love my job. I am just not sure this is the right job we should be doing.” It does not mean that we want to eliminate that position. It means we need to make sure that we are actually using our resources to make sure that we are conducting the mission as effectively as possible. So I certainly acknowledge that point.

Senator LANKFORD. Great. Mr. Bice.

Mr. BICE. So I would answer that partly by saying that when we did our May 11th reorganization, the Secretary I think was very effective in sending out an email video message to every employee asking them to either make comments through the Federal Register process or make comments through the OMB website. And I think we have gotten that kind of response from our people that they are paying attention and that they are passionate about it.

The Secretary told a story that when he made his announcement in Cincinnati on May 11, there was a rural development employee who drove—who had no connection to the announcement, but drove from her duty station all the way out to see him and afterwards thanked him for making rural development a priority.

So that is the kind of engagement our employees have, and I think that we are trying to encourage that through every medium that we can.

You had mentioned that there is a draft bill that you dropped in terms of trying to get public comment. We actually struggled with that when we were looking at our May 11th announcement. Do we need to get a paperwork burden collection package ready to just ask the public are we doing what we should be doing the right way? And there was not a very clear answer to that. So we ended up going through what potentially is not the best way to reach the public or our employees, the Federal Register process and sort of the website process.

So, I mean, that is one of the things that concerned me as a lifer at the Department of Agriculture when we looked at how can we reach out to our customers, and the answer was we need to go through this paperwork process.

Senator LANKFORD. Yes, and that is something Senator McCaskill and I are working on, trying to get fixed. Of the 4 million Oklahomans that I represent, I think 8 of them read the Federal Register. So that is not going to be the most efficient way to be able to get the input of Oklahomans. That may be different in North Dakota. I assume everyone wakes up and reads it there. But in Oklahoma, not as much. Mr. Lofthus.

Mr. LOFTHUS. Thank you, Mr. Chairman. We do want to reach as many people as possible, as many of our employees as possible. I mentioned that I had sent an email communication directly to all

115,000-plus Department of Justice employees asking for their ideas to be sent directly to us. They do not have to go through any of their management. They can send them directly to us. I think that is where some of the best ideas come from, frankly.

We are using our 40 distinct components in the Department of Justice. When I say “components,” think of bureaus and other offices, huge ones like the FBI and the Bureau of Prisons, smaller ones, some offices that may have, frankly, 20 people in them, and everything in between. But each of those 40 components of the Department of Justice is also working with the management and staff in those components to get ideas at every level. We have been pretty—what is the word? We have emphasized very distinctly at the Department that the ideas can come from management, they can come from leadership, they can come from every employee in a component. We are not trying to only engage a segment of the workforce. We want everybody involved.

One of the things I have thought of sitting here at the table this morning is to go back out to our 115,000 employees and thank them for the ideas we have already received, because I owe them a thank you for the great ideas we are seeing. I welcome more ideas. We are getting ideas through other means as well. We have had an Attorney General SAVE Council for some number of years, and we get ideas through a SAVE Council suggestion box. So we are taking ideas from any source we can get, and I think that is the way to do it.

Senator LANKFORD. OK. Ms. Herbst.

Ms. HERBST. So a couple of things.

First, on the approach to our employees, back to we have this Department Management Council, and we have had experience over the last several years with asking employees at a Department level, sending something out broadly, versus having the operating units themselves send things out. And we have found, at least in our experience, we get a richer dialogue going if the request comes from closer to the employees.

Senator HEITKAMP. Yes.

Ms. HERBST. So that is why we agreed as a group that we would solicit employee input through the actual operating units, number one.

However, we did do something at a Department level that I want to mention. We have our Department-level Labor-Management Forum. This is a group of both managers and representatives, senior representatives from the major collective bargaining unions that are represented in our Department. And we have quarterly meetings. This has been, I think, a very successful effort in that we have worked together on policy ideas and actually rolled out certain policies together, like telework, like phased retirement.

So when this came up, we immediately said this is an area where the Labor-Management Forum can, again, work together. We briefed them on the guidance, on what we plan to do, and we have agreed collectively that we will work together throughout the summer on the ideas that come in and get input and so forth.

I think the other area that we have not talked about yet is IG recommendations, GAO recommendations. We track implementations on a quarterly basis at the Department level and work with

the operating units on that. So we have asked the bureaus to go back specifically and look at any unimplemented recommendations to determine whether there are things there that we need to put forward as part of this.

Senator LANKFORD. Great. Just a reminder, for those of us on the dais as well, I am going to close the hearing right at 11. We have votes at 11 o'clock, so we have about 20 minutes of conversation. We are in the second round of questioning, so any Member can jump in at any point. Any of you on the panel can also jump in at any point. But let me just drop one more thing out there.

Is everyone going through GAO and IG reports as a part of this review? Two of you have mentioned that. Are all four of you doing that? Everyone is nodding heads. I am taking that as a yes.

Mr. BICE. Yes.

Senator LANKFORD. OK. That is great.

Mr. STOUGH. And we actually had GAO come in and talk to us and give us, some ideas about how we could actually approach this. We have been closely involved with them.

Senator LANKFORD. Terrific.

Senator HEITKAMP. I want to get back to what Ms. Herbst said, which I think is absolutely critical and it is right. The closer a reform or a supervisor is to the employee, where they can see a direct response and, "Wow, that worked, they actually listened, we changed, this got better," that is gold in personnel management. You can have all of—I mean, I think we have a workforce sometimes that gets incredibly cynical about top-down kind of initiatives. We are now in the second or third phase of this. I can go through every kind of management, kind of trend that there has been, from total quality management—I mean, we can all talk about those, right? We have all been through them. But if people do not see systemic or lasting change, they get cynical and they do not engage. They put their head down and go home saying, "I love my job. I love the people I work with. I believe in the mission of USDA. I believe in the mission of Commerce. But, every day I go to work, and I do things that do not add value to that mission."

We have to have openness and less resistance at that mid-level-manager level. And one of the things that we have been doing here in a bill that I introduced, which is on supervisory training, because a lot of times we take that guy who is the best lawyer, take someone who is the best field agent, biologist, and we make them a manager, and they know nothing about management of people.

So how do you see, when you are looking at your systemic changes, how do you see supervisory training in all of that as a way to perpetuate and to continue the ongoing dialogue? And that is for anyone.

Mr. BICE. Well, we have had plenty of conversations with our Human Capital Officer about how do we target it. That is the other issue there. I cannot agree more. I usually use the IG example. The best auditor ends up being the manager of the office, maybe not the best manager but the best auditor. But, we tend to just require things of our employees. OK, we are going to require 80 hours of training, go take it. Well, the issue is we need to find out who needs the 80 hours of training so that we target it to the actors

that need it, whether they need support or they need to understand what their role is, they need, reform in their own—

Senator HEITKAMP. Do you have a mentoring program where you see really good managers who then can mentor new managers?

Mr. BICE. Yes, we have set those up. We have those kind of upward mobility kind of programs where we have people who can informally mentor. We have a website that employees register themselves, and then we could have mentors register themselves, and you can match—sort of “The Dating Game” approach, I guess. So we do have that. We need to do a better job at that. Sometimes we are the victims of our own success, though, because at USDA we tend to get that new farm bill every 5 years and focus on delivering that farm bill, and by the time we are done delivering that football, we are getting ready to deliver the next farm bill. And you do not have that flexibility to sort of look and say, well, how are we operating? We are constantly building the pontoon bridge over the water, not the permanent bridge. So, what we really need to do is sometimes take a step back and make sure that we are building the right bridges to our employees.

Senator LANKFORD. Can I just mention it is overly optimistic to say the new farm bill comes every 5 years? [Laughter.]

Mr. BICE. I will say 5 to 6.

Senator LANKFORD. Yes, or 7.

Mr. LOFTHUS. I can chime in and just say that the OMB Memorandum 17–22 did require agencies to develop additional performance management training and supervisory training. At Justice, we have issued our initial guidance to fulfill the requirements of 17–22, because we do want to have our supervisors able and skilled to better manage their offices. It is better for the Department; it is better for the employees.

But to go back again to one of the things the Senator mentioned at the outset of the hearing, there is an aging workforce in many of the Agencies. One of the things that we are really interested in at Justice is developing the next generation of leaders at the Department of Justice. We have a program called Leadership Excellence and Achievement Program (LEAP)—where we take more junior managers earlier in their career and put them into a very rigorous program where they can get access—“exposure” is a better word—to the senior leadership of the Department. We put them in different jobs outside of their regular offices, and they have different assignments across the Department in a year, in a very rigorous year of management training. It is one of the most popular things we have ever done. So we are getting good results with things like that.

Senator LANKFORD. Can I just ask a general question of all four of you, again, just quickly? All four of you, you are working through employee performance management training. Is that a part of the review? Yes?

Mr. BICE. Yes.

Senator LANKFORD. For all of four of you? OK. So let me ask this as well. Is a part of your review looking at regional placements? So, for instance, that task is either in D.C. or it is in a region. Is there a better place to put it? Should it be closer to real people outside of D.C., or should that be in a central office in D.C.? Are you

evaluating where the task has occurred as a part of it? Are all four of you doing that?

Mr. LOFTHUS. Yes.

Mr. BICE. Yes.

Mr. STOUGH. I will hesitantly say yes. It depends upon what the tasks are that we are looking at. I mean, some are driven by, again, border security, reinforcement, some of the other things. But, yes, it will certainly be part of the—

Senator LANKFORD. Yes, I am just talking about—I am just trying to look at—because there are some things that are done here that do not necessarily need to be done in D.C.

Mr. STOUGH. Yes, sir.

Senator LANKFORD. One of the most expensive places to office in the country.

Senator HEITKAMP. Right.

Senator LANKFORD. Some of those same tasks could be done in another place where the task exists, but it could be done more efficiently outside of D.C. than here. I think that is what I am asking.

Mr. LOFTHUS. Yes.

Ms. HERBST. Yes.

Mr. BICE. Yes. In fact, USDA has been—one of our agencies, the Animal and Plant Health Inspection Service, they have actually moved their HR functions to Minnesota, and several of our food safety have their HR functions in Minnesota, and some other folks. So they have recognized that, and we have been working toward doing some of that with some of our administrative functions as well.

Senator LANKFORD. OK. The same thing of all four of you as well. Do you anticipate that your organization will also hand to Congress in whatever form that is, whether it goes to OMB and OMB is sending it, but requests for statutory changes, if we are going to do restructuring, here is a barrier to us that we have bumped up again? In other words, we should do this, but we cannot do this based on statutory limitations, but we recommend this be reevaluated. Are all four of you making recommendations to OMB that OMB is bringing to us on that?

Mr. STOUGH. Yes.

Mr. BICE. I think that is part of the plan, yes.

Senator LANKFORD. OK. All four, yes?

Mr. STOUGH. Yes.

Mr. LOFTHUS. Yes.

Senator LANKFORD. Ms. Herbst.

Ms. HERBST. Yes.

Senator LANKFORD. OK.

Senator HEITKAMP. One of the things that we want to make sure is loud and clear, because I think when you go through this kind of review process, immediately people go into defense mode, that this is—behind the curtain is an implicit criticism of the work that is being done. I think it is really important that the message of this is: How can we be better managers of the message? How can we encourage employee input and then respond to that input in a meaningful way?

So I want to make sure that when we are analyzing or when we are talking about a hearing like this, that this hearing is to try and

offer opportunities for mainline Federal employees to have their voice amplified in terms of efficiencies. It is not intended in any way to be a criticism of the people who work for the Federal Government. I want to ask you, in your dialogue, in your discussion coming back, is it possible to make that point over and over again in the work that you are doing?

Ms. HERBST. I will start, and I will say yes, and I am going to sound like a cheerleader for OMB, which these guys who know me know I am not usually. But they have been incredibly supportive in this effort, and I think the message at least that we have received over and over again is it is on us, because we know our missions, to propose things that are mission-specific and support the mission.

There has been no across-the-board edict or anything like that, and, in addition, OMB and OPM have met with us multiple times to help answer questions on the guidance, to ask if they can do anything to help.

So I think that spirit you are talking about is also flowing from OMB to the agencies.

Senator HEITKAMP. That is good to know.

Senator LANKFORD. Can I ask about duplications? One of the things that I noticed in this recommendation, there was a request to look at duplication within the agencies. I have not seen a lot of duplication within some agencies. It is agency to agency. Excuse me. I get very emotional about duplication. [Laughter.]

Excuse me. So my question is: How do you do that? Are you empowered to say we are doing something somebody else is?

Ms. HERBST. So I will start, but I think other folks will chime in. Yes, and we started with the GAO annual duplication report, and there are programs in Commerce that have been mentioned through the years that are part of a larger cross-government—and, yes, we are being encouraged to point that out, and then the expectation is throughout the summer, OMB will help facilitate those conversations between agencies where that has been identified.

Senator LANKFORD. So OMB is the one that is doing that. You are not responsible for identifying duplication by somebody else?

Ms. HERBST. Oh, no. We are.

Senator LANKFORD. You are?

Ms. HERBST. But then they are going to help facilitate the cross-agency conversations.

Senator LANKFORD. So you have the responsibility to say, “We are doing something somebody else is doing,” then throwing it to OMB and saying, “We have to figure this out”?

Ms. HERBST. Yes, and I would characterize it at least for us a little differently. We are looking at where there are multiple programs across the government that are aimed at an outcome where we are each doing a piece of it.

Senator LANKFORD. OK.

Ms. HERBST. And whether we can do better if we are better coordinated, better managed.

Senator LANKFORD. OK. So it is more coordination than it is duplication at that point.

Ms. HERBST. I think for us that is what we are looking at.

Senator LANKFORD. OK. All right.

Mr. LOFTHUS. We are looking at duplication inside Justice for certain. There is no question that I think we have ways of doing business that no one would do business that way if they started the place new today. It is simple things. We have many email systems, and why does an outfit need to run its own email today when a larger entity can provide the same service with greater reliability at lower cost? Those things to us are some easy victories we can get out of this. I say "easy." There will be victories; they are not always easy to accomplish.

Senator LANKFORD. Yes, ask DHS how easy it is to combine all your HR functions.

Mr. LOFTHUS. Right. HR, very difficult to do. Even procurement and finance, all those things are harder than meets the eye. But when you have things like people running their own IT shops, when they are a very small organization, I would much rather that they procure those services, buy those services from an outfit that is really an expert at this.

Senator LANKFORD. So let me throw a couple of things at you with that, not only IT but HR issues, Congressional liaisons, whether each is needed in each place, whether they are needed regionally as well as here, shared services, and finding a way to be able to do that. All of those things I assume are on the table. And nodding heads here, I am seeing everybody, that it is on the table.

Mr. LOFTHUS. Yes.

Senator LANKFORD. Even when you deal with—and this gets to—you want to talk complicated on it. You can begin to ask the question of Justice. The Bureau of Alcohol, Tobacco and Firearms (ATF) and the FBI and the DEA have to work very hard to make sure they stay in very tight lanes because they are so close together in so many areas. ATF has a spot that looks a lot like FBI responsibility or it looks a lot like DEA responsibility, and the question is always set out there as well. If you want to continue to dig and to be able to look, you are going to have to raise the issues at some point and say, "Hey, do we really need both of these organizations when they are so close in responsibility?" It is a thing DHS has had to struggle with, as so many legacy entities were put back into them as well.

Something as dramatic as that, is that even allowed to be discussed in this process? Or is it really just, OK, that is the elephant in the room, we want to talk about process and email serves and such?

Mr. LOFTHUS. We did not approach this with a sacred cow concept, meaning everything is on the table. Somebody can put a small idea on the table, a medium idea, or a grand idea. They are all welcome, and they are all on the table.

Senator LANKFORD. Yes, some of those things may take 10 years to unwind. Some of them may take 10 weeks. But everything is allowed?

Mr. LOFTHUS. Any idea can come in. I think that is why at the end of this process, the big sweeping ideas probably for all of us, I think it is safe to say, are going to have to go through OMB and be presented by the Administration to Congress, because it is going to take some action here.

Senator LANKFORD. And that is why I ask the question specifically. We assume it is coming at us, some set of ideas, but we want to tell you we expect those things.

Senator HEITKAMP. Right.

Senator LANKFORD. We are not trying to keep the barrier to say you do your stuff, we will do ours. We know we have to cooperate together on some of this.

Senator HEITKAMP. Well, and to add to that, understand that this is not a one-off. This is not one thing. We are going to come back to you and say, "Where are we at with this process?" And as long as Senator Lankford and I are Chairman and Ranking Member of this Committee, we are going to do oversight on the plans that you present. And we are going to—this is not, check a box for us. To us, this is absolutely critical in meeting a 21st Century Federal workforce and Federal Agencies fulfilling their missions.

And so this is just our introductory, what are you doing right now? You will see us over and over and over again.

Senator LANKFORD. Yes, and we will bring up some practical issues. I have talked about some of the things like ATF, FBI, DEA, and the overlap, and them having to work to develop lanes because they are so close, then you ask the question of why on that. It is the same thing every time I talk to a Secret Service agent. If I talk to an agent, they still feel like an appendage in the DHS machine, that there is DHS and then over here is Secret Service, and they are trying to figure out where they fit. And whether it is Homeland Security Investigations (HSI) versus Secret Service and all their roles and who has equipment and how this works, how they are integrated in the whole in retirement, in systems, in overtime. All those things I know DHS is still working. They are trying to figure out where do they fit in the organization. We have brought up before issues with Commerce and with Census, in particular, and it is just one of those questions that I have had to ask multiple times. On that year that the Census is done, I do my taxes, and then a few days later, I do my Census. Why I cannot do that at the same time? Why I cannot, when I electronically file my taxes, also electronically file my Census and getting all that stuff in and allowing those two entities to be able to cooperate together? That sure seems like we would click off about 200 million Americans that would do their Census that day, and then we can fill in the gaps on it. But for some reason, I raise that issue, and it is always like that is an interesting concept, do not know if that will work, and it goes away.

These are all issues that I would assume others are raising as well. They were trying to figure out where does this go from here. And I know you are not running all the Census stuff on it, but that is just a practical issue to be able to say why and where. And if there is a statement, well, we have to all do it on the same day and be able to track the same thing, is there something we need to be able to fix? Because just that simple idea when I turn in my taxes, I also do my Census at the same time, it is just adding additional questions to the form that day, it seems like around a \$4 billion idea to be able to save a lot of money back and forth with that. But somebody can tell me where we are wrong on it.

Any additional comments?

Senator HEITKAMP. No. If we are winding down, I just want to make sure that the National Treasury Employees Union (NTEU) statement that we have provided is entered into the record.¹

Senator LANKFORD. Without objection.

Senator HEITKAMP. Thank you.

Senator LANKFORD. One quick question just on Census, and that is just on the organization. Is Census being evaluated in the total of Commerce as far as in the organization how it fits? I assume you are also getting input from all of those folk straightforward, but it is one of those things that everyone cares a lot about every 10 years. But I know it is ongoing all the time. So is that a major part of the consideration for Commerce?

Ms. HERBST. Yes. Every operating unit we are treating equally, and thank you for pointing out that Census does other things besides the decennial, and we have done a lot of work already on economic Census and surveys and the Bureau of Economic Analysis (BEA) and Census working more closely together, the idea of sharing administrative records that I know you have heard a lot about as well. But, yes, they are very much a part of this effort.

Senator LANKFORD. That is great.

Any other final comments from anyone? I want to make sure we are getting your input in here as well.

[No response.]

Any closing comments from you?

Senator HEITKAMP. No.

Senator LANKFORD. OK. With that, we will then conclude today's hearing. I do want to thank all of you for coming, not only for your preparation, for the work that you are doing all of the time. We get to talk about it publicly, but you are privately working on these issues all of the time. We very much appreciate the work on that.

The hearing record will remain open for 15 days until the close of business on June 30, which is also a special day to all of you as well, for the resubmission of any statements, any questions for the record and such.

With that, the hearing is adjourned.

[Whereupon, at 11 a.m., the Committee was adjourned.]

¹The prepared statement of the National Treasury Employees Union appears in the Appendix on page 54.

APPENDIX



Opening Statement

Hearing before the Regulatory Affairs and Federal Management Subcommittee,

Thursday June 15th at 9:30 AM

“Agency Approaches to Reorganization: Examining OMB’s Memorandum on the Federal Workforce.”

Good morning and welcome to today’s hearing titled “Agency Approaches to Reorganization: Examining OMB’s Memorandum on the Federal Workforce.” Today this Subcommittee focuses for the third time this year on how to ensure the federal workforce effectively and efficiently serves the American people. I have the privilege of serving tens of thousands of federal employees in Oklahoma, and I know that they work every day to honorably serve their country.

However, a complicated federal bureaucracy has hamstrung agencies as they seek to achieve their core missions in service to Americans. Federal agencies have responded to ever evolving missions and changing circumstances by creating new component agencies and offices in an attempt to better their constituencies.

But this has led to a troubling reality—as we meet today, no one knows exactly how many agencies actually make up the federal government. In 2012 the Administrative Conference of the United States tried to determine how many federal agencies exist and concluded “there is no authoritative list of government agencies.” In addition, according to the Office of Personnel Management, the total number of non-seasonal full-time permanent federal employees grew from approximately 1.76 million in 2000 to 2.1 million in 2016. This represents a 16.2 percent increase, with no understanding or measurement of whether this has made government more effective or responsive to the problems we face.

With such a sprawling bureaucracy and growing workforce, Congress and the executive branch must examine whether taxpayer dollars could be spent more effectively and more efficiently. Until recently, the federal government has not pursued a comprehensive approach to determine how best federal agencies should be structured to tackle the challenges facing our nation today.

It is past time we critically examine how government should be organized to best serve the American people. Recognizing the need for a new direction, on March 13, 2017 President Trump issued Executive Order 13781 on a Comprehensive Plan for Reorganizing the Executive Branch. Following this executive order, OMB published a memorandum on April 12, 2017 for agencies titled “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce.”

Today we have the opportunity to discuss agency plans to meet the reorganization requirements and the timeline outlined in OMB's memorandum. Specifically, OMB directed agencies to finalize three items by June 30, 2017: plans to maximize employee performance; high-level drafts of Agency Reform Plans to reorganize programs and organizational charts to eliminate duplication and inefficiencies; and progress reports on "near-term workforce reduction actions."

Today we will discuss the processes and methods individual agencies are pursuing to restructure and improve their agencies and operations. In conversations with OMB I have learned that this first phase in the federal reorganization is an opportunity for agencies to comprehensively redesign and improve their structures and operations. This means that agencies themselves have been empowered to improve employee performance, realign their workforces and operations with their missions, and streamline costly, duplicative programs.

Most importantly, OMB is providing the American people—the customers of the federal agencies—the opportunity to comment on the federal government's reorganization efforts through a public comment website. Ultimately it is every public servant's most important job to hear the American public and serve their needs.

In an effort to give agencies better tools to accomplish that core job, I recently partnered with this committee's Ranking Member, Senator McCaskill to introduce the Federal Agency Customer Experience Act of 2017. This bipartisan legislation will remove a barrier that prevents agencies from getting public feedback on their satisfaction with the federal government's customer service. I hope to quickly send this bill to the President's desk for signature into law.

With much more work to do to improve the efficiency and effectiveness of the federal government, I look forward to hearing from our witnesses today regarding their agencies' plans to meet the OMB memorandum's requirements. We look forward to hearing testimony today from the Departments of Commerce, Justice, Agriculture, and Homeland Security.

With that, I recognize Ranking Member Heitkamp for her opening remarks.

Opening Statement of Ranking Member Heidi Heitkamp
Subcommittee on Regulatory Affairs and Federal Management
*Agency Approaches to Reorganization: Examining OMB's
Memorandum on the Federal Workforce*

Thursday, June 15, 2017

As Prepared

Thank you Chairman Lankford.

As Ranking Member of the Homeland Security and Governmental Affairs Subcommittee that oversees the federal workforce, I could not think of a more appropriate topic for today's hearing.

When the Administration implemented their hiring freeze across the federal government in January of this year, I had grave concerns about the local impact that unfilled vacancies would have on communities across North Dakota.

My concerns only deepened after hearing rhetoric from the Administration about reducing the workforce through attrition. Across the board cuts and a shrinking of the overall federal workforce are not the answer to making the federal government more efficient or effective.

When I hear of proposed budget cuts as high as nearly 21 percent at the USDA, I get worried about local farmers and ranchers in North Dakota losing the critical support they need from USDA in local FSA field offices.

Bill Hejl (HAIL), who grows sugar beets, spring wheat, corn and soybeans near Amenia, North Dakota, is one of those farmers that I worry about when I hear about drastic cuts like these.

Bill drives 30 miles or more to get to an FSA field office now—a distance that he cannot afford to see increase in the future due to potential staffing cuts.

Bill is someone who plans to hand down his farm to his son one day, and it is important for us to think about the impact that cuts like these will have on the next generation of farmers and all of those in rural communities.

While the hiring freeze has technically been lifted, I want you all to know that I am paying the utmost attention to how agencies are implementing the guidance that was given to them by the Office of Management and Budget (OMB) on April 12th, and stand ready and willing to question any cuts that come at the expense of the talent, morale, and mission of our federal workforce.

It is essential that agencies are not putting the cart before the horse when it comes to reorganization. They must carefully think through the long term impact any potential reductions will have on their agency.

With nearly a third of the federal workforce eligible to retire in 2019, it is crucial that the federal government connect with the millennial generation in a way that speaks to their needs and their desire to pursue mission-oriented careers and demonstrates all that a career in the federal government has to offer.

We will not be able to achieve that if we undermine the very mission that drives younger generations of workers into careers in public service because we are unwisely cutting important agency operations and making it tougher for federal employees to do their jobs.

I will be doing all that I can to protect federal workers, and I plan to be very engaged throughout this entire agency reorganization process.

I look forward to hearing from the witnesses, and greatly appreciate you all taking the time to be here today.

Thank you.

###

STATEMENT
OF
ELLEN HERBST
CHIEF FINANCIAL OFFICER AND ASSISTANT SECRETARY FOR ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE
ON
“AGENCY APPROACHES TO REORGANIZATION: EXAMINING OMB’S
MEMORANDUM ON THE FEDERAL WORKFORCE.”
BEFORE THE UNITED STATES SENATE HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS COMMITTEE, SUBCOMMITTEE ON REGULATORY
AFFAIRS & FEDERAL MANAGEMENT
Thursday, June 15, 2017
Washington, DC

Chairman Lankford, Ranking Member Heitkamp, and distinguished Members of the Committee:

It is a great honor and privilege to appear before you today to discuss the Department of Commerce's (DOC) plan for advancing our agency's effectiveness, accountability and overall efficiency in support of our mission of creating the conditions for economic growth.

The Secretary of Commerce is in strong support of this initiative. I am pleased to appear before you on his behalf to tell you about the process the Department is using to drive more effective and efficient mission delivery and be excellent stewards of the tax dollars entrusted to us.

President Trump's Executive Order (EO) 13781 and the amplifying reform memorandum from the Office of Management and Budget (OMB) provide the opportunity for each agency to reconsider and transform the way we do business. For DOC, this means focusing first on effective delivery of mission and mission support, using evidence and engaging employees and stakeholders to identify the issues, and then strategically implementing solutions to institutionalize change. This undertaking also gives us an opportunity to re-double our efforts in managing our workforce as productively as possible.

We are making good progress and are confident we will meet the June 30 deadline for the initial draft submission per the OMB guidance. The initial recommendation from our Department will be the result of a process that started with initial idea formation, analysis and synthesis to identify likely best candidates for discussion. This work will form the basis of an initial draft that will be submitted to OMB on June 30.

Throughout the summer, we will have iterative discussions with various stakeholders, including other Executive Branch agencies, employees, and users of our mission services and products. Based on these inputs, the Department will prepare a final draft to submit to OMB in early September.

Our approach starts with close coordination with OMB and OPM, who are taking the lead on coordinating amongst the various agencies. We are also taking advantage of existing structures

and processes within the Department to gather input. Our Department consists of twelve operating units with diverse mission sets. The Department has used a series of interlocking councils over many years to successfully foster communication and collaboration between the various operating units and headquarters.

Taking advantage of these existing structures, the Secretary has tasked me to lead the Reform Plan effort in my role as Chief Financial Officer/Assistant Secretary for Administration and chair of our Department Management Council (DMC). The DMC consists of Senior Executive representatives from each bureau as well as the major departmental offices, including the General Counsel (OGC), the Chief Information Officer (CIO) and the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA). In most cases, these representatives are the responsible "Chief Operating Officer" for their respective organizations. I have directed the DMC to consider input from managers, employees, reports from the Department's Office of the Inspector General (OIG) and the Government Accountability Office (GAO) reports and other stakeholders in crafting draft recommendations. Additionally, a team at the Department level is providing input to the overall plan with emphasis on cross-cutting ideas at the Department level and, in coordination with OMB, the government-wide level. Lastly, we are receiving ideas from the public via the web portal established by OMB.

Each operating unit and department level office (OGC, CFO/ASA, CIO) was asked to prepare initial draft recommendations in the areas of burden reduction, streamlining and improving business processes, potential for merging or eliminating functions or programs, improvements in organizational efficiency and effectiveness, and alternative delivery models for our mission services and products. We are also asking each unit to provide evidence to support the expected improvement in programs, processes and services. In addition, the Secretary is taking a fresh look across the Department at our missions and organization to see if new structures could further improve delivery of essential services in the most efficient manner possible.

Commerce has functional councils representing major mission support functions. These councils include human resources (HR), acquisitions, financial management, and information technology.

Each Council is tasked with identifying reporting burden reduction opportunities to the Department as well as to their respective OMB functional office.

The HR Council is tasked with leading the effort on Employee Performance Management as called for in the OMB Guidance. The HR Council has been tasked with making recommendations to the DMC. To carry out this responsibility, the HR Council has created a separate working group to inventory existing tools and processes that are responsive to the guidance as well as identifying additional tools, processes and training necessary to carry out the Executive Order. The HR Council is also providing the initial recommendations and guidance to the DMC to carry out the Workforce planning requirements of the Executive Order.

In addition to employee engagement conducted within individual bureaus and offices, the Department engaged its existing Departmental-level Labor Management Forum (LMF) to discuss the requirements of the Executive Order and OMB guidance and seek input from the LMF. The operating units have also been tasked with reviewing recommendations made in past Federal Employee Viewpoint Surveys to determine any unimplemented recommendations that can be used in our reform plan recommendations.

To take advantage of ideas from other stakeholders, we are participating, along with other agencies, in receiving the input flowing from the public through the Administration's public web portal. To date we have received over 5,000 comments—our final draft recommendations will be informed by the analysis of this input.

We are using GAO reports, in particular the annual reports on duplication of mission function, to insure we are taking advantage of the excellent work performed by GAO in identifying potential duplication. In addition, our operating units are reviewing Office of Inspector General audits and reviews to identify areas where implementation of recommendations may be accelerated.

We are committed to producing a thoughtful and thorough proposal for both reform and reorganization for consideration. We recognize that this undertaking requires considerable effort

in the formation of the recommendations and an even greater effort in implementation of any of the accepted recommendations. We are committed to implementing proposals that will meet the goal of improving our delivery of mission services and products at the most effective, efficient levels possible.

Thank you again for the opportunity to appear before you today and for your continued support of the Department of Commerce. I am pleased to answer any questions you have for me.



Department of Justice

STATEMENT OF
LEE J. LOFTHUS
ASSISTANT ATTORNEY GENERAL FOR ADMINISTRATION

BEFORE THE
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL
AFFAIRS
UNITED STATES SENATE

FOR A HEARING ON
AGENCY APPROACHES TO REORGANIZATION

PRESENTED

JUNE 15, 2017

**Statement of Lee J. Lofthus, Assistant Attorney General for Administration
Before the Subcommittee on Regulatory Affairs and Federal Management
Committee on Homeland Security and Governmental Affairs
United States Senate
June 15, 2017**

Good morning Chairman Lankford and Ranking Member Heitkamp. Thank you for the opportunity to share the efforts of the Department of Justice to implement President Trump's March 13, 2017 Executive Order (EO) on a "Comprehensive Plan for Reorganizing the Executive Branch."

On April 4, 2017, Attorney General Sessions sent a memo, "Department of Justice Reorganization Plans," to the heads of all DOJ components and United States Attorneys describing the process for developing the Department's plan to be submitted to OMB in September. On April 12, 2017, the Director of the Office of Management and Budget issued OMB M-17-22 titled "Comprehensive Plan for Reforming the Federal Government and Reducing the Civilian Workforce." We are well underway with our work towards meeting the Administration's reorganization plans.

The process laid out by the Attorney General will obtain input from four internal sources and one external source. First, internally, the Attorney General directed each component to review its activities and submit reorganization proposals by June 16, 2017. Second, he asked key members of his office and the offices of the Deputy Attorney General and the Associate Attorney General to develop ideas for reorganization. Third, he asked the Justice Management Division, the organization I head, to develop ideas. And, importantly, as our fourth source we've asked Department employees for their input. Lastly, we are receiving ideas from the public via the web portal established by the Office of Management and Budget.

The Attorney General stated his goal that wherever possible, DOJ components should realign resources into our key priorities: strengthening our national security protections and counterterrorism efforts; combatting illegal immigration; deterring violent crime; fighting human trafficking; and reducing opioid abuse. Focusing on key priorities is paramount to ensuring DOJ's efficiency and effectiveness in serving the American people.

At this point, we have met with the Executive Officers of our components to review the process, provide a standardized template for submitting ideas, and answer questions regarding the process. Individual components are well underway in their work to develop ideas. My organization is preparing our own component plan as well as developing DOJ-wide and government-wide ideas. Additionally, we have been obtaining DOJ workforce and other data that will assist our leadership group in developing and evaluating ideas, and we have been reviewing the public suggestions provided by OMB. We are also reviewing GAO and OIG reports for past and current recommendations and ideas on restructuring.

Additionally, our Human Resources office is engaged with our components in developing the plan required by OMB 17-22 for Maximizing Employee Performance. All of this will come together after June 16 so that we can have high-level ideas outlined prior to June 30, ready for discussion with OMB in early July.

Once the component plans are received June 16, Justice Management Division will inventory and consolidate the ideas from all the various sources so that we can efficiently review the ideas with our DOJ leadership group. After selecting the best viable ideas, we plan to discuss the proposals with the Associate Attorney General, the Deputy Attorney General, and Attorney General and get their input and direction.

Concurrent with the reorganization effort, the Department is in the process of updating our Strategic Plan as required by the GPRA Modernization Act of 2016, and aligning the restructuring plan ideas with the DOJ strategic objectives. I fully expect this to be an iterative process. Some ideas will be “low hanging fruit” and within the authority of individual components to implement, others will require approval and direction from the Attorney General. Yet others will require OMB and Congressional action. The entire plan will be fully developed and included with our FY2019 Budget submission to OMB in September.

In closing, by closely aligning our reorganization efforts with the DOJ partial hiring freeze and our FY 2019 budget development process, the Department has a strong approach to achieve efficiencies and operational improvements that will support the Attorney General’s national security and law enforcement priorities.

Thank you and I look forward to your questions.

**Statement by
Donald K. Bice
Associate Director, Office of Budget and Program Analysis
and Senior Accountable Official for Reform
Department of Agriculture
Before the United States Senate Homeland Security and Governmental Affairs Committee,
Subcommittee on Regulatory Affairs and Federal Management
June 15th (tentative), 2017**

Mr. Chairman, Ranking Member Heitkamp and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the actions the Department of Agriculture (USDA) has taken, and will be taking, to implement the President's direction on improving the efficiency, effectiveness, and accountability of USDA. I have over 25 years invested in the Department, and a lifetime appreciation of the importance of its mission and the hard work needed to ensure American agriculture continues to be the envy of the world.

Arguably, no other Federal agency has more direct interface with Americans than does USDA. In the Food and Nutrition Services alone, we serve one in four Americans every year, including more than 30.6 million children per day who benefit from a healthy meal at school and the 42.8 million participants in the Supplemental Nutrition Assistance Program each month. We touch millions of Americans through a host of other programs, as well. If we take into account our farm services, rural development, conservation, extension and education programs, we touch every single facet of American life. If we are to do the best for our producers and feed the world by 2050, we must not only continue to provide top rate customer service, but we must also develop strong partnerships so that we can face our challenges together. Together with our 100,000 plus employees spread across thousands of locations around the United States and the globe, the Secretary is committed to making USDA the best run agency in the Federal government.

Vision for Agriculture

Though Secretary Perdue was one of the most recent cabinet members confirmed, he did not delay in communicating with employees, stakeholders and Congress his vision for USDA. The Secretary's motto is to "do right and feed everyone." In doing this, the Secretary has said he will be guided by four principles. First, he will maximize the ability of the men and women of

America's agriculture and agribusiness sector to create jobs, to produce and sell the foods and fiber that feed and clothe the world, and to reap the earned reward of their labor. It should be the aim of the American government to remove every obstacle and give farmers, ranchers, and producers every opportunity to prosper. Second, he will prioritize customer service every day for American taxpayers and consumers. They will expect, and have every right to demand, that their government conduct the people's business efficiently, effectively, and with the utmost integrity. Third, as Americans expect a safe and secure food supply, USDA will continue to serve in the critical role of ensuring the food we put on the table to feed our families meets the strict safety standards we've established. And, last but certainly not least, we must preserve the land—and we must pursue clean air and water. Stewardship is not optional for farmers, producers and ranchers. American agricultural bounty comes directly from all the resources used to produce food and fiber. Today, that land and those resources sustain more than 320 million Americans and countless millions more around the globe.

Organizing for Reform

As a result of Executive Order (EO) 13781 and Office of Management and Budget (OMB) memorandum M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce", USDA acted to ensure accountability for reform efforts. The Secretary established a reform task force consisting of representatives from each of the Department's program mission areas, and staff offices. This task force will be responsible for leading the development of USDA's reform plan and will be accountable directly to the Office of the Secretary for its implementation.

Reorganization Steps Underway

In addition to not delaying in communicating his priorities, Secretary Perdue acted quickly to propose a reorganization of USDA to establish an Under Secretary for Trade and Foreign Agricultural Affairs, consistent with direction from the 2014 Farm Bill. The newly established Under Secretary for Trade and Foreign Agricultural Affairs will be responsible for coordinating agency efforts at opening new and protecting current markets. This new position will strengthen USDA's ability to ensure a level playing field for U.S. farmers and ranchers in the global marketplace. Moreover, the Under Secretary for Trade will bring new energy and

support to our interagency relationships with the Department of Commerce and the U.S. Trade Representative.

As part of that reorganization, and touching on the equally important priority of customer service, the Secretary also proposed to combine the critical functions in our Farm Service Agency, Risk Management Agency, and Natural Resources Conservation Service under a single umbrella to ensure our services to farmers and ranchers are efficient, streamlined, and deliver the results that our producers expect and need. Through the newly created Under Secretary for Farm Production and Conservation, our customers will have a one-stop shop, with common leadership and one voice, to provide the services they need. The Secretary has said that the walls are coming down, and our employees will be empowered to work together to serve USDA's customers. The reorganization also proposed to elevate our Rural Development programs to report directly to the Secretary in recognition of the need to help promote rural prosperity. The economic vitality of small towns across America is crucial to the future of the agriculture economy, and we will be leveraging USDA's expertise in rural development as the Administration works to increase investments in America's infrastructure. In addition, combining farm conservation programs with farm safety net programs will allow the Under Secretary for Natural Resources and Environment to focus more attention on the crucial task of managing our national forests and to ensure federal land managers are good and helpful neighbors to surrounding private land-owners.

In addition to complying with the statutory requirement to inform the Appropriations Committees of the reorganization to establish an Under Secretary for Trade and Foreign Agricultural Affairs, USDA is providing stakeholders an opportunity to comment on the proposed reorganization through a notice published in the Federal Register soliciting comments. The public can also provide comments and ideas on reform efforts for all of USDA as part of the government-wide reorganization by utilizing the White House reform comment process.

The Department's Next Steps

The Department intends to utilize the statutory requirement to develop a new strategic plan through its reform task force and as part of the fiscal year 2019 budget process and will be asking USDA agencies to: analyze how each of their programs aligns to the Secretary's new strategic goals; rank and prioritize programs; analyze their organizational program delivery

structure and field structure to determine whether it needs to be updated; analyze and identify appropriate staffing levels; and identify proposals in the four categories identified in OMB's guidance memo (eliminate activities; restructure or merge; improve organizational efficiency and effectiveness; and workforce management).

In addition, as you may know, the President recently announced the creation of the Interagency Task Force on Agriculture and Rural Prosperity. With USDA as chair, we will examine, consider and take actions to address current barriers to economic prosperity and the welfare of communities in rural America, including how innovation, modern technology, and infrastructure play a critical role in fully bringing communities into the 21st century. This multi-department group will find ways to improve regulatory flexibility and provide relief for farms and small businesses. We will examine how the Federal government does business and how that impacts food and fiber production and rural communities. And, we will ensure that decisions and actions are founded in principles of sound science and validated facts. The questions we are asking at USDA as part of our own regulatory reform efforts, and that we will be asking the Interagency Task Force on Agriculture and Rural Prosperity, are fundamental to this process: How do we impact jobs and job creation; are we doing things that make sense; do the costs outweigh the benefits; and, is there a better way or better place we can do it?

Conclusion

In closing, over the next several months USDA will be working within the Administration to develop our reform plan and contributing to the government-wide plan that will be released with the President's fiscal year 2019 budget. The Secretary is committed to improving the effectiveness, efficiency and accountability of the Department and making it the best run agency in the Federal government. Reorganizing USDA and continuing reform efforts will not be easy, but we have outstanding men and women working at USDA who are committed to providing leadership on agriculture, food, natural resources, rural infrastructure, nutrition, and related issues through facts-based, data-driven, and customer-focused decisions.

Thank you again for the opportunity to appear before you today and for your continued support of USDA programs. I am pleased to answer any questions you have for me.



STATEMENT
OF
MR. MICHAEL STOUGH

DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
OFFICE OF THE CHIEF FINANCIAL OFFICER
U.S. DEPARTMENT OF HOMELAND SECURITY

REGARDING A HEARING ON

“AGENCY APPROACHES TO REORGANIZATION: EXAMINING OMB’S
MEMORANDUM ON THE FEDERAL WORKFORCE.”

BEFORE
THE U.S. HOMELAND SECURITY & GOVERNMENTAL AFFAIRS COMMITTEE,
SUBCOMMITTEE ON REGULATORY AFFAIRS & FEDERAL MANAGEMENT

Thursday, June 15, 2017
Washington, DC

Chairman Lankford, Ranking Member Heitkamp, and distinguished Members of the Committee:

It is a great honor and privilege to appear before you today to discuss the Department of Homeland Security's (DHS) plan for advancing our agency's effectiveness, accountability and overall efficiency in order to best protect the homeland and secure our Nation's borders. For over 33 years, I have served the American people—first as an Air Force officer and mobility pilot, and now alongside the men and women of DHS.

DHS's men and women are dedicated professionals who love their country and work tirelessly in support of our mission to safeguard the American people, our homeland, and our values with honor and integrity. I am pleased to appear before you to tell you about the process the Department is using to continue to drive more effective and efficient mission delivery and also continue to work to protect the taxpayer dollar.

Executive Order (EO) 13781 and the amplifying reform memorandum from the Office of Management and Budget (OMB) provide the opportunity for each agency to reconsider and transform the way we do business. For DHS, this means focusing first on effective delivery of mission and mission support, using evidence and engaging employees and stakeholders to identify the issues, and then strategically implementing solutions to institutionalize change.

DHS immediately organized around the EO in consultation with the DHS Deputy's Management Action Group (DMAG) (comprised of Deputy heads of DHS Components and led by the DHS Deputy Secretary), to provide guiding principles for the effort. The Secretary continues to emphasize that to protect the homeland DHS cannot do more with less, therefore the principle focus is on effectiveness first, followed by accountability and efficiency. As a result the Organizational Effectiveness Working Group (OEWG) was established within two weeks of the EO signing. Each Component, Directorate and mission support line of business provided senior executive leadership to the group. The OEWG was challenged by leadership to identify ideas early in the process, ensure DHS core missions are the priority and to think creatively about mission support. This is an opportunity for DHS and the effort should not be constrained by history or current operational or business processes. The Deputy Secretary asked that people think big and small and somewhere in the middle. To do this, the Department is leveraging all of

the resources it has to understand the issues and garner reform concepts, recognizing that sometimes the most innovative ideas come from our employees.

To develop the reform plan, DHS is first looking at the large body of evidence that exists to support a call for change. Within the organization, the OEWG is taking a top-down and bottom-up approach to highlight key issues while OMB has assisted in gathering ideas from the American people. All stakeholder engagement will continue throughout the process, as it is never too late to do business better.

Over the past 14 years, DHS has been studied and evaluated by many credible entities such as the Government Accountability Office, think tanks, universities and more. There is a rich history of organizational change that must necessarily inform future reform. DHS will leverage the body of work available to identify issues, especially those related to duplication, overlap and fragmentation. More broadly, the Department has been working on its third Quadrennial Homeland Security Review and complementary DHS Strategic Plan. The efforts to understand the homeland security enterprise and future environment will be integrated into the OEWG work plan to ensure the goals and objectives of DHS are achieved.

The Department recognizes that there is no one more interested in achieving the goals and objectives of DHS than the individual employee. To this end, DHS is taking a bottom-up approach. The Deputy Secretary has been out on a listening tour, collecting the employees' point of view and specific ideas for improving effectiveness. The OEWG launched a formal questionnaire on the DHS intranet to gather direct feedback from individuals in cooperation with our employee unions. This combined engagement effort has resulted in nearly 2,300 suggestions. At the same time, DHS Component leadership has formally advanced issues for consideration, giving the OEWG a top-down view. Finally, DHS is considering concepts put forward by the public. To date over 31,000 suggestions for DHS have come in through the OMB call for public comment. In order to develop a robust reform plan with all of this information, the OEWG is embarking on a structured assessment methodology, with an emphasis on the longer view.

In the very near term, DHS is working to first identify the specific issues we intend to address through reform. The type of issue will drive the next assessment step. More mature ideas can move to an implementation planning stage while less mature concepts will require in-depth study and analysis in advance of implementation planning. The Department intends to use all analytical tools and data available to explore return on investment, cost effectiveness, customer satisfaction and performance achievement. Ultimately, ideas that ensure the most effective delivery of the DHS mission will be incorporated in the agency reform plan.

To ensure the plan is successful, the Department is designing in an accountability blueprint. Many of the reform concepts apply to a single DHS Component, while others affect multiple Components or the Department as a whole. While we are still in early stages, it may be that the most impactful ideas involve more than one Department and agency. If this is the case, DHS will advance multi-agency ideas to OMB and will work closely with affected agencies and OMB to drive toward a whole of government effectiveness plan over the summer and fall, ultimately to be incorporated in the Fiscal Year 2019 President's Budget request.

Within DHS, the OEWG will identify key Component issues and then work with those Components to form individual Component reform plans to be integrated into the DHS reform plan due to OMB in September. Ideas that impact more than one DHS Component will form the heart of the DHS agency reform plan. The plan will focus DHS efforts on delivering core mission, streamlining mission support, and ensuring that programs are funded and managed by the appropriate party—whether federal, state, local or private sector. Issues will be selected and refined throughout the month of June. In July, more in-depth analysis will be undertaken to directly inform the September plan. If there are elements of the plan that can be immediately implemented, DHS will take swift action to do so. However, it is anticipated that some reform concepts will need to be fully developed over a much longer period of time in close coordination with the customers and stakeholders. The Department intends to capture each concept in the agency reform plan, regardless of its maturity. Throughout the Administration, DHS expects that single Component, cross-Component and cross-agency plans ultimately approved will have regular progress reviews with the Under Secretary for Management, the Deputy Secretary, DMAG and stakeholders.

DHS is responding rapidly to the EO on government reform and is committed to shaping a reform plan based on evidence, innovation and credible input from employees and the American people. The Department wants to ensure that reform concepts can institutionalize ways to be more organizationally effective in delivering our mission. This effort has the commitment of DHS senior leaders today and into the future of the Administration.

In closing, the work the Department has before it is considerable. We have outstanding men and women working at DHS who are committed to protecting our homeland and the American people. You have my commitment to work tirelessly alongside these men and women to study, develop and execute the plans necessary to deliver the mission of homeland security most effectively today and into the future.

Thank you again for the opportunity to appear before you today and for your continued support of DHS. I am committed to working with Congress to advance a sound plan for increasing DHS effectiveness, accountability and efficiency to prevent and combat threats to our Nation.

I am pleased to answer any questions you have for me.



Testimony of

**Anthony M. Reardon
National President**

National Treasury Employees Union

**Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Regulatory Affairs and Federal Management**

**“Agency Approaches to Reorganization: Examining OMB’s Memorandum on
the Federal Workforce”**

June 15, 2017

Chairman Lankford, Ranking Member Heitkamp and members of the Subcommittee, thank you for allowing NTEU to share its thoughts on the Administration's plans to reorganize the federal government. As National President of NTEU, I represent over 150,000 federal employees in 31 agencies and I appreciate the opportunity to discuss this important issue.

As the Subcommittee is aware, on April 12, 2017, the Office of Management and Budget (OMB) issued agency guidance on how to fulfill the requirements of both the January 23, 2017, Presidential Memorandum imposing a hiring freeze and the March 13, 2017, Executive Order directing OMB to submit a comprehensive plan to reorganize federal agencies while aligning those initiatives with the President's March 16, 2017, Fiscal Year (FY) 2018 Budget Blueprint. This guidance requires all agencies to:

- Begin taking immediate actions to achieve near-term workforce reductions and cost savings, including planning for funding levels in the President's FY 2018 Budget Request;
- Develop a plan to maximize employee performance by June 30, 2017; and
- Submit an Agency Reform Plan to OMB in September 2017 as part of the agency's FY 2019 Budget submission to OMB that includes long-term workforce reductions.

With the issuance of this new guidance, the government-wide hiring freeze for federal agencies was lifted and in its place, agencies were told to adhere to the principles, requirements, and actions laid out in the new guidance when hiring new employees. It is also important to note that agencies, such as the Environmental Protection Agency, continue to operate under a virtual hiring freeze. At the same time, the memo noted that the President's FY 2018 Budget request would propose decreasing or eliminating funding for many programs across the Federal government, and in some cases, redefine agency missions, which should drive agencies' planning for workforce reductions and inform their Agency Reform Plans. OMB and the Office of Personnel Management (OPM) were designated to help facilitate reductions and monitor progress.

In addition, OMB laid out a series of guidelines for determining how to eliminate positions in the long term. Specifically, OMB urged agencies to use data-driven workforce planning; to consider consolidating higher-grade positions and downgrading management-level positions; to ensure that they have the fewest amount of management layers needed to provide for appropriate risk management, oversight and accountability; to eliminate redundancies; and to review positions as they become vacant to ensure they are relevant and reflect current mission needs.

While some reforms require congressional action, others are able to be implemented more quickly and without Congress. OMB Director Mulvaney has encouraged agencies to begin eliminating unnecessary vacant positions immediately, but, outside of the Budget request, stated that it will not prescribe specific targets for cuts. In the meantime, OPM is working to provide streamlined templates to enable agencies to request Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP), or buyouts, that enable OPM to approve the requests within 30 days.

NTEU is in favor of improving the efficiency and effectiveness of federal agencies to ensure that they are providing the services that Americans rely upon and that taxpayer dollars are

spent wisely. However, we are deeply concerned with agencies being directed to make reductions in the workforce, based only on proposed budgets that do not have congressional approval, which will drastically impact the ability of agencies to meet their missions. Additionally, it is our fear that staffing reductions of federal employees are being proposed with the aim of outsourcing agency functions and services, that, based on past experience, will only cost taxpayers more money, not less, and will provide the public with less transparency and accountability.

Agencies Consulting with Employee Representatives

As I stated previously, NTEU supports efforts to make federal agencies more effective and efficient. However, we believe that reform efforts should not take place in a vacuum. Senior agency officials and new political appointees do not have all of the relevant information or ideas on where to focus reform efforts. Rather, we believe that only by having senior officials working closely with front line employees and their representatives will real positive reform take place. Front-line federal employees and their union representatives are an essential source of ideas and information about the realities of delivering government services to the American people.

In 2009, President Obama issued Executive Order 13522, Creating Labor-Management Forums to Improve Delivery of Government Services. As E.O. 13522 makes clear, pre-decisional involvement (PDI) is an important component of the implementation of labor management forums, and therefore calls for agencies to involve employees and their union representatives in pre-decisional discussions concerning all workplace matters to the fullest extent practicable. Front-line employees and their union representatives have essential ideas and information about delivering quality government services to the public and the PDI process allows employees, through their labor representatives, to have meaningful input resulting in better quality decision-making, more support for decisions, timelier implementation, and better results for the American people.

According to the October 2014 Labor-Management Relations in the Executive Branch report, there are numerous examples of where PDI and employee engagement efforts have been successful. For example, the Patent and Trademark Office used PDI in reorganizing around line workers by involving labor representatives, including NTEU, in the decision-making process before management determined how to proceed. As a result, PTO reduced the patent application backlog by 31 percent and the trademark application processing time from 13.4 months to 10 months while applications continued to increase every year. Through constant engagement with labor representatives, PTO's Global Satisfaction Index score increased from 56 percent to 82 percent, from 2006 to 2013. It also has improved in the Partnership for Public Service's Best Places to Work in the Federal Government rankings from #172 to #1 out of 300 agency subcomponents in that same time period. Since the Federal Employee Viewpoint Survey began to include an Engagement Index in 2010, that PTO's score in that area increased from 71 percent to 82 percent. I see no reason why similar success cannot be had with this new government-wide reform effort.

On May 15, 2017, I met with OMB Senior Advisor Linda Springer and discussed our desire to be part of reorganization planning and that our chapter leaders were already soliciting reform recommendations from our members. However, to date we have not heard back from OMB regarding NTEU's request to have OMB counsel agencies to reach out and involve frontline employees. We fear that such reform efforts without employee involvement will fail; adversely impacting the morale of the federal workforce as well as the services we provide to the American people. I urge the Subcommittee to encourage agencies to work in a meaningful way with their employees in developing their reform plans.

Ratio of Supervisors to Frontline Personnel

According to the OMB memorandum, as part of their reform plans, agencies are to consider consolidating higher-grade positions, downgrading management-level positions, and ensuring that they have the fewest amount of management layers needed to provide for appropriate risk management, oversight and accountability. Unfortunately, to date, we have seen two agencies that have developed plans that go in the opposite direction.

For example, Customs and Border Protection (CBP) at the Department of Homeland Security continues to be a top-heavy management organization. In terms of real numbers, since its creation, the number of new managers has increased at a much higher rate than the number of new frontline CBP hires. CBP's own FY 15 end of year workforce profile (dated 10/3/15), shows that the supervisor to frontline employee ratio was 1 to 5.6 for the total CBP workforce, 1 to 5.7 for CBP Officers, and 1 to 6.6 for CBP Agriculture Specialists. Prior to 2003, supervisor to frontline ratio was closer to 1 supervisor to 12. It is also NTEU's understanding that nearly 1,000 CBP Officers are serving either at CBP headquarters or non-Office of Field Operations locations. This means that nearly 4,000 CBP Officers are serving in supervisory positions.

The tremendous increase in CBP managers and supervisors has come at the expense of border security preparedness and frontline positions. Also, these highly paid management positions are straining the CBP budget. CBP's top heavy management structure contributes to the lack of adequate staffing at the ports, excessive overtime schedules and flagging morale among the rank and file.

In another example, NTEU has learned that the Farm Service Agency at the United States Department of Agriculture (USDA) plans to reorganize its Office of Budget and Finance. On May 15, 2017, USDA submitted a reorganization proposal to the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, for approval. This reorganization produces a higher manager to employee ratio than OPM recommends. The manager to employee ratio in this reorganization is 1 to 5, instead of OPM's recommendation of 1 to 11. NTEU was only provided a copy of this plan after it was submitted to the Subcommittee for approval. Nonetheless, we suggested to USDA that the reorganization be revised to consolidate units where the manager has less than 5 employees reporting to them in order to bring the manager to employee ratio at least somewhat closer to OPM's staffing recommendation. We were told that the structure of the units is a management right, and that USDA would not discuss it with the union. We sent a letter to Senate

Appropriations Subcommittee Chairman Hoeven on May 30, 2017, regarding this matter and have attached it to this testimony.

As concerned citizens and in light of the President's desire to look into reducing the layers of management within government, we would strongly suggest Congress review the manager to employee ratio within agency reform plans and encourage agencies to work with their employees in making decisions on agency reform efforts.

Concerns Over Outsourcing

One of the major concerns NTEU has with the reorganization efforts taking place in federal agencies is that such plans will lead to increased outsourcing of government functions. In fact, the OMB Reorganization Memorandum states that agencies should consider leveraging outsourcing to the private sector when the total cost would be lower. It also states that agencies should consider government-wide contracts for common goods and services to save money and free-up acquisition staff to accelerate procurements for high-priority mission work.

NTEU has long maintained that federal employees, given the appropriate tools and resources, do the work of the federal government better and more efficiently than any private entity. When agencies become so reliant on federal contractors, the in-house capacity of agencies to perform many critical functions is eroded, jeopardizing their ability to accomplish their missions. It has also resulted in the outsourcing to contractors of functions that are inherently governmental or closely associated to inherently governmental functions.

Over the years, we have seen at agencies delivering vital services, contractors perform critical and sensitive work such as law enforcement, government facility security, prisoner detention, budget planning, acquisition, labor-management relations, hiring, and security clearances. According to the Government Accountability Office (GAO), the Department of Homeland Security has used contractors to prepare budgets, develop policy, support acquisition, develop and interpret regulations, reorganize and plan, and administer A-76 efforts.

One of the most egregious examples of the outsourcing of inherently governmental functions was the 2006 IRS private tax collection program. The program, under which private collection agencies were paid to collect taxes on a commission basis, was an unmitigated disaster. The program resulted in a net loss of almost \$5 million to the federal government and led to taxpayer abuse. Further, at one juncture in the program, the IRS had to assign 65 of its own employees to oversee the work of just 75 private collection agency employees. Given the obvious failures of this undertaking, and in the face of strong opposition by NTEU and a broad range of consumer and public interest groups, Congress voted to cut off funding for the program. Then, in March 2009, after conducting a month-long, comprehensive review of the program, including the cost-effectiveness of the initiative, the IRS announced it was ending the program. Yet, Congress reinstated the program in late 2015 to offset the costs of the long-term highway funding bill, and NTEU remains highly concerned by the use of private collection agencies, which not only are costly to taxpayers, but run the risk of exposing the public to scam artists.

The aggressive targeting of federal jobs for public-private competition is not new. During the Administration of President George W. Bush, competitive sourcing was one of its top initiatives. As part of their efforts, we saw the rules of competition overhauled, quotas set for competed jobs, and grades given to agencies on their efforts in conducting competitions. The changes undoubtedly had the desired effect: between 2000 and 2008, spending on contracting doubled, since 2001, reaching over \$500 billion in 2008. The explosion in contract spending also led to a drastic increase in the size of the contract workforce in addition to waste, fraud and abuse.

The Obama Administration, noting several issues with the A-76 process, instilled a moratorium on outsourcing while it looked to improve the competitive process. I urge this Subcommittee to ensure that the current A-76 moratorium be continued. In addition to the concerns with the A-76 process and issues with cost overruns and proper contractor oversight, ethical issues are also of concern as contractor employees are working for the benefit of their employer company—not the benefit of the American people. Such initiatives also have a demoralizing impact on the existing federal workforce as they wonder if their job is the next to be outsourced.

By ensuring that the outsourcing process is fair and that federal employees are able to compete for work with contractors on an even playing field, federal agencies will be better able to provide high quality services and will save taxpayer dollars and achieve the goals for the OMB Memorandum.

CONCLUSION

Ensuring the efficiency and effectiveness of federal agencies is a goal that we all share. However, in looking to implement reforms to do so, it is important that front-line federal workers have a meaningful seat at the table and can share their perspectives and knowledge of agency programs and functions. Thank you again for the opportunity to share my views with you today.



May 30, 2017

The Hon. John Hoeven
Chairman
Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Hoeven:

The National Treasury Employees Union (NTEU) has learned that the Farm Service Agency at the United States Department of Agriculture (USDA) plans to reorganize its Office of Budget and Finance. On May 15, 2017, USDA submitted a reorganization proposal to your subcommittee for approval. This reorganization produces a higher manager to employee ratio than the Office of Personnel Management (OPM) recommends and we ask that you take this information into consideration when your subcommittee makes its decision on whether to approve or disapprove the reorganization.

The local chapter of NTEU (Chapter 264) was given an opportunity to review the Office of Budget and Finance's reorganization package only after it had been delivered to your subcommittee for approval. The union pointed out that the manager to employee ratio in this reorganization is 1 to 5, instead of OPM's recommendation of 1 to 11. NTEU suggested to USDA that the reorganization be revised to consolidate units where the manager has less than 5 employees reporting to them in order to bring the manager to employee ratio at least somewhat closer to OPM's staffing recommendation. We were told that the structure of the units is a management right, and that USDA would not discuss it with the union.

As concerned citizens and in light of the President's desire to look into reducing the layers of management within government, we would strongly suggest your subcommittee consider the manager to employee ratio within the Office of Budget and Finance's reorganization. If you have any further questions or need any additional information, please feel free to contact Kurt Vorndran in our Legislation Department at 202.572.5560 or kurt.vorndran@nteu.org. Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink that reads "Anthony M. Reardon".

Anthony M. Reardon
National President

CC: Senator Jeff Merkley, Ranking Member
NTEU Chapter 264 Executive Board

Post-Hearing Questions for the Record
Submitted to Ms. Ellen Herbst
Chief Financial Officer and Assistant Secretary of Administration
Department of Commerce
Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
From Senator Heidi Heitkamp

Thursday, June 15, 2017

1) OMB's April 12th memo directs agencies to identify workforce reductions over a four-year period from FY 2018 to FY 2022 to support the goals outlined in the FY 2018 Presidential budget proposal. I have concerns that short-sighted considerations can hinder our ability to recruit top talent into the federal workforce and appropriately fill employment vacancies.

- How is the agency approaching the directive to achieve workforce reductions over a 4-year period? What role will workforce reduction through attrition play?
- What immediate actions has your agency taken to reduce the workforce and ensure cost savings? In regards to this directive, how are you viewing the FY 2017 budget?

The Department of Commerce (Department) is in the process of developing longer-term workforce planning goals and actions. Stakeholder engagement has been a critical part of this process and our bureau leadership and employees have offered input, which we have consolidated into areas that we intend to explore with the Office of Management and Budget and the Office of Personnel Management over the next several months.

The Department is executing the FY17 Budget as it was enacted. These budget levels did not require immediate reductions in the workforce. The Department is focused on developing a longer-term Human Capital Plan that will identify the levels of staff needed by key competency area based on mission outcome requirements.

2) As you may know, I have been very focused on hiring challenges in North Dakota, particularly in the Bakken region and on the northern border. In early June, I introduced my bipartisan CBP HiRE Act legislation, which would address recruitment and retention difficulties for CBP in rural and remote areas across the country.

I am also concerned about the vacancies that remain unfilled as a result of the hiring freeze. According to USAJOBS (as of shortly before the June 15th hearing), there are currently 127 job openings in North Dakota.

- Are you still operating under a hiring freeze, whether under agency directive or due to limitations on available financial resources?
- What impact did the hiring freeze have on the agency's ability to deliver services?

The Department operated under a hiring freeze from January 23rd, 2017 – April 12th, 2017. While the hiring freeze has been lifted, individual bureaus need to ensure positions are filled in order of critical mission need, and remain within FY2017 budget limitations.

The short-term hiring freeze did not impact the Department's ability to deliver services and execute on its mission.

3) OMB's April 12th memo requires agencies to align their proposed plans with the President's FY 2018 budget which leaves behind North Dakota and rural communities.

- How do you plan to engage with stakeholders, especially stakeholders who will be left behind from the president's proposed budget?
- Who are the largest stakeholders you are engaging with?

Robust engagement with stakeholders is critical to the Department's efforts and we have already received thoughtful input from leadership and employees at our bureaus and offices in anticipation of our discussions with OMB. In addition, the Department engaged its existing departmental-level Labor-Management Forum (LMF) to discuss the requirements of the Executive Order and OMB guidance and seek input from the LMF. The operating units have also been tasked with reviewing recommendations made in past Federal Employee Viewpoint Surveys to determine any unimplemented recommendations that can be used in our reform plan recommendations.

These efforts support the work of the Senior Accountable Official, who has been tasked by the Secretary to lead the Reform Plan effort with the Department Management Council (DMC) leading the detailed work. The DMC consists of Senior Executive representatives from each bureau as well as the major departmental offices, including the Office of General Counsel (OGC), the Chief Information Officer (CIO) and the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA). In most cases, these representatives are the responsible "Chief Operating Officer" for their respective organizations. They were directed to consider input from managers, employees, reports from the Department's Office of the Inspector General (OIG) and the Government Accountability Office (GAO), and other stakeholders in crafting draft recommendations.

We are using GAO reports, in particular the annual reports on duplication of mission function, to ensure we are taking advantage of the excellent work performed by GAO in identifying potential duplication. In addition, our operating units are reviewing OIG audits and reviews to identify areas in which implementation of recommendations may be accelerated. In addition, we are analyzing each of the comments received from the public for input to our overall reform plan.

4) The reforms envisioned by the administration's reorganization initiative require meaningful cooperation between the budget and management sides of OMB. It is critical that decisions affecting the workforce and management processes are connected to and are made in concert with decisions regarding the budget. It is promising to see that agency approaches begin with close coordination with OMB and OPM.

- How has your agency coordinated with both the budget and management sides of OMB? Have you had discussions with OMB about the up-front resources you would need to execute the EO and the guidance?

The Department has discussed the initial high-level draft of the Agency Reform Plan that was provided to OMB on June 30, 2017 with both the budget and management sides of OMB. These ongoing discussions are helpful in formulating the next steps the Department needs to take in developing the final draft Agency Reform Plan due to OMB on September 11th, 2017. The OMB guidance requires the Department to identify, to the extent possible, high-level milestone plans and resource requirements for ideas put forward in the September 11th draft.

5) I have a strong interest in ensuring that we have good supervisors across the federal government. I introduced my Supervisor Training bill last Congress, and intend to introduce it again in the 115th. OMB's April 12th memo encourages the accomplishment of agency work with the fewest amount of management layers. In order to reconcile fewer managers, this makes it even more important that we are doing a better job of making sure the managers we do have are properly trained.

- How are the agencies ensuring that supervisor training is included in the agency's plan to alleviate some of the challenges that federal employees face on a daily basis?

The Department is committed to ensuring managers, supervisors and employees are knowledgeable about their roles and responsibilities in executing effective performance management processes.

Approximately fifteen percent of the Department's workforce are supervisors and management officials. Currently, approximately 140 performance management related courses are available through the Department's online Commerce Learning Center and provide timely, convenient and relevant performance management instruction. In addition, the Department is pursuing enhancements and updates to increase employee awareness of performance management responsibilities, improve tracking and reporting capabilities and, standardize training and development for Employee Relations (ER) and other personnel involved in performance management. Some examples of planned actions are:

1. *Development of a multi-faceted performance management communications strategy and campaign.*
2. *Assessment of Department and OPM conduct and performance management training curriculum in order to determine best practices.*
3. *Sponsorship of an SES Candidate Development Program and an Emerging Leaders Program for aspiring leaders.*
4. *Development of standardized conduct and performance training for ER and Subject Matter Experts (SME).*
5. *Development of standardized conduct and performance training for Supervisors and Managers.*

6) OMB's April 12th memo calls for an examination of the total personnel costs – not only total salary and benefits, but also employee services and office expenses.

- How are you engaging your workforce?

Each of the 12 bureaus at the Department is responsible for engaging with its staff about the reform process. Examples of workforce engagement include: town hall meetings, newsletters, intranet sites with information and focus groups. At the Department, we are working with

our Labor-Management Forum to develop communications to the workforce about the reform process and tracking bureau progress.

- Can you comment on how your agency is ensuring that the Chief Human Capital Officer (CHCO) is involved in the decision-making process?

At the Department, the CHCO is very involved in all aspects of the human capital portion of the reform plan. The Department's Office of Human Resource Management is leading the project on maximizing employee performance and developing the project plan for workforce planning, which includes an examination of total personnel costs. Included in the work team for this initiative are representatives from the human resources leadership across the entire Department.

7) The EO on the Government-wide Reorganization and OMB Memo 17-22 focus on Federal workforce reshaping and improvement.

- How do you intend to use shared services to reshape and improve the performance of your agency's workforce?

Implementing and scaling Enterprise Services, a multi-functional shared services model, will enhance the customer experience, improve transparency, reduce the cost of providing mission-enabling services, and sharpen mission focus within the Department.

The Department's Enterprise Services is applying the commercially-proven models of shared services and strategic sourcing to transform the Department into a higher-performing organization that delivers exceptional mission-enabling services at steadily decreasing costs. The Department is in the process of establishing and building out multi-function, intra-agency shared services operations. Enterprise Services will provide Human Resources (HR), Acquisition (ACQ), Information Technology (IT) and Financial Management (FM) services across the Department.

To answer M-17-22's call for improved efficiency and effectiveness, the Department is working to accelerate and expand its Enterprise Services initiative to further improve its mission support services delivery, eliminate redundancies across the Department, and realize projected cost savings sooner.

8) The current shared services marketplace includes both government and commercial providers offering services primarily in the areas of human resources and financial management, with other common support services in earlier stages of initiation.

- Do you believe that there is sufficient capacity and selection of quality offerings in the current marketplace to meet your agency's and the government's enterprise needs? If not, why not, and how would you increase capacity and improve service quality?

There is growing market availability, but more is needed. Currently, when we look at federal shared services providers, the "shared services" are largely shared "systems" – primarily in the areas of human resources (HR) and financial management (FM). As the field continues to mature, agencies can benefit from both modern systems and transactional-based, managed services.

Federal providers use a number of commercial providers to provide federalized systems, trained people, tailored processes and appropriate procedures in support of other federal agencies, but further development is needed.

To improve the capacity and capability on the supply side, federal agencies must demonstrate that the demand for such services exists and will continue to grow. Shared services providers, whether they are federal agencies or commercial providers, must make investments in systems and people to grow capacity. To commit that investment, there must be a stronger indication of the willingness and ability of the federal agency customers to consume shared services now and well into the future. For example, as federal agencies have indicated an interest in managed HR services and systems, the HR market has matured more quickly in the last few years.

The Department's move to an enterprise services model accords with OMB Memo M-17-22 from April 2017, which directs agencies to evaluate "crosscutting reforms where market or technology changes allow a service to be delivered more efficiently, such as by a shared service provider..." This directive should encourage federal agencies to identify their ability and willingness to move to shared services which will in turn encourage providers to build capacity to meet the identified demand.

- Do you see opportunities for new shared services in business lines and agency functions that OMB and GSA/USSM have not identified to date? If so, in which areas?

OMB and GSA/USSM have done an excellent job of bringing together various agencies to identify business lines and agency functions that lend themselves to improving mission support and value by transitioning to shared services. This multi-year, multi-agency effort has identified the following functional areas as the highest priority for government-wide shared services: Human Resources, Information Technology, Acquisition Services, and Financial Management. Additional areas that were identified for further evaluation and cross-agency discussion included: grants management, travel management, fleet management and collections. Many of these services are provided through cross-agency agreements today but are not offered government-wide. In some cases, the service offerings are mature but are only focused on sharing IT assets across departments and not true end-to-end managed services. Each of these has the opportunity to be developed into true managed services across government.

- How can Congress help remove barriers and facilitate expanded use of government shared services? What are the major barriers and what would you do about them?

The Department of Commerce is an active participant in the government-wide Shared Services Governance Board, and the associated Customer and Provider Councils. These groups are sponsored and facilitated by OMB and the GSA/USSM group. These groups continue to evaluate input from across the government regarding ways to facilitate the expanded use of government shared services. The work of these groups informed OMB Memo M-17-22 "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce." In particular, Section III C of the memo requires agencies to identify services that should be delivered via a shared services model. Additionally, the USSM has issued two documents to guide federal agencies that were informed by the work of the

Governance Board and Councils: Enabling Mission Through a More Efficient Government using Shared Services and Mission Support Services – Concept of Operations Roles and Responsibilities which can be found at: <https://www.ussm.gov/>.

We fully support the approaches and ideas contained in these document and will continue to actively participate and contribute to the government-wide discussion as it moves forward and is informed by additional input from agencies' Reform Plans.

9) In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers?

- If so, please elaborate.
- If you are not sure, I ask that you get back to this committee in a timely manner upon a decision to do so with the reasons for outsourcing the work.

The Department's Reform Plan will make recommendations on which activities can be restructured or merged; where organizational efficiencies and effectiveness can be improved; and improvement in performance to include: leveraging technology and process re-engineering; shift to alternative delivery models (State, Local and Tribal); shared services for administrative functions. This review will take into account work performed by both contractors and federal employees. Changes in staffing levels of federal workers would be part of a longer-term workforce planning effort, which would include continued engagement with Congress.

**Post-Hearing Questions for the Record
Submitted to Ellen Herbst
From Senator Tom Carper**

“Agency Approaches to Reorganization: Examining OMB’s Memorandum on the Federal Workforce”

June 15, 2017

Front-line employees and re-org planning

1. I have long believed that front-line federal employees and their representatives have keen insights and recommendations that can be invaluable in developing new plans/policies/procedures to improve efficiency and effectiveness. Can each of you tell me if you have reached out to your front-line employees and their representatives for their ideas on reform plans? If so, how are you incorporating those plans into the final reform proposals? If you haven’t, do you plan to?

The Department is in the process of developing longer-term workforce planning goals and actions. Stakeholder engagement has been a critical part of this process and our bureau leadership and employees have offered input, which we have consolidated into areas that we intend to explore with the Office of Management and Budget and the Office of Personnel Management over the next several months.

As part of this effort, each operating unit and department level office was asked to prepare initial draft recommendations in the areas of burden reduction, streamlining and improving business processes, potential for merging or eliminating functions or programs, improvements in organizational efficiency and effectiveness, and alternative delivery models for our mission services and products. They were also asked to provide evidence to support the expected improvement in programs, processes and services.

In addition to employee engagement conducted within individual bureaus and offices, the Department engaged its existing Departmental-level Labor-Management Forum (LMF) to discuss the requirements of the Executive Order and OMB guidance and seek input from the LMF. The operating units have also been tasked with reviewing recommendations made in past Federal Employee Viewpoint Surveys to determine any unimplemented recommendations that can be used in our reform plan recommendations.

Plans for outsourcing/contracting work

2. In developing your reorganization plans, are you considering outsourcing any functions currently performed by federal workers? If so, please elaborate. If applicable, please elaborate on the criteria used to determine if agency functions will be contracted outside of the federal government.

The Department's Reform Plan will make recommendations on which activities can be restructured or merged; where organizational efficiencies and effectiveness can be improved; and improvement in performance to include: leveraging technology and process re-engineering; shift to alternative delivery models (state, local and tribal); and shared services for administrative functions. This review will take into account work performed by both contractors and federal employees. Changes in staffing levels of federal workers would be part of a longer-term workforce planning effort, which would include continued engagement with Congress.

GAO and Inspectors General as a resource

3. Every two years GAO releases its High Risk List, which highlights critical areas where the federal government can improve operations, increase efficiencies and save taxpayer dollars. I would ask each one of you if you have considered using the GAO high risk list or work from other oversight bodies like Inspectors General recommendations as you draw up plans to re-organize your agencies? If not, do you plan to?

The Secretary tasked the Senior Accountable Official to lead the Reform Plan effort with the Department Management Council (DMC) leading the detailed work. The DMC consists of Senior Executive Service representatives from each bureau as well as the major departmental offices, including the Office of General Counsel (OGC), the Chief Information Officer (CIO) and the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA). In most cases, these representatives are the responsible "Chief Operating Officer" for their respective organizations. They were directed to consider input from managers, employees, reports from the Department's Office of the Inspector General (OIG) and the Government Accountability Office (GAO) reports and other stakeholders in crafting draft recommendations.

We are using GAO reports, in particular the annual reports on duplication of mission function, to ensure we are taking advantage of the excellent work performed by GAO in identifying potential duplication. In addition, our operating units are reviewing OIG audits and reviews to identify areas where implementation of recommendations may be accelerated.

Post-Hearing Questions for the Record
Submitted to Ms. Ellen Herbst
From Senator Gary Peters
Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal
Workforce
Thursday June 15, 2017

1. In the April 12 Memo, OMB instructed agencies to identify “regulatory reporting requirements that are low-value, duplicative or no longer necessary for their management function.” The memo also stated that within 60 days, OMB would “identify initial reporting activities that can be immediately stopped or modified to reduce reporting and compliance burden.” While we wouldn’t want the cost of reporting requirements to exceed their value, I’m concerned that modifying or eliminating reporting requirements without sufficient consideration of the consequences will expose taxpayers to the fraud, waste, and abuse that these internal controls are designed to mitigate. Reporting requirements are designed to ensure accountability, transparency, and efficient use of taxpayer dollars. **As you identify reporting requirements to modify or eliminate, how will you ensure that the agency will remain compliant with established OMB reporting guidance, such as that included in Circulars A-123 (on internal controls) and A-136 (on financial reporting). Are you involving your Inspector Generals in the process of determining which reporting requirements would be modified or eliminated? Has OMB identified any reporting activities that can be stopped or modified within your agencies? If so, please describe these reporting activities (either generally or provide specific examples).**

The Department of Commerce will form a department-wide working group to identify potential reports for reduction. This review will evaluate the use and frequency of the reports, burden hours to collect the information, the format of the information being requested, mechanism used for the information collection, and usefulness of the information. The review will determine if any of the reports are obsolete or no longer useful and can be eliminated; if there can be a process or technology improvement that can help gather the data more easily; and if frequency of the reporting can be altered appropriately. Before proposing any reports for elimination or reduction, this group will consider the ramification of elimination to ensure that mitigating controls are in place to protect the taxpayers from fraud, waste, and abuse.

OMB has not issued guidance on reporting activities to stop or modify within the Department of Commerce at this time. The Department will ensure compliance with established OMB guidelines as we continue work on the reform plan process.

2. One concern we expressed in our letter to GAO is the potential for waste due to the increased use of contractors. GAO has identified several cases in which contracting was substantially more expensive, in some cases 60% more, than the cost of using respective agency employees to conduct the same work. While the OMB memo focuses on cutting and streamlining agency operations, it also instructs agencies to consider “insourcing a function to government where a contract can be eliminated or scaled back.” **Has your**

department examined your current service contracts for potential cost savings? Specifically, have you done a side by side comparison of the costs of work performed by contractors versus the costs of those functions if performed by federal employees? Have you identified any contracts that are ripe for being terminated or scaled back? In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers? If so, please elaborate.

The Department's Reform Plan will make recommendations on which activities can be restructured or merged; where organizational efficiencies and effectiveness can be improved; and improvement in performance to include: leveraging technology and process re-engineering; shift to alternative delivery models (state, local and tribal); and shared services for administrative functions. This review will take into account work performed by both contractors and federal employees. Changes in staffing levels of federal workers would be part of a longer-term workforce planning effort, which would include continued engagement with Congress.

3. As I mentioned in my opening statement, I have asked GAO to look at the factors in the April 12th memo to determine if they are comprehensive and aligned with leading best practices. I am particularly interested if there is anything not listed that we should be focused on or any challenges you have encountered when considering certain factors. **What factors have you found to be most helpful and which factors have been most challenging for you to consider? Have you discovered any additional factors that are important for you to consider as you evaluate your programs and operations?**

Through our close coordination with OMB and OPM we are considering all the factors outlined in the April 12th memo. For example, we are using GAO reports, in particular the annual reports on duplication of mission function, to ensure we are taking advantage of the excellent work performed by GAO in identifying potential duplication. In addition, our operating units are reviewing Office of Inspector General audits and reviews to identify areas where we can accelerate implementation of recommendations.

**Post-Hearing Questions for the Record
Submitted to Ellen Herbst
From Senator Claire McCaskill**

“Agency Approaches to Reorganization: Examining OMB’s Memorandum on the Federal Workforce”

June 15, 2017

Budget Impact

1. As Senator Peters asked at the hearing, concerns have been raised about the impact of budget uncertainty on the preparations for the 2018 Census. Under the proposed budget for 2018, will the Census Bureau be able to complete the testing and other preparation for the 2020 Census that has been planned for 2018? Specifically, will the Bureau conduct the full end to end tests in three cities as planned (Pierce County, Washington; Providence County, Rhode Island; and Buffalo Beckley -- Oak Hill, West Virginia)?

For the 2018 End-to-End Census Test, the final major field test before the 2020 Census, the Census Bureau will prioritize the readiness and testing of its integrated system-of-systems in the field in environment under real-life conditions. The lessons learned from how these systems interact with each other, with the operations being tested, and, where relevant, with the field staff and residents in the test sites, will be invaluable to finalizing the operational plan and putting the finishing refinements on the systems and operations in advance of the 2020 Census.

The 2018 End-to-End Census Test begins in August 2017 with the address canvassing operation. The plan for the address canvassing portion of the 2018 End-to-End Census Test includes three sites: Bluefield-Beckley-Oak Hill, West Virginia; Providence County, Rhode Island; and Pierce-County Washington. Collectively these three diverse sites will help the Census Bureau gain invaluable experience in conducting the challenging process of building the address list across a wide area of physical geography, housing structures, and residence types.

Following the conclusion of address canvassing operations in early October 2017, the Census Bureau plans to proceed with the remaining operations in scope for the 2018 End-to-End Census Test in Providence County, Rhode Island. Peak operations will commence in March 2018.

Providence County is an ideal community to simulate a microcosm of the 2020 Census experience, as its demographics mirror those of the nation. The Census Bureau is confident that the operational design of the 2018 End-to-End Census Test is sufficiently robust to test all of the systems and operations that must be tested.

Census Cost Estimates

2. You testified that the Secretary has directed staff to “conduct a rigorous deep dive into the Bureau’s cost estimates and these program’s decisions to come up with an independent cost estimate based on the decennial design.”

Why is this independent cost estimate necessary when the Census Bureau is currently in the process of updating its lifecycle cost estimate? How will the difference between the independent cost estimate directed by the Secretary and the lifecycle cost estimate differ? Which agency staff has been designated to perform the independent cost estimate? Are entities outside of the agency participating? If so, please name the other entities.

The Office of Acquisition Management within the Department of Commerce Chief Financial Officer’s group is developing an independent estimate to compare with the Census Bureau lifecycle cost estimate to assess reasonableness and identify areas of cost risk. This independent cost estimate will help the Department of Commerce to quantify uncertainty and assist with cost baseline and budget submission requirements.

Census Bureau Reorganization

3. Please name the factors that are being evaluated in considering whether the Census Bureau should be reorganized within the Commerce Department. How many comments have been received that relate to the Census Bureau specifically? How does the Department intend to address concerns raised by the comments during its reorganization process?

At this stage in the reform process, the Department is evaluating the operations of all bureaus to ensure we are fulfilling our mission in the most cost effective manner possible, consistent with the goals of the EO, subsequent OMB guidance, GAO and IG recommendations, and Congressional intent. No decisions have been made at this time about any specific bureau changes. Prior to making any decisions, the Department would conduct outreach and consider any concerns raised before pursuing such an effort.



U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

October 5, 2017

The Honorable James Lankford
Chairman
Subcommittee on Regulatory Affairs
and Federal Management
Committee on Homeland Security
Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Please find enclosed responses to questions arising from the June 15, 2017, appearance of Assistant Attorney General Lee Lofthus before the Subcommittee at a hearing entitled, "Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce."

Thank you for the opportunity to present our responses. Please do not hesitate to contact this office if we may be of additional assistance regarding this or any other matter. The Office of Management and Budget has advised us that there is no objection to submission of these responses from the perspective of the Administration's program.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen B. Boyd".

Stephen B. Boyd
Assistant Attorney General

Enclosure

Cc: The Honorable Heidi Heitkamp
Ranking Member

Post-Hearing Questions for the Record
Submitted to Mr. Lee Lofthus
Assistant Attorney General for Administration, Justice Management Division
Department of Justice
Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce

Thursday, June 15, 2017

Questions from Senator Heidi Heitkamp

- 1) OMB's April 12th memo directs agencies to identify workforce reductions over a four-year period from FY 2018 to FY 2022 to support the goals outlined in the FY 2018 Presidential budget proposal. I have concerns that shortsighted considerations can hinder our ability to recruit top talent into the federal workforce and appropriately fill employment vacancies.

- How is the agency approaching the directive to achieve workforce reductions over a 4- year period? What role will workforce reduction through attrition play?

The Department of Justice has maintained a partial hiring freeze for our non-national security and non-law enforcement components pending evaluation of our restructuring ideas from components and employees. It is too early to determine the extent of workforce reductions that may result from restructuring proposals and the impact of attrition on these proposals, although attrition may be used as a means of creating positions that can be re-purposed to work on higher priority work such as fighting violent crime and ensuring national security.

- What immediate actions has your agency taken to reduce the workforce and ensure cost savings? In regards to this directive, how are you viewing the FY 2017 budget?

The Department is appreciative of the enacted full-year FY2017 budget and the resources it provides to our mission and operations. We have maintained a partial hiring freeze this year, which will result in a smaller workforce for FY17 and heading into FY 2018.

- 2) As you may know, I have been very focused on hiring challenges in North Dakota, particularly in the Bakken region and on the northern border. In early June, I introduced my bipartisan CBP HiRE Act legislation, which would address recruitment and retention difficulties for CBP in rural and remote areas across the country.

I am also concerned about the vacancies that remain unfilled as a result of the hiring freeze. According to USAJOBS (as of shortly before the June 15th hearing), there are currently 127 job openings in North Dakota.

- Are you still operating under a hiring freeze, whether under agency directive or due to limitations on available financial resources?

The Department of Justice has maintained a partial hiring freeze for portions of the Department, primarily our non-national security and non-law enforcement components.

- **What impact did the hiring freeze have on the agency's ability to deliver services?**

We have directed components to shift resources to maintain services. Some areas such as procurement have experienced impacts due to personnel shortages, but the goal is to maintain mission critical services. The partial freeze includes an exemption process to ensure that critically needed positions are filled.

- 3) **OMB's April 12th memo requires agencies to align their proposed plans with the President's FY 2018 budget which leaves behind North Dakota and rural communities.**

- **How do you plan to engage with stakeholders, especially stakeholders who will be left behind from the president's proposed budget?**

The Department's FY 2018 budget has been transmitted to Congress. While the budget does contain some reductions, our key law enforcement and national security components have increases, including over 300 prosecutors in the U.S. Attorneys organization.

- **Who are the largest stakeholders you are engaging with?**

The Department continues to work closely with our law enforcement and national security partners, including State, local, and tribal partners.

- 4) **The reforms envisioned by the administration's reorganization initiative require meaningful cooperation between the budget and management sides of OMB. It is critical that decisions affecting the workforce and management processes are connected to and are made in concert with decisions regarding the budget. It is promising to see that agency approaches begin with close coordination with OMB and OPM.**

- **How has your agency coordinated with both the budget and management sides of OMB?**

The Department has participated in OMB's reorganization planning meetings, the President's Management Council, and other councils in our reorganization work. We met in mid-July with OMB, both the budget and management sides, to review our current progress.

- **Have you had discussions with OMB about the up-front resources you would need to execute the EO and the guidance?**

We have not yet completed our evaluation of proposed restructuring ideas in order to know what investment might be required to implement any ideas, so we do not yet have any resource estimates to share at this time.

5) In your testimony, you indicated that input from executive offices will be submitted internally on June 16, 2017 using a standardized template for leadership to review and to develop the agency's reform plan.

- Are you preliminarily evaluating the internal information gathering process to ensure that you will receive meaningful input from all offices, stakeholders, and employees to ensure you will have the necessary information to submit your plans to OMB by the end of June?

Yes. We confirmed input from each of our components and we had a group of experienced career employees review every submission, categorize it by mission area, and provide an initial assessment of utility. We are now determining with DOJ leadership which ideas meet our criteria for further evaluation.

6) The EO on the Government-wide Reorganization and OMB Memo 17-22 focus on Federal workforce reshaping and improvement.

- How do you intend to use shared services to reshape and improve the performance of your agency's workforce?

Prior to the EO, the Department of Justice was evaluating shared services in several areas (e.g. human resources, procurement, and IT), and we anticipate that one or more shared services ideas will be part of the restructuring ideas pursued by the Department.

7) The current shared services marketplace includes both government and commercial providers offering services primarily in the areas of human resources and financial management, with other common support services in earlier stages of initiation.

- Do you believe that there is sufficient capacity and selection of quality offerings in the current marketplace to meet your agency's and the government's enterprise needs? If not, why not, and how would you increase capacity and improve service quality?

The answer depends on the particular shared service. Some areas such as financial management have very mature shared services; others such as Procurement are less mature or offer less than comprehensive services.

- Do you see opportunities for new shared services in business lines and agency functions that OMB and GSA/USSM have not identified to date? If so, in which areas?

We believe it would be most beneficial to concentrate on the areas currently being explored (HR, IT, Financial Management, Procurement, etc.) and ensure mature offerings in those areas before seeking expansion to new areas.

- **How can Congress help remove barriers and facilitate expanded use of government shared services? What are the major barriers and what would you do about them?**

Many barriers to federal shared services are cultural realities within agencies, meaning they are concerned with a loss of quality control and accountability if they do not operate their own support services. Where agencies can trust that the shared service will result in quality and enhance accountability, progress may be made on addressing such cultural barriers. More significant to this Department is the fact that even when a broad agency interest in shared services exists, the marketplace often does not offer mature, suitable, and cost effective solutions, when subjected to a detailed requirements analysis.

- 8) **In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers?**
- **If so, please elaborate.**
 - **If you are not sure, I ask that you get back to this committee in a timely manner upon a decision to do so with the reasons for outsourcing the work.**

It is too early to know, as we have not completed our assessment of restructuring ideas.

Questions from Senator Tom CarperFront-line employees and re-org planning

- 1) **I have long believed that front-line federal employees and their representatives have keen insights and recommendations that can be invaluable in developing new plans/policies/procedures to improve efficiency and effectiveness. Can each of you tell me if you have reached out to your front-line employees and their representatives for their ideas on reform plans? If so, how are you incorporating those plans into the final reform proposals? If you haven't, do you plan to?**

Employee input has been a key source of ideas for the Department of Justice's restructuring plans. We invited all 115,000 DOJ employees to submit ideas using a provided template and we received more than 675 ideas from over 380 employees. Each of those ideas will be evaluated as part of our process.

Plans for outsourcing/contracting work

- 2) **In developing your reorganization plans, are you considering outsourcing any functions currently performed by federal workers? If so, please elaborate. If applicable, please elaborate on the criteria used to determine if agency functions will be contracted outside of the federal government.**

The Department is still reviewing the large number of ideas we've received, and we have not made any final decisions on any ideas. Where we have received a reorganization or restructuring idea that suggests use of contractors (or, alternatively, suggests use of more federal staff), we will evaluate those ideas as part of our overall review. It is still too early in the evaluation process to know what, if any, ideas will be adopted that would affect work currently performed by federal workers.

GAO and Inspectors General as a resource

- 3) **Every two years GAO releases its High Risk List, which highlights critical areas where the federal government can improve operations, increase efficiencies and save taxpayer dollars. I would ask each one of you if you have considered using the GAO high-risk list or work from other oversight bodies like Inspectors General recommendations as you draw up plans to re-organize your agencies? If not, do you plan to?**

Yes, we reviewed GAO's high risk and duplication reports and the OIG's list of most significant management challenges in addition to other outstanding GAO and OIG recommendations. These recommendations were considered in developing proposals from my own Justice Management Division as well as in evaluating DOJ component and employee proposals.

Questions from Senator Gary Peters

- 1) In the April 12 Memo, OMB instructed agencies to identify “regulatory reporting requirements that are low-value, duplicative or no longer necessary for their management function.” The memo also stated that within 60 days, OMB would “identify initial reporting activities that can be immediately stopped or modified to reduce reporting and compliance burden.” While we wouldn’t want the cost of reporting requirements to exceed their value, I’m concerned that modifying or eliminating reporting requirements without sufficient consideration of the consequences will expose taxpayers to the fraud, waste, and abuse that these internal controls are designed to mitigate. Reporting requirements are designed to ensure accountability, transparency, and efficient use of taxpayer dollars. As you identify reporting requirements to modify or eliminate, how will you ensure that the agency will remain compliant with established OMB reporting guidance, such as that included in Circulars A-123 (on internal controls) and A-136 (on financial reporting). Are you involving your Inspector Generals in the process of determining which reporting requirements would be modified or eliminated? Has OMB identified any reporting activities that can be stopped or modified within your agencies? If so, please describe these reporting activities (either generally or provide specific examples).

As CFO for the Department of Justice, I consider it critically important that we maintain strong internal controls and the integrity of our financial reporting. We plan to maintain our efforts to ensure strong controls and accurate reporting. On June 15, 2017, Director Mulvaney issued OMB M-17-26, Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda, which eliminated or modified several reporting requirements for agencies. We do not anticipate the cut back of the regulations cited in the recent OMB directive to be a source of concern for us in terms of keeping our internal controls in place.

- 2) One concern we expressed in our letter to GAO is the potential for waste due to the increased use of contractors. GAO has identified several cases in which contracting was substantially more expensive, in some cases 60% more, than the cost of using respective agency employees to conduct the same work. While the OMB memo focuses on cutting and streamlining agency operations, it also instructs agencies to consider “insourcing a function to government where a contract can be eliminated or scaled back.” Has your department examined your current service contracts for potential cost savings? Specifically, have you done a side-by-side comparison of the costs of work performed by contractors versus the costs of those functions if performed by federal employees? Have you identified any contracts that are ripe for being terminated or scaled back? In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers? If so, please elaborate.

The Department of Justice has not conducted a comprehensive central review of all service contracts. However, individual components and offices may conduct such reviews in the ordinary course of business if there are opportunities for savings, or may seek other contracting solutions as part of their restructuring proposals. Additionally,

where we have received a reorganization or restructuring idea that suggests use of contractors (or, alternatively, suggests use of more federal staff), we will evaluate those ideas as part of our overall review. It is still too early in the evaluation process to know what, if any, ideas will be adopted that would affect work currently performed by federal workers.

- 3) **As I mentioned in my opening statement, I have asked GAO to look at the factors in the April 12th memo to determine if they are comprehensive and aligned with leading best practices. I am particularly interested if there is anything not listed that we should be focused on or any challenges you have encountered when considering certain factors. What factors have you found to be most helpful and which factors have been most challenging for you to consider? Have you discovered any additional factors that are important for you to consider as you evaluate your programs and operations?**

It is too early in our evaluation process to say which factors are most helpful or afford the greatest utility. In addition to the factors in the Executive Order, we have used a few simple criteria to assist our assessment: first, does an idea further the DOJ mission and our priorities? Does the idea solve a problem? Does the idea improve DOJ's service to the public? Does the idea make us more effective? Does it save money? Those are some key factors we are using to evaluate the ideas we've received.

Questions from Senator Maggie Hassan

In your written and oral testimony, you listed the key priorities of the Department of Justice as strengthening our national security protections and counterterrorism efforts, combatting illegal immigration, deterring violent crime, fighting human trafficking, and reducing opioid abuse. Notably absent is any mention of civil rights. This omission, coupled with recent reports that the Department is scaling back its efforts to enforce civil rights laws, have led to concern that the Department is not prioritizing civil rights, and that the Department's actions may even be undermining progress in this area.

- 1) Is the Department of Justice prioritizing civil rights? If so, how? (see below)
- 2) What actions has the Department of Justice taken to protect voting rights in the past five months? (see below)
- 3) What actions has the Department of Justice taken to protect against housing discrimination in the past five months? (see below)
- 4) What actions has the Department of Justice taken to protect against disability rights discrimination in the past five months? (see below)

The Department is prioritizing civil rights and continues to vigorously enforce the nation's civil rights laws. The Attorney General has recently taken decisive action to make the prevention and prosecution of hate crimes the Department's top civil rights priority. We are working to devise a strategy to prevent, investigate, and prosecute hate crimes nationally. To solicit input from stakeholders on that plan, the Department hosted a Hate Crime Summit in June of this year to discuss what works to identify, prosecute, and prevent hate crimes. The Department is also considering how to better train federal, state, local, and tribal investigators and prosecutors; how to better collect data; how to increase cooperation between federal and local law enforcement; and how to expand outreach to affected communities. The Department has aggressively prosecuted hate crimes in the last several months. For example, since the beginning of May, the Department has charged a man with the arson of a mosque in Victoria, Texas; charged a man with making telephonic threats to the Islamic Center of Greater Miami; charged a Kansas man with shooting three men, killing one, in an attack based on his perception that two victims were Iranian; indicted four Texas men for assaulting victims based on their sexual orientation; and obtained a 49-year prison sentence for the murder of a transgender woman.

The Department has also robustly enforced other civil rights laws in the last seven months while continuing to protect and uphold the voting rights of all Americans. It is currently litigating cases under Section 2 of the Voting Rights Act, and has settled or resolved without litigation several matters arising under the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA), the Military and Overseas Voter Empowerment Act (MOVE Act), the National Voter Registration Act (NVRA), and the Help America Vote Act (HAVA).

In the area of housing discrimination, since January 21, 2017, the Department has filed seven cases and one statement of interest and has obtained nineteen favorable judgments and settlements that have brought in over \$2.9 million in monetary relief. The Department has entered into four settlements with local governments resolving allegations that those jurisdictions violated the Religious Land Use and Institutionalized Persons Act (RLUIPA) by refusing to allow Muslim organizations to build places of worship. The Department also has been active in bringing cases to protect service members and their families under the Servicemembers Civil Relief Act (SCRA), and has obtained more than \$950,000 in relief under that statute since January 21.

The Department continues to fulfill its commitment to protect the rights of people with disabilities and is currently litigating eight cases under the Americans with Disabilities Act (ADA), has entered into 43 settlement agreements in the past seven months to protect the rights of people with disabilities, and is enforcing consent decrees and settlements in over 80 matters. The Department also has implemented its statutory mandate to provide technical assistance: over the past seven months, it has given 34 speeches, has answered over 32,500 phone calls, and has had more than 6 million hits to ADA.gov.

Finally, the Department is prioritizing the elimination of the vestiges of segregation in schools. It has been over 60 years since the Supreme Court's landmark decision in *Brown v. Board of Education* and 50 years since the enactment of the Civil Rights Act of 1964. The Department still has many cases open from that era and is dedicating additional resources to achieving final and just remedies in these cases."

5) How will the Department of Justice's reorganization efforts impact the enforcement of civil rights laws? What changes are anticipated in this area?

The Department of Justice is considering a number of areas to increase the efficiency of the operations of the Civil Rights Division and improve its effectiveness in enforcing civil rights. It is premature to state what changes may be anticipated, since these are under review by Departmental leadership.

Post-Hearing Questions for the Record
Submitted to Mr. Donald Bice
Associate Director of Budget and Program Analysis
Department of Agriculture
Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
From Senator Heidi Heitkamp

Thursday, June 15, 2017

1) OMB's April 12th memo directs agencies to identify workforce reductions over a four-year period from FY 2018 to FY 2022 to support the goals outlined in the FY 2018 Presidential budget proposal. I have concerns that short-sighted considerations can hinder our ability to recruit top talent into the federal workforce and appropriately fill employment vacancies.

- How is the agency approaching the directive to achieve workforce reductions over a 4-year period? What role will workforce reduction through attrition play?

Reform for the Department is not about simply reducing our workforce. Instead we are focusing on the steps that can be taken to improve customer service and customer engagement. The Department believes it can be more efficient and effective in how we deliver our programs and better utilize our resources to improve customer engagement. If there are significant changes to programs from our reform efforts that require staff reductions, the preferred method will be to utilize attrition.

- What immediate actions has your agency taken to reduce the workforce and ensure cost savings? In regards to this directive, how are you viewing the FY 2017 budget?

The Department is mindful of Congressional direction provided as part of the FY 2017 appropriations action not to take steps to implement the President's FY 2018 budget prior to enactment of FY 2018 appropriations. However, in order to preserve flexibility as we await Congressional action on the President's FY 2018 budget, the Department has continued its process established during the government-wide hiring freeze to closely review proposed hiring actions. As part of that process, the Department has continued exemptions for hiring related to national security, public safety and other critical positions. This includes public safety related positions to ensure a safe food supply, fire-safe communities, safe and secure public lands, and rapid emergency response to natural and human-caused disasters.

2) As you may know, I have been very focused on hiring challenges in North Dakota, particularly in the Bakken region and on the northern border. In early June, I introduced my bipartisan CBP HiRE Act legislation, which would address recruitment and retention difficulties for CBP in rural and remote areas across the country.

I am also concerned about the vacancies that remain unfilled as a result of the hiring freeze. According to USAJOBS (as of shortly before the June 15th hearing), there are currently 127 job openings in North Dakota.

- Are you still operating under a hiring freeze, whether under agency directive or due to limitations on available financial resources?

In order to preserve flexibility as we await Congressional action on the President's FY 2018 budget, the Department has continued its process established during the government-wide hiring freeze to closely review proposed hiring actions. As part of that process, the Department has continued exemptions for hiring related to national security, public safety and other critical positions. This includes public safety related positions to ensure a safe food supply, fire-safe communities, safe and secure public lands, and rapid emergency response to natural and human-caused disasters.

- What impact did the hiring freeze have on the agency's ability to deliver services?

The Department took action quickly during the government-wide hiring freeze to establish a process to closely review hiring actions and provided multiple exemptions for hiring actions related to critical positions. As a result, there was no significant diminution in our ability to implement our programs and provide services.

3) OMB's April 12th memo requires agencies to align their proposed plans with the President's FY 2018 budget which leaves behind North Dakota and rural communities.

- How do you plan to engage with stakeholders, especially stakeholders who will be left behind from the president's proposed budget?

The Department will continue to implement its programs and provide its services as directed and funded by Congress. The Department is mindful of Congressional direction provided as part of the FY 2017 appropriations action not to take steps to implement the President's FY 2018 budget prior to enactment of FY 2018 appropriations.

- Who are the largest stakeholders you are engaging with?

The Department has heard from many members of Congress and stakeholder groups since the release of the FY 2018 budget. As you know, due to the timing of the confirmation process Secretary Perdue was not involved in the development of the FY 2018 budget. The Department will utilize the feedback received as our reform plan and the President's FY 2019 budget is developed.

4) The reforms envisioned by the administration's reorganization initiative require meaningful cooperation between the budget and management sides of OMB. It is critical that decisions affecting the workforce and management processes are connected to and are made in concert with decisions regarding the budget. It is promising to see that agency approaches begin with close coordination with OMB and OPM.

- How has your agency coordinated with both the budget and management sides of OMB? Have you had discussions with OMB about the up-front resources you would need to execute the EO and the guidance?

There have been many opportunities since the release of the Executive Order to consult with both the budget and management sides of OMB. This includes Presidential Management Council meetings, meetings of the various councils across government, and our mid-July meeting with OMB to discuss our preliminary reform ideas and draft strategic plan. The Department believes we are receiving both encouragement and flexibility from OMB as we consider reform proposals to improve how the Department implements its programs and provides its services.

5) FSA provides essential services that are crucial not only for our established farmers, but also the next generation that is just beginning their operations. One such example is the FSA's "Beginning Farmer" direct and guaranteed loan programs. With less offices and support at the local level, it will be much harder for our farmers starting out to have the access they need to be able to give their operation the footing it needs to have a strong start.

In May, Secretary Perdue told federal employees he would not seek workforce cuts as part of the agency-by-agency government reorganization called for by the Trump administration.

- Can you please reaffirm that commitment today and explain how USDA plans to reduce costs if similar cuts are made to USDA as those proposed by the Trump administration?

Reform for the Department is not about simply reducing our workforce. Instead we are focusing on the steps that can be taken to improve customer service and customer engagement. The Department believes it can be more efficient and effective in how we deliver our programs and better utilize our resources to improve customer engagement. If there are significant changes to programs from our reform efforts that require staff reductions, the preferred method will be to utilize attrition.

6) You mentioned in your hearing testimony that the Secretary had created a task force consisting of representatives from each of the Department's program mission areas and staff offices.

- Can you explain to me what procedures have been put into place to ensure there is complete stakeholder engagement in this process?

The Department has multiple reform efforts ongoing that will engage our stakeholders. This includes the organizational and operational reform efforts resulting from the reform Executive Order, but also the Secretary's Interagency Task Force on Agriculture and Rural Prosperity and our efforts to identify regulatory reform initiatives. All of these efforts provide an opportunity for public comment and engagement. This includes soliciting public comments and holding public meetings.

- Does this include the farmers who rely on these offices and the local USDA employees who could be impacted?

Yes, producers and other stakeholders have been and will continue to be provided opportunities to be involved in our reform discussions.

7) Currently rural development projects enjoy a thorough, transparent approval process at USDA. These rural development programs are crucial for the continued investment and upkeep communities rely on to make sure their infrastructure is meeting the needs of their residents.

- Do you foresee the approval process changing in any way due to its new proximity within the hierarchy of USDA?

It is still too early in the reform process to identify whether there will be changes to the project approval process for Rural Development programs. However, the Secretary has made it clear he expects decisions in the Department to be science-based and data driven, and that programs demonstrate a return on investment.

- Are there any concerns with projects being politicized in anyway?

As you point out, historically Rural Development project decisions have been thorough and transparent. We would expect that to continue.

- What mechanisms exist to ensure complete objectivity is pursued when reviewing these proposals?

Rural Development programs have a robust set of statutory and regulatory requirements that will ensure the programs will continue to be delivered in an objective manner.

8) The EO on the Government-wide Reorganization and OMB Memo 17-22 focus on Federal workforce reshaping and improvement.

- How do you intend to use shared services to reshape and improve the performance of your agency's workforce?

We anticipate that shared services for mission support activities will be a significant part of our reform efforts.

9) The current shared services marketplace includes both government and commercial providers offering services primarily in the areas of human resources and financial management, with other common support services in earlier stages of initiation.

- Do you believe that there is sufficient capacity and selection of quality offerings in the current marketplace to meet your agency's and the government's enterprise needs? If not, why not, and how would you increase capacity and improve service quality?

We believe that if there is demonstrated need for a shared service that capacity will rise to meet the demand.

- Do you see opportunities for new shared services in business lines and agency functions that OMB and GSA/USSM have not identified to date? If so, in which areas?

Focusing on business lines and functions that are more mature (for example Information Technology and Financial Management) and addressing underlying statutory issues with business lines (for example Human Resources and Procurement) would be most beneficial before moving towards new shared service business lines.

- How can Congress help remove barriers and facilitate expanded use of government shared services? What are the major barriers and what would you do about them?

Addressing the underlying statutory inefficiencies in the requirements for the mission support services is the most critical action Congress can take. Standardizing or sharing services for an activity that is fundamentally broken will not lead to the results Congress expects and the public deserves.

10) In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers?

- If so, please elaborate.

The Department has had a robust history of utilizing partners to assist in implementing our programs. From soil conservation district employees to state and county extension agents the Department is always looking to our partners for ways to more efficiently deliver our programs. However, outsourcing has not been part of our reform discussions to date.

- If you are not sure, I ask that you get back to this committee in a timely manner upon a decision to do so with the reasons for outsourcing the work.

Questions from Senator Tom Carper

Front-line employees and re-org planning

1. I have long believed that front-line federal employees and their representatives have keen insights and recommendations that can be invaluable in developing new plans/policies/procedures to improve efficiency and effectiveness. Can each of you tell me if you have reached out to your front-line employees and their representatives for their ideas on reform plans? If so, how are you incorporating those plans into the final reform proposals? If you haven't, do you plan to?

The Department has multiple reform efforts ongoing that will engage our employees. This includes the organizational and operational reform efforts resulting from the reform Executive Order, but also the Secretary's Interagency Task Force on Agriculture and Rural Prosperity and our efforts to identify regulatory reform initiatives. All of these efforts provide an opportunity for employees to step forward and provide their thoughts

on how the Department can improve our customer service and customer engagement. Ideas put forth by employees will be evaluated and incorporated as appropriate.

Plans for outsourcing/contracting work

1. In developing your reorganization plans, are you considering outsourcing any functions currently performed by federal workers? If so, please elaborate. If applicable, please elaborate on the criteria used to determine if agency functions will be contracted outside of the federal government.

The Department has had a robust history of utilizing partners to assist in implementing our programs. From soil conservation district employees to state and county extension agents the Department is always looking to our partners for ways to more efficiently deliver our programs. However, outsourcing has not been part of our reform discussions to date.

GAO and Inspectors General as a resource

2. Every two years GAO releases its High Risk List, which highlights critical areas where the federal government can improve operations, increase efficiencies and save taxpayer dollars. I would ask each one of you if you have considered using the GAO high risk list or work from other oversight bodies like Inspectors General recommendations as you draw up plans to re-organize your agencies? If not, do you plan to?

Yes, we are reviewing GAO's high risk and duplication reports and the OIG's list of management challenges, along with other GAO and OIG reports as we develop reform proposals.

Re-organization at the USDA

1. Secretary Perdue recently announced some major changes in senior leadership at the USDA. Specifically, on May 11th he announced the creation of an undersecretary for trade and foreign agricultural affairs, and that the USDA rural development undersecretary would be eliminated and instead moved into the office of the Secretary. While many have applauded the renewed focus on trade at USDA, some have voiced concerns about eliminating the undersecretary for rural development.

Mr. Bice, how will USDA ensure that rural development will remain a priority for the agency? What other changes can we expect as the agency moves forward with its re-organization proposal?

Additionally, what steps will be taken to ensure that customer facing components at USDA, such as the Farm Services Agency have the personnel and resources they need to provide top notch customer service?

The Secretary has made it clear that Rural Development is a priority for the Department and will continue to be a priority. The Department's organizational and operational reform proposals will have a focus on the customer by improving customer service and engagement, and its Task Force on Agriculture and Rural Prosperity and regulatory reforms will focus on improving the quality of life for people living in rural areas, developing a reliable workforce, spurring innovation and technology development and rolling back regulations to allow communities to grow and thrive.

Questions from Senator Gary Peters

1. In the April 12 Memo, OMB instructed agencies to identify “regulatory reporting requirements that are low-value, duplicative or no longer necessary for their management function.” The memo also stated that within 60 days, OMB would “identify initial reporting activities that can be immediately stopped or modified to reduce reporting and compliance burden.” While we wouldn’t want the cost of reporting requirements to exceed their value, I’m concerned that modifying or eliminating reporting requirements without sufficient consideration of the consequences will expose taxpayers to the fraud, waste, and abuse that these internal controls are designed to mitigate. Reporting requirements are designed to ensure accountability, transparency, and efficient use of taxpayer dollars. **As you identify reporting requirements to modify or eliminate, how will you ensure that the agency will remain compliant with established OMB reporting guidance, such as that included in Circulars A-123 (on internal controls) and A-136 (on financial reporting). Are you involving your Inspector Generals in the process of determining which reporting requirements would be modified or eliminated? Has OMB identified any reporting activities that can be stopped or modified within your agencies? If so, please describe these reporting activities (either generally or provide specific examples).**

Strong internal controls and integrity of financial reporting are critically important to maintain. We plan to maintain our efforts to ensure strong controls and accurate reporting. We do not anticipate the OMB efforts to be a source of concern for us in terms of keeping our internal controls in place.

2. One concern we expressed in our letter to GAO is the potential for waste due to the increased use of contractors. GAO has identified several cases in which contracting was substantially more expensive, in some cases 60% more, than the cost of using respective agency employees to conduct the same work. While the OMB memo focuses on cutting and streamlining agency operations, it also instructs agencies to consider “insourcing a function to government where a contract can be eliminated or scaled back.” **Has your department examined your current service contracts for potential cost savings? Specifically, have you done a side by side comparison of the costs of work performed**

by contractors versus the costs of those functions if performed by federal employees? Have you identified any contracts that are ripe for being terminated or scaled back? In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers? If so, please elaborate.

The Department is always looking to find savings in the service contracts entered into across the agencies. Our agencies are expected to conduct reviews in the ordinary course of business and if there are opportunities for savings to take advantage of them. The Department has had a robust history of utilizing partners to assist in implementing our programs. From soil conservation district employees to state and county extension agents the Department is always looking to our partners for ways to more efficiently deliver our programs. However, outsourcing has not been part of our reform discussions to date.

3. As I mentioned in my opening statement, I have asked GAO to look at the factors in the April 12th memo to determine if they are comprehensive and aligned with leading best practices. I am particularly interested if there is anything not listed that we should be focused on or any challenges you have encountered when considering certain factors. **What factors have you found to be most helpful and which factors have been most challenging for you to consider? Have you discovered any additional factors that are important for you to consider as you evaluate your programs and operations?**

It is too early in our evaluation process to say which factors are most helpful or afford the greatest utility. In addition to the factors in the Executive Order, we have used a few simple criteria to assist our assessment. The Secretary has challenged our agencies to answer a series of questions as part of developing our reform plan and FY 2019 budget: Are the services being provided needed now; Is USDA the best entity to deliver the service; Can someone else do it better; Why is USDA providing the service; What is USDA buying to deliver the service; Who is USDA serving; and How much does the service cost to deliver. Answers to these questions will assist in identifying opportunities for reform.

Question#:	1
Topic:	Workforce Reductions
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: OMB's April 12th memo directs agencies to identify workforce reductions over a four-year period from FY 2018 to FY 2022 to support the goals outlined in the FY 2018 Presidential budget proposal. I have concerns that short-sighted considerations can hinder our ability to recruit top talent into the federal workforce and appropriately fill employment vacancies.

How is the agency approaching the directive to achieve workforce reductions over a 4-year period? What role will workforce reduction through attrition play?

What immediate actions has your agency taken to reduce the workforce and ensure cost savings? In regards to this directive, how are you viewing the FY 2017 budget?

Response: DHS regularly projects program changes over a five-year period in the Future Years Homeland Security Program (FYHSP) associated with each President's budget. As a result of the Executive Orders on Border Security and Interior Enforcement and the DHS role in national security and public safety, the overall workforce size in the FY 2018 President's budget for DHS increased and is expected to increase over the course of the FYHSP. Therefore, no immediate actions to reduce the workforce are required.

Question#:	2
Topic:	Hiring Challenges in North Dakota
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: As you may know, I have been very focused on hiring challenges in North Dakota, particularly in the Bakken region and on the northern border. In early June, I introduced my bipartisan CBP HiRE Act legislation, which would address recruitment and retention difficulties for CBP in rural and remote areas across the country.

I am also concerned about the vacancies that remain unfilled as a result of the hiring freeze. According to USAJOBS (as of shortly before the June 15th hearing), there are currently 127 job openings in North Dakota.

Are you still operating under a hiring freeze, whether under agency directive or due to limitations on available financial resources?

What impact did the hiring freeze have on the agency's ability to deliver services?

Response: The Department of Homeland Security is not currently operating under a hiring freeze. In accordance with Office of Management and Budget (OMB) Memorandum M-17-18, Federal Civilian Hiring Freeze Guidance, the temporary hiring freeze in place from January to April included exemptions for federal uniformed personnel and for positions deemed necessary to meet national security and public safety responsibilities; as such, the impact of the hiring freeze within the Department was extremely limited and did not impair the ability to perform core mission functions.

Question#:	3
Topic:	Stakeholders
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: OMB's April 12th memo requires agencies to align their proposed plans with the President's FY 2018 budget which leaves behind North Dakota and rural communities.

How do you plan to engage with stakeholders, especially stakeholders who will be left behind from the president's proposed budget?

Who are the largest stakeholders you are engaging with?

Response: In support of Executive Order 13781, DHS conducted a top-down and bottom-up approach to solicit ideas for organizational reform from DHS managers as well as employees across the entirety of DHS. Top-down ideas were offered by Components and bottom-up ideas were received as a result of a survey kicked off with a message from the Deputy Secretary to all DHS employees. All employees across DHS were given the opportunity to suggest a way to make DHS more effective, accountable, and efficient. Additionally, DHS received more than 50,000 comments from the American public, across the country – the largest collective group of stakeholders that DHS received feedback from – on how to reform the Department. DHS's intent is to be inclusive of all ideas from stakeholders, as appropriate, while generating its Agency Reform Plan. All ideas have been collected and organized in a database and analysis of those ideas has revealed a few themes from across our stakeholders. Those themes will inform the plan going forward.

Question#:	4
Topic:	Coordination with OMB
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: The reforms envisioned by the administration's reorganization initiative require meaningful cooperation between the budget and management sides of OMB. It is critical that decisions affecting the workforce and management processes are connected to and are made in concert with decisions regarding the budget. It is promising to see that agency approaches begin with close coordination with OMB and OPM.

How has your agency coordinated with both the budget and management sides of OMB? Have you had discussions with OMB about the up-front resources you would need to execute the EO and the guidance?

Response: DHS has been continuously interacting with both the Management and Budget sides of OMB. The Management side of OMB has provided insight, direction, and assistance surrounding the creation of Agency Reform Plans. DHS has been coordinating actively with the Budget side of OMB to describe the DHS approach and to ensure that reform ideas are aligned with Administration priorities and incorporated into the budget development process. DHS is managing the Agency Reform process with current resources. It is too early to determine if additional up-front resources are required to execute the Executive Order and the guidance.

Question#:	5
Topic:	Hearing From Employees
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: The bottom-down approach of DHS to gather employee input through listening tours and comments is a promising start. In your testimony you state you received 2,400 comments from employees. However, when you consider that there are over 60,000 employees at US Customs and Border Protection (CBP) and 60,000 employees at the Transportation Security Administration (TSA) alone, it highlights how disproportionate this number of comments is to the overall size of the agency.

These two components of DHS serve very different missions and operate in many geographically diverse locations.

How are you ensuring you are hearing from all employees across the DHS components and accounting for their varying needs?

Response: Every employee across DHS was given the opportunity to suggest a way to make DHS more effective, accountable, or efficient. In collecting the comments, DHS required each respondent to identify the Component/s their comment concerned. By analyzing the approximately 2,400 comments, DHS noted that the percentage of ideas attributed to a given Component were proportional to the size of the workforce in that Component. In addition, the Deputy Secretary embarked on an extensive listening tour, soliciting ideas from employees during each visit across DHS. All ideas of these have been collected and organized in a data base. The ideas and any emerging themes have been transparently briefed to Headquarters and Component leadership and will inform the plan going forward.

Question#:	6
Topic:	Full-time Employee Baselines
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: North Dakota and the country rely on an efficient, fully-functioning federal workforce including Customs and Border Protection (CBP) agents to secure the border and ensure our nation's safety. In order to develop a long-term workforce reduction plan, OMB's April 12th memo calls for agencies to utilize data to determine appropriate full-time-employee (FTE) baselines based on the number of people needed to accomplish their objectives.

How does DHS plan to evaluate full-time-employee (FTE) baselines?

Does DHS anticipate reductions in full-time-employee (FTE)? Where do they anticipate the largest reductions?

Response: DHS continuously reviews mission requirements and available resources to determine appropriate FTE baselines. DHS employs workforce staffing models to do so and has modeled more than 60 percent of the DHS workforce. As a result of the Executive Orders on Border Security and Interior Enforcement and the DHS role in national security and public safety, the overall workforce size in the FY 2018 President's budget for DHS increased and is expected to increase over the course of the FYHSP.

Question#:	7
Topic:	Shared Services
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: The EO on the Government-wide Reorganization and OMB Memo 17-22 focus on Federal workforce reshaping and improvement.

How do you intend to use shared services to reshape and improve the performance of your agency's workforce?

Response: In support of the Executive Order 13781 and OMB Memo 17-22, DHS is creating a Plan to Maximize Employee Performance which will have further details on how DHS plans to improve employee performance. Shared services embody one set of solutions available to DHS to execute the plan and will be considered in the implementation phase.

Question: The current shared services marketplace includes both government and commercial providers offering services primarily in the areas of human resources and financial management, with other common support services in earlier stages of initiation.

Do you believe that there is sufficient capacity and selection of quality offerings in the current marketplace to meet your agency's and the government's enterprise needs? If not, why not, and how would you increase capacity and improve service quality?

Do you see opportunities for new shared services in business lines and agency functions that OMB and GSA/USSM have not identified to date? If so, in which areas?

How can Congress help remove barriers and facilitate expanded use of government shared services? What are the major barriers and what would you do about them?

Response: OMB is working across government to identify delivery opportunities across government. DHS is actively working with OMB and GSA/USSM to identify shared service opportunities and challenges.

Question#:	8
Topic:	Outsourcing I
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Heidi Heitkamp
Committee:	HOMELAND SECURITY (SENATE)

Question: In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers?

If so, please elaborate.

If you are not sure, I ask that you get back to this committee in a timely manner upon a decision to do so with the reasons for outsourcing the work.

Response: In support of Executive Order 13781, DHS will consider the impact and benefits of outsourcing functions currently performed by federal workers to increase the effectiveness, accountability, and efficiency of the Department. The Department is committed to sharing, as appropriate, any outsourcing plans should they be selected.

Question#:	9
Topic:	Front-line Employees I
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Thomas R. Carper
Committee:	HOMELAND SECURITY (SENATE)

Question: I have long believed that front-line federal employees and their representatives have keen insights and recommendations that can be invaluable in developing new plans/policies/procedures to improve efficiency and effectiveness. Can each of you tell me if you have reached out to your front-line employees and their representatives for their ideas on reform plans? If so, how are you incorporating those plans into the final reform proposals? If you haven't, do you plan to?

Response: In support of Executive Order 13781, DHS conducted a top-down and bottom-up approach to solicit ideas for organizational reform from DHS managers as well as front-line employees across the entirety of DHS. Top-down ideas were presented by DHS Components and bottom-up ideas were received as result of a survey kicked off with a message from the Deputy Secretary to all DHS employees. Each employee across DHS was given the opportunity to suggest ways to make DHS more effective, accountable, and efficient. DHS is reviewing all employee submissions and will incorporate ideas as appropriate.

Question#:	10
Topic:	Outsourcing II
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Thomas R. Carper
Committee:	HOMELAND SECURITY (SENATE)

Question: In developing your reorganization plans, are you considering outsourcing any functions currently performed by federal workers? If so, please elaborate. If applicable, please elaborate on the criteria used to determine if agency functions will be contracted outside of the federal government.

Response: In support of Executive Order 13781, DHS will consider the impact and benefits of outsourcing functions currently performed by federal workers to increase the effectiveness, accountability, and efficiency of the Department. The Department is committed to sharing, as appropriate, any outsourcing plans should they be selected.

Question#:	11
Topic:	GAO High Risk List
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Thomas R. Carper
Committee:	HOMELAND SECURITY (SENATE)

Question: Every two years GAO releases its High Risk List, which highlights critical areas where the federal government can improve operations, increase efficiencies and save taxpayer dollars. I would ask each one of you if you have considered using the GAO high risk list or work from other oversight bodies like Inspectors General recommendations as you draw up plans to re-organize your agencies? If not, do you plan to?

Response: Early in the process DHS met directly with the Government Accountability Office (GAO) to discuss process and share best practices and evidence such as the duplication, fragmentation and overlap items identified by GAO. DHS will be meeting with both GAO and Office of Inspector General (OIG) in late July as a follow-up. DHS is committed to using evidence to support its reform plan. Both GAO and OIG reports, including the high risk reports, are good sources of evidence.

Question#:	12
Topic:	Law Enforcement Officer Retirement Plans
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

Question: I am concerned by the significant changes to retirement plans for law enforcement officers proposed in the President's budget. It would eliminate the "annuity supplement," which supports law enforcement officers who are required by law to retire early before they become eligible for Social Security. This supplement helps ensure law enforcement officers do not face unfair financial burdens after they have served our country. I was a financial advisor before serving in Congress, and I know how important it is to plan and save for retirement. I am worried these retirement cuts could present a significant retention and attrition challenge for the Department by resulting in a substantial loss of skilled, trained law enforcement personnel before they go into effect. Have you considered the potential effect of these retirement cuts on attrition rates across DHS law enforcement agencies in your reform efforts? Do you think these cuts will have an impact on the Department's ability to recruit and retain law enforcement personnel and prevent attrition? How will these changes to federal retirement benefits impact your ability to maximize employee performance and improve morale at the Department?

Response: As part of the agency recruiting and retention planning, DHS will review the potential effect of retirement cuts on attrition rates across DHS law enforcement agencies. The Plan to Maximize Employee Performance is currently under development.

Question#:	13
Topic:	Reporting Requirements
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

Question: In the April 12 Memo, OMB instructed agencies to identify "regulatory reporting requirements that are low-value, duplicative or no longer necessary for their management function." The memo also stated that within 60 days, OMB would "identify initial reporting activities that can be immediately stopped or modified to reduce reporting and compliance burden." While we wouldn't want the cost of reporting requirements to exceed their value, I'm concerned that modifying or eliminating reporting requirements without sufficient consideration of the consequences will expose taxpayers to the fraud, waste, and abuse that these internal controls are designed to mitigate. Reporting requirements are designed to ensure accountability, transparency, and efficient use of taxpayer dollars. As you identify reporting requirements to modify or eliminate, how will you ensure that the agency will remain compliant with established OMB reporting guidance, such as that included in Circulars A-123 (on internal controls) and A-136 (on financial reporting). Are you involving your Inspector Generals in the process of determining which reporting requirements would be modified or eliminated? Has OMB identified any reporting activities that can be stopped or modified within your agencies? If so, please describe these reporting activities (either generally or provide specific examples).

Response: While OMB may have relaxed certain reporting requirements for agencies that does not mean those requirements no longer exist or that agencies have stopped internal oversight on these requirements. For example, while OMB no longer requires agency reports on compliance with the requirement to assess contractor performance through the Contractor Performance Assessment Rating System (CPARS), the requirement to do the assessment remains in the Federal Acquisition Regulation and at DHS, is monitored quarterly across the Department by the Chief Procurement Officer (CPO). Additionally, because the assessments are in a federal system, OMB has access to data on agency compliance across the Federal government. In some cases, the OMB memo simply rescinds reporting to OMB that is no longer relevant (e.g., Transition to the GSA Network contracts is complete, therefore, OMB no longer requires reporting of transition status from agencies). With respect to OMB's "pause" of the reporting requirement for conducting acquisition assessments under OMB Circular A-123, DHS continues to perform its oversight functions. For instance, the CPO has a division devoted to conducting procurement oversight reviews of DHS contracting activities on a regular and scheduled basis using the principles of A-123. At this time, the DHS CPO has not coordinated with the DHS OIG because the CPO has not modified or eliminated any internal reporting or oversight as a result of the OMB April 12th memo. The DHS CPO will continue regular oversight function to meet the statutory responsibility for the

Question#:	13
Topic:	Reporting Requirements
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

integrity of the procurement function at DHS and will continue to coordinate with the DHS OIG on its reviews.

Question#:	14
Topic:	Current Service Contracts
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

One concern we expressed in our letter to GAO is the potential for waste due to the increased use of contractors. GAO has identified several cases in which contracting was substantially more expensive, in some cases 60% more, than the cost of using respective agency employees to conduct the same work. While the OMB memo focuses on cutting and streamlining agency operations, it also instructs agencies to consider "insourcing a function to government where a contract can be eliminated or scaled back."

Question: Has your department examined your current service contracts for potential cost savings?

Response: It would be impossible to meet the breadth and depth of the DHS mission and all of the emerging challenges associated with the ever-changing threat landscape without tapping into the expertise and flexibility offered by the private sector. From airport security to maritime and border security, from enforcing the immigration laws of the United States to natural disaster response, DHS will continue to partner with industry in meeting its critical mission. However, DHS is also acutely aware of the need to preserve the role of the federal government in managing and maintaining operational control over its mission-critical functions. Therefore, before the decision is made to obtain contractor support for services, the Department engages in a well-established robust review process to determine the appropriateness of contractor support. The purpose of this process is to:

- Achieve the appropriate mix of federal and contractor skills, expertise, experience and other assets necessary to effectively achieve the Department's mission (to include weighing the benefits of between surge capacity of contracts and federal staff);
- Ensure that inherently governmental functions and unauthorized personal services are not performed by contractors;
- Maintain control of DHS missions and operations by dedicating an adequate number of federal employees to the performance of critical functions or functions that are closely associated with inherently governmental functions;
- Give consideration to using, on a regular basis, federal employees to perform new functions;
- Integrate management and planning activities to reduce risk to the Department's mission and promote improvements in the Department's economy, efficiency and performance; and

Question#:	14
Topic:	Current Service Contracts
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

- Perform a cost analysis, considering and comparing the costs of government and private sector performance, when the Department determines that either federal employees or contractors would be suitable to perform the service.

Overall, this process ensures a deliberate review of the Department's work, addressing applicable laws and regulations, mitigating of risk, and cost. Based on the analysis performed during the process, DHS decision makers are able to determine whether federal employees or contractors are best suited to perform the work.

Question: Specifically, have you done a side by side comparison of the costs of work performed by contractors versus the costs of those functions if performed by federal employees?

Response: Yes, as indicated above, when the Department determines that either federal employees or contractors would be suitable to perform the service, part of the Department's process is to perform a cost analysis. This cost analysis considers and compares the costs of government and private sector performance (to include contract surge efforts).

Question: Have you identified any contracts that are ripe for being terminated or scaled back?

Response: The DHS review process is required for each services acquisition valued at \$150,000 or more to ensure that each contract is necessary and appropriate. It is intended to ensure efficiency and effectiveness and prevent the need for contract terminations, which can be costly to the Government. The DHS Strategic Sourcing Program works collaboratively across the Department to critically analyze DHS spending using an "enterprise approach" to make business decisions about acquiring and managing commodities and services more effectively and efficiently across the Department. This necessarily involves identifying where strategically sourced vehicles would be more efficient and cost effective than duplicative contracts across the Department. The DHS Strategic Sourcing Program has achieved over \$3 billion in savings since its inception in Fiscal Year (FY) 2005. More than \$2 billion of the savings have occurred in the last four years. In FY 2016, DHS strategic sourcing accounted for approximately \$482 million in savings based on an approximate spend of \$3.2 billion on strategically sourced contract vehicles. DHS uses standardized methodologies for calculating cost savings that are consistent with strategic sourcing best practices and that have been independently validated. The benchmark against which cost savings is calculated is determined based on the contract vehicle and the information available for that vehicle. When calculating cost

Question#:	14
Topic:	Current Service Contracts
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

savings for supplies or services that are available on the General Services Administration (GSA) Schedule, the GSA Schedule price is used as the benchmark; the difference between the GSA Schedule price and the DHS award amount is the calculated cost savings. When GSA Schedule pricing is not available, commercial pricing is used as the benchmark. Small business prime contractors received 47 percent of the total strategically sourced spend. DHS currently has more than 80 active strategically sourced contract vehicles covering areas from body armor and ammunition to IT software and professional support services. Seven of these vehicles are government-wide strategic sourcing vehicles and DHS is the government-wide category manager for Security and Protection commodities and services. DHS is currently working on more than 25 new strategic sourcing vehicles. (Strategic sourcing provides an acquisition solution for two or more DHS organizations or Components).

Question: In developing your reorganization plans, are you looking at outsourcing any of the functions currently performed by federal workers? If so, please elaborate.

Response: In support of Executive Order 13781, DHS will consider the impact and benefits of outsourcing functions currently performed by federal workers to increase the effectiveness, accountability, and efficiency of the Department. The Department is committed to sharing, as appropriate, any outsourcing plans should they be selected.

Question#:	15
Topic:	Front-line Federal Employees II
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

Question: I have long believed that front-line federal employees and their representatives have keen insights and recommendations that can be invaluable in developing new plans/policies/procedures to improve efficiency and effectiveness. In your written testimony, you mentioned that the Secretary has been on a listening tour with employees to get their feedback on ideas, but can each of the other witnesses tell me if you have reached out to your front-line employees and their representatives for their ideas on reform plans yet? Has DHS also reached out to the employee representatives? If you haven't, do you plan to and how do specifically plan to engage them? Will you agree today to reach out to all employees and their representatives?

Response: In support of Executive Order 13781, DHS conducted a top-down and bottom-up approach to solicit ideas for organizational reform from DHS managers as well as employees across the entirety of DHS. Top-down ideas were presented by Components to the Organizational Effectiveness Working Group and bottom-up ideas were received as result of a survey kicked off with a message from the Deputy Secretary to all DHS employees. All employees across DHS were given the opportunity to suggest ways to make DHS more effective, accountable, or efficient. Prior to reaching out to individual employees, DHS engaged with Employee Union representatives to solicit and incorporate their input into the DHS Agency Reform Plan and also to determine and agree to the appropriate touchpoints throughout the process.

Question#:	16
Topic:	Challenges
Hearing:	Agency Approaches to Reorganization: Examining OMB's Memorandum on the Federal Workforce
Primary:	The Honorable Gary Peters
Committee:	HOMELAND SECURITY (SENATE)

Question: As I mentioned in my opening statement, I have asked GAO to look at the factors in the April 12th memo to determine if they are comprehensive and aligned with leading best practices. I am particularly interested if there is anything not listed that we should be focused on or any challenges you have encountered when considering certain factors. What factors have you found to be most helpful and which factors have been most challenging for you to consider? Have you discovered any additional factors that are important for you to consider as you evaluate your programs and operations?

Response: DHS leveraged the factors provided by OMB in its analysis to help prioritize, communicate, and shape its plan to respond to the requirements outlined by the Administration and OMB. Early in the process, DHS identified that the focus should be on effective mission delivery. As DHS continues the development of the reform plan, performing cost-benefit analyses will prove to be useful along with assessing the appropriate federal role. DHS also is considering complexity of the function the relationship to ease of implementation as well as impact on citizens.