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### WITNESSES

**WEDNESDAY, JULY 18, 2018**

Honorable Margaret Weichert, Deputy Director for Management, Office of Management and Budget

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REVIEWING THE ADMINISTRATION’S
GOVERNMENT REORGANIZATION PROPOSAL

WEDNESDAY, JULY 18, 2018

U.S. Senate,
Committee on Homeland Security
and Governmental Affairs,
Washington, DC.

The Committee met, pursuant to notice, at 10:03 a.m., in room
SD–342, Dirksen Senate Office Building, Hon. Ron Johnson, Chairman
of the Committee, presiding.

Present: Senators Johnson, Portman, Lankford, Hoeven, Daines,
McCaskill, Carper, Heitkamp, Peters, Hassan, Harris, and Jones.

OPENING STATEMENT OF CHAIRMAN JOHNSON

Chairman JOHNSON. Good morning. This hearing will come to
order; the title of this hearing, “Reviewing the Administration’s
Government Reorganization Proposal.” Glad to see good attendance
by Members of the Committee. I am really glad to see a pretty full
audience. It is nice to see a lot of people are really interested in
reorganizing the government to make it more efficient, more effec-
tive, and more accountable.

First of all, I would like to ask that my written statement be en-
tered into the record.¹

I want to start today’s hearing with a question to the audience.
I ask this to many audiences, just most recently in front of the
Council of Inspector Generals on Integrity and Efficiency (CIGIE).

A show of hands from the audience. How many people here think
the Federal Government is efficient and effective?

Senator MCCASKILL. Do not be afraid. You can raise your hand.

[Show of hands.]

Chairman JOHNSON. OK. We got a couple people.

Listen, I asked that in front of CIGIE, and Senator Heitkamp
was there. I do not believe anybody raised their hand, and let us
face it. It is probably the most knowledgeable group of people in
terms of the question is it efficient and effective.

Now, I have literally asked that question to tens of thousands—
that is not an embellishment—tens of thousands, primarily Wiscon-
sinites, but Americans as I traveled around, and this is for sure the
largest percentage. We maybe got five or six people raising their
hands. Maybe a couple hundred out of those tens of thousands
have raised their hand.

¹The prepared statement of Senator Johnson appears in the Appendix on page 49.
I generally do a follow up question: How many think it is pretty broken and dysfunctional? The majority of the audience, after having laughed at the first question, raised their hand who think it is pretty broken and dysfunctional.

It is obvious that the Federal Government needs a very close evaluation and is well overdue for serious reorganization and a serious look at how to make it more efficient, more effective, and more accountable.

In my briefing pack, they gave me just some basic stats, and I think this pretty well tells it all. We spend $4.2 trillion a year. That is how large this entity is, and it is an incredibly complex entity. People cannot even begin to grapple what a trillion dollars is, much less 4.2. We are $21 trillion in debt, total debt. It exceeds the size of our economy, a very dangerous place for us to be, and according to the Congressional Budget Office’s (CBO) long-term projections, which they present as a percent of gross domestic product (GDP), we convert it to dollars for them—at least $100 trillion more in deficits over the next 30 years tacked onto $21 trillion. It is clearly unsustainable.

The deficit for fiscal year (FY) 2018 is $873 billion, and I think this almost says it all. There are 441 Federal departments, agencies, and sub-agencies listed in the Federal Register—and here is the money line—but there is no authoritative list of Federal agencies in existence. We are kind of taking a guess at 441. I am taking a risk that I might be PolitiFact wrong on that, but it is pretty amazing that there is really not even an authoritative list of how many agencies there are.

Now, it is important to point out that we are just at the start of this process, although the Executive Order (EO) was issued over a year ago. You have solicited comments. 106,000 came in, and in testimony, Ms. Weichert will talk about that this is really a process that it will probably span 3 to 5 years. We are not talking about this proposal, every last thing being enacted, but we have a lot to consider, laid on the table, but it is a process. We are only at the start of it, which is why Senator Lankford and I have introduced a piece of legislation, the Reforming Government Act of 2018.

Let me just quickly describe what this thing does. It is not a scary piece of legislation at all. It is pretty much the exact same piece of legislation updated for the circumstances today, as Senator Lieberman, when he was Chairman of this Committee, and Senator Warner introduced when President Obama was talking about reorganization.

What this bill does, it provides the Administration with the authority to submit reorganization plans to Congress for up to 2 years after enactment. The last authority that we actually enacted into law expired in 1984. It lifts current statutory restrictions on reorganization plans by authorizing, one, the creation of new executive department or renaming of an existing executive department and, two, the consolidation of two or more executive departments. That is what reorganization is about. Lift the statutory prohibition on that right now makes that possible.

It requires a determination by the Office of Management and Budget (OMB) and the reorganization plan will likely result in a decrease in the number of agencies or a cost savings. Again, those
are good things, and it triggers Senate and House Rules for expeditious consideration of reorganization plans, and all it does is it puts in the same approval process that was part of the 1984 bill.

This bill does not reorganize the government. It just offers and produces a process that can possibly do that.

I hope we can get support. I hope we can get this thing signed into law. I hope people take very seriously, I think, a very sincere attempt by this Administration to take a look at the government and do the reorganization that is necessary to make it a little more efficient, a little more effective, a little more accountable. I do not see how anybody could really be opposed at least to the effort. I can understand maybe opposed to the specific proposals, but it is good, worthy effort, and I think it is our legislative jurisdiction. I think we ought to authorize that effort and support it in every way, shape, or form that we can.

With that, I will turn it over to my Ranking Member, Senator McCaskill.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator McCaskill. Thank you, Mr. Chairman.

I certainly agree that this is an important effort. What my questioning will focus on and what I would like us all to remember today is that if we are emulating business, there is no way this document would be brought into a board room of any private company for a mergers and acquisitions (M&A) determination. It is woefully short on details.

Since my time as a State auditor, I have made it my mission to fight for a more efficient and effective government, and I have repeatedly in my time in the Senate supported reorganization, consolidation, and program elimination by the Executive Branch.

I have conducted oversight on how some of our formal investment entities like the Overseas Private Investment Corporation and the U.S. Trade and Development Agency and thought there was an awful lot of duplication there. I have repeatedly introduced legislation, which I am proud that the Chairman supported, to eliminate another entity I investigated, the National Technical Information Service at the Commerce Department, a relic of the 1950s that the Internet has essentially made obsolete.

These proposals were works—unfortunately, these took years of fact-finding, data-gathering, analysis, and meetings with stakeholders. What I learned from that process is that it is difficult to reduce or eliminate government programs, even when you have bipartisan support and even when you have done the work.

On their face, some of your reorganization proposals—and some of that—and that is frankly, in some instances, a pretty generous word because many of them are things we could work on together. We can agree about the importance of strengthening the cybersecurity workforce, improving Federal agencies’ customer service, and ensuring veterans’ cemeteries are well maintained.

To be fair, many of these proposals are not new. Some of them are ongoing, and some were the work of previous Administrations and Congress.

On the other hand, some of these ideas are untenable. I would put postal privatization in that category. We all understand that a
business model of privatization for postal results in one reality, the same reality that faced rural communities when it was time for them to get electricity, the same reality that faces rural communities when they need to get broadband, and that is, there is no business model that will provide the level of profit that that last mile of real estate requires.

If you look at what is going on in rural America right now, the hope for rural America is not only a trade policy that makes sense, but it is also the ability of rural Americans to participate in small business by online participation. That is why we spent so much time talking about rural broadband, but if you do not have the delivery of the packages, if you do not have the delivery in Alaska of food, that is absolutely a big step backward for economic vibrancy in our rural communities.

There is no way a privatization model delivers the same level of service to rural America as they currently receive. It just does not work by the numbers, and you know who would pick up the liabilities? The privatization companies would take all the profit out of the urban areas, and guess who would be left holding the bag for all the rural areas? It would once again be the government. Why do not we just give the postal authority the flexibility and the authorities they need to do this in the most effective and efficient way possible?

For some reason, this Administration and the Republican-led Congress has been incredibly stubborn about facing that reality in the Postal Service.

I know what privatization means for rural Missouri, and I will not go there on postal. I am pretty confident that most of my colleagues that have a large swath of rural constituents will feel the same way.

Although we may disagree on the substance of some of these proposals—and that is fair with any proposal—I take issue about the idea that there is substance. The details we need are simply not here. There is no cost-benefit analysis. There is no implementation timeline. There are no metrics by which these measures would actually show success, and we know how to set goals and metrics and come up with plans. In fact, the Government Accountability Office (GAO), has come up with a whole framework, which you did not follow.

I am not seeing the facts behind this proposal. In fact, what has been frustrating is we have repeatedly asked the Office of Management and Budget about the data, about any cost-benefit analyses that might exist, about the over 100,000 in public comments, timeliness and authorities. A simple question, tell us what you think you need in terms of legislation. Tell us what you think you can do without legislation.

We are getting stonewalled. There has been an outright refusal to answer many of these questions. That is not the way to get this started. If you want a willing partner—and I want to be one—then you have to give me the information that you have, and if we are not getting the information you have, then this is not serious. It is just not serious.

I will work with anyone to find common solutions, and I will elevate any good idea, regardless of who proposes it, but you have to
provide the details. I am going to ask for those details, the data, the analyses, and the agency plans behind this proposal again after the hearing. That is where we are going to reach a stalemate if we cannot begin to openly share information.

I do not know what the strategy is behind stonewalling us. That certainly was not the way I took your presentation when you visited with a number of us as we began this process, but that is the way the agency is treating this in terms of requests for information that we have had.

I am willing to withhold judgment, and hopefully, we can begin anew with sharing data. But there is no way that Ron Johnson's manufacturing company or any other private sector would begin to even consider putting into law this proposal without more data. If we are going to try to emulate the efficiency of the private sector, we need to do it in every regard and not just notional ideas that are thrown out without any meat on the bones. We have to get to that meat before we can really move forward.

Thank you, Mr. Chairman.

Chairman JOHNSON. I think I mentioned this was the start of the process, and from my standpoint, I am looking at these things coming before Congress. Legislation says no more than three proposals at a time. You will have the backup. I would require the backup.

I understand the deliberative process, but this Committee will certainly—and the Congress will certainly—expect the type of information to validate whatever proposals are actually submitted to Congress on those things. This has far greater detail than what the Obama administration presented—which by the way, I would have liked to support reorganization of that Administration as well.

This is just barely the start of the process, although there has been an awful lot of work. But there is a lot of work to be done. I will agree from the standpoint that we will need more information. I do not think you disagree with that either, Ms. Weichert.

It is the tradition of this Committee to swear in witnesses, so if you will stand. Raise your right hand. Do you swear 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. WEICHERT. I do.

Chairman JOHNSON. Please be seated.

First of all, I want to welcome Margaret Weichert, Deputy Director for Management, Office of Management and Budget, as our witness.

In my script, I have a brief little description, but it does not do you justice. I want to describe really the qualifications you bring to this process and to your job and thank you for your service.

You were nominated on September 5, 2017. Our Committee approved, sent you on to the Senate on January 8, 2018, and you have been on the job since being confirmed on February 14. I am pretty impressed with how quickly you embraced this and brought us to this starting point.

A brief history, but one that still probably does not even do you justice, Ms. Weichert currently serves as the Deputy Director for Management at the Office of Management and Budget. Ms. Weichert is an experienced business executive who served as a principal at Ernst & Young, LLP, since 2013. In her 25-year profes-
sional career, Ms. Weichert has also held executive leadership positions at Market Platform Dynamics, First Data Corporation, Bank of America, and Andersen Consulting focused on strategy, innovation, and business process improvement in banking and payments technology.

An innovator and an entrepreneur, Ms. Weichert also co-founded an Internet company, Achex, Incorporated, and sold that company to First Data in 2001. As a result of her innovative work in payment technology, Ms. Weichert has been named as an inventor on 14 successful U.S. patents.

An avid supporter of technology innovation in Georgia, Ms. Weichert has served since 2010 on the Technology Association of Georgia’s Fintech Steering Committee. She holds a B.S. of Foreign Service, Magna Cum Laude, from Georgetown University; a postgraduate diploma in Economics with distinction from the University of Sussex; and a Masters of Business Administration from the University of California at Berkeley.

Ms. Weichert also is certified as a Green Belt in Six Sigma, Design for Six Sigma.

You are an overachiever, and I certainly appreciate that and I think well qualified for this particular task of trying to start reining in and reorganizing parts of Government to make it more efficient, effective, and accountable.

Ms. Weichert, thank you for your testimony and your time for coming here before the Committee, and the floor is yours.

TESTIMONY OF THE HONORABLE MARGARET WEICHERT, 1
DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Ms. WEICHERT. Chairman Johnson, Ranking Member McCaskill, and Members of the Committee, thank you for having me here today.

Healthy organizations are designed to adapt and change to customer needs and free market demands. The U.S. Government should be no different. Our Founders conceived a durable governing framework and Constitution to serve the American people. However, our current Federal Government organization model has not kept pace with the 21st Century needs.

Despite dramatic changes in technology, today’s Federal Government still operates much like it did 50 or 60 years ago. Current government infrastructure is not aligned to provide the service and flexibility that Americans expect in the Digital Age.

I cringe when I hear how inefficient it is for Americans to interact with their government due to layers of organizational bureaucracy. This is not how Americans want their government to operate.

Job seekers have to navigate more than 40 workforce development programs across 15 agencies, while small businesses face overlapping, multi-agency processes every time they engage with the Federal Government.

Food safety has its well-known red tape, and there are numerous other examples of how everything from fish in our rivers to housing

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1 The prepared statement of Ms. Weichert appears in the Appendix on page 50.
benefits to infrastructure projects are subject to counterproductive layers of bureaucracy.

Most programs were designed with positive intent and are funded by supportive taxpayers, but old-fashioned organizational complexity creates confusion for citizens. This Administration recognizes these challenges, and a March 2017 Executive Order directed the Office of Management and Budget to produce a comprehensive proposal to reform and reorganize the government to better meet the needs of the American people. This plan seeks to balance the mission, service, and stewardship responsibilities of the Executive Branch, while reducing inefficiency, risk, and duplication.

Although it is difficult to cut bureaucracy and red tape, it is not impossible. The President’s Management Agenda (PMA) released in March offers a vision for government change that the Reform and Reorganization Plan continues. To that end, OMB reviewed reorganization proposals from agencies, academics, interest groups, and Federal employees. Over 106,000 public comments came from Americans interested in government efficiency. OMB shared this feedback with agencies to inform their proposals.

We also reviewed GAO and CBO reports, leading organizational design frameworks, think tank recommendations, and business journals. Last month’s Reform and Reorganization Plan reflects synthesis of this input.

The recommendations include top-down and bottom-up proposal for change, and they represent a starting point for public dialogue on much needed government transformation. This approach addresses difficulties that hampered past proposals by creating a holistic, all-of-government, organizational change blueprint rather than piecemeal recommendations.

Given the seriousness of the task and its potential for impact to government missions and to our workforce, OMB conducted pre-decisional reform plan analysis in phases. The first phase was the data collection phase. When OMB collected key stakeholder input, seeking the most significant input from agencies, early outputs were included in the 2019 Budget.

The second phase focused on opportunities to reduce duplication, fragmentation, and to improve cross-agency efficiency. This analysis drew heavily on GAO reports, including the GAO High Risk List and duplication reports.

The final phase incorporated the President’s Management Agenda priorities identifying organizational opportunities to improve mission, service, and stewardship support in the 21st Century.

Transformation at this scale will take time and teamwork to implement. Some changes can be achieved directly in Federal agencies, while other more complex proposals require Presidential or congressional action. Now that the Reform and Reorganization Plan has been issued, we are eager to engage with Congress on moving forward together. This Committee in particular will undoubtedly play a leadership role.

We have seen similar transformations at the State and local levels. Cities like Baltimore, Philadelphia, and Detroit; States like Georgia, Arkansas, and North Carolina provide insights for rethinking government. We can learn from innovative State and local government approaches, including reorganization to address the
practical realities of delivering citizen services in the 21st Century without overburdening taxpayers.

As the U.S. faces the challenge of serving the diverse needs of our growing country, commitment to government of the people, by the people, and for the people is critical. We must ensure that the Executive Branch is well aligned to 21st Century realities.

As we collectively pursue the task of government transformation, OMB acknowledges the important role of dialogue and public deliberation in determining the trajectory for government change.

I am grateful to be here today for this ongoing dialogue on the path forward.

Thank you again for inviting me here.

Chairman JOHNSON. Thank you, Ms. Weichert.

Normally, I would defer my questioning because I really want to reserve the time for the other Members that have shown up.

In this case, I want to make a slight exception. In your testimony, you really have not listed kind of a prioritization. I have a six-page summary. I know you are talking about 32 proposals. There are 49 bullet points on this.

Ms. WEICHERT. Yes.

Chairman JOHNSON. A lot of ideas, a lot based on GAO. Can you just for the Committee, maybe to help structure our questioning, can you just lay out what you believe, first of all, the top priorities of things that we really want to focus on first and what may be most possible, where there might be areas of agreement as opposed to obviously, Ranking Members talking about where there will be areas of disagreement. But can you just kind of talk about those top priorities before I turn it over to the Ranking Member?

Ms. WEICHERT. Yes. Thank you, Senator.

I think it is great framing to say that this activity was meant to showcase the art of the possible, and so, as noted, the proposals are at varying degrees of specificity. The things with less specificity are going to need more public dialogue, more traditional interactions on the specifics, but the ideas that are most prepared for near-term implementation, I would start first with background investigations.

This is an issue I know that this body has thought long and hard about. When the National Defense Authorization Act (NDAA) in December suggested and required moving 70 percent of that capability from the Office of Personnel Management (OPM) to the Department of Defense (DOD), that really catalyzed an in-depth look at the economics and the efficacy of that entire function, which we all know needs a lot of work. The determination of that analysis, much of which has taken place in a public deliberative process, concluded that both the reality of having to move 70 percent and the economics of stranding the remaining 30 percent would mean that moving the entire background investigation made more sense and was less risky. That is the first proposal.

I think the second one, the work on cyber, obviously very topical. The proposal outlines some specific work that OMB and Department of Homeland Security (DHS) have done that, again, has been fairly well shared, and we would be happy to share more detail about that. I know this body has done a lot of work in thinking about how we can particularly look at our cyber workforce.
work to actually do the skills gap assessment has already kicked off, so that is a second area.

There are a number of other proposals. They did not get as much sort of noise in the press, but the customer experience proposal—there is the proposal for advanced research called the Government Effectiveness Advanced Research (GEAR) Center that actually would involve the creation of a capability outside of government, but with a real focus on government issues. That would bring private sector, government, academics, and the public together to address key issues in government. Those are the ones that I think are top of mind for me.

There are a range of other really important topics that require deep consideration by Congress, and those need to—as you all have noted—follow a process that allows appropriate deliberation, and so, again, what is in the proposal is meant to be a framing—a vision document and the operating model component and then the implementation planning component are what typically come next. You frame the vision. You look at the operating model, the high-level target, and you do the analysis on the cost benefit at that point. Then you get into the detailed timelines and implementation planning.

Chairman JOHNSON. You agree with the Ranking Member. There will be a lot more information supplied to Congress as we move forward on this.

Ms. WEICHERT. Absolutely. The real question and part of—and we take many of the comments that we have heard today, but also we have seen in the literature. There is a bibliography on page 128 of the document that highlights some of the analysis we did looking at past reform efforts that failed.

What we actually wanted to do—and my characterization from the private sector is a little bit different than what the Ranking Member suggested, but what this is is not the detailed due diligence. What this is is the prospectus to shareholders. It is a high-level articulation of the objectives of the reorganization. It is not the cost-benefit analysis. It is not all the detailed planning.

We actually loved the report that GAO released mid-June, days before we actually released the plan itself. We think that is utterly appropriate to apply to the operating model and implementation phases for these activities, and I have shared that with my team on that front. But this for the most part on the more complex projects was the vision framing to ensure that we did not hide in darkness and lose under the name of deliberation the potential art of the possible for the bigger change.

Chairman JOHNSON. OK. Thank you.

I did not use up quite all my time. Senator McCaskill.

Senator MCCASKILL. I understand the point you are making, and I get that. But as we move forward, we need to get the information that you have gotten that is informing you.

The Executive Order that was issued on March 13, 2017, tasked OMB with developing a comprehensive plan. Shortly thereafter, OMB issued guidance to agencies for developing the plans. The guidance listed very specific things for agencies to consider. One of those things was cost, the cost of continuing to operate an agency and the cost of shutting down or merging agencies.
Did the agencies comply with OMB guidance?

Ms. WEICHERT. That component of the analysis happened before I took over leadership of the work product earlier this year, but what I can say is the agencies that submitted plans attempted to comply. The ones where the detail was sufficient for those plans, they ended up in the 2019 budget.

What we discovered and undoubtedly is not surprising to the members of this body, is the ask in the Executive Order was massive and the potential scope unlimited. What we got came in at varying levels of specificity, and we had to proceed based on what was appropriate to proceed with.

Senator McCASKILL. How many of the agencies complied with the guidance and gave you any information on cost of merging cost of shutting down, etc? How many of the agencies complied with that?

Ms. WEICHERT. I cannot give you the specific number, but I would be happy to consult with my team at OMB and provide it.

Senator McCASKILL. When you get that number, you can see the list of the agencies that have complied and the estimates they made on cost?

Ms. WEICHERT. Again, the notion of the pre-decisional deliberative process, much like in the budget process, follows a specific path to ensure that in the Executive Branch, we can adequately vet ideas, that we do not become so risk averse because we are concerned in the deliberative process.

Senator McCASKILL. You are concerned that some of the information that would become public would harm your effort to do what you would like to do?

Ms. WEICHERT. I am concerned that we need to follow process that is——

Senator McCASKILL. Let me just get to the chase here. You have listed very specific things for the agencies to consider.

Ms. WEICHERT. Yes.

Senator McCASKILL. You are asking Congress to give you the authority, maybe sequentially and maybe over years, to implement bold changes, but you are going to take the position that the information you have from the agencies has to be held within the Executive Branch and not shared with the Legislative Branch at this point in time. Is that an accurate assessment?

Ms. WEICHERT. No, it is not.

Senator McCASKILL. OK. Will you share the information you have received from the agencies about the cost of this plan with this Committee?

Ms. WEICHERT. When the plan is in the post-deliberative stage—when we have determined that there is sufficient information that it can follow either a normal budgetary implication—again, as I said earlier, the plans that had sufficient information and impact from a cost-benefit analysis, those plans were included in the 2019 budget, and that information was shared in the way it is in any budget cycle. That is kind of the notion that the vision was the starting point, the framing, but the actual execution needs to follow the processes that we are all familiar with, whether it is administrative action, Presidential action, budgetary action, or congressional action.
Senator McCaskill. If we cannot get what you are getting that is informing the proposals you made, how can you expect us to fully evaluate those proposals? I do not understand how you think that is going to work.

Ms. Weichert. For things to actually get implemented—we have shared the reason why the proposals were considered. We have shared the framing of it. For anything to move forward into implementation, again, if we go back——

Senator McCaskill. So you are not recommending an implementation of anything at this point in time?

Ms. Weichert. All of the implementation activities will follow the normal course of business, the way it does in government. You brought up a great example of how M&A happens. The initial discussion in an M&A context happens completely behind closed doors. Lots of considerations are discussed, debated behind closed doors effectively in an effective body.

When it is time for implementation, they have to go to more of a due diligence process, and then it is published. Because of the nature of a public forum and a lot of the legislative authorities, we needed to put something out as a framing document so we could have the conversation about substance in the way that it always happens.

Senator McCaskill. You are not going to get very far if you do not give us the data. I am just telling you. It is not going to happen. If you think you are going to be able to come to us and make serious proposals about reorganizing government without sharing with us the data that you are basing those recommendations on, this is a nonstarter.

I think we have to get clarity on what exactly you are——

Ms. Weichert. When we have a proposal——

Senator McCaskill. Two of the things you have actually made specific reference to today, I think are well down the line because they began during the Obama administration——

Ms. Weichert. Correct.

Senator McCaskill. [continuing]. Both cyber and customer service.

Ms. Weichert. Yes.

Senator McCaskill. There is data out there, but for the vast majority of this proposal, we have no data. Until we have data, it would be highly irresponsible. We are the board of directors here, but this is a little different than a private company in that this is the public's money.

Ms. Weichert. Yes. Absolutely agree.

Senator McCaskill. This is their services. This is not about making a profit. This is about making sure that somebody down that rural road in Shannon County can start a small business and get delivery of their packages on Friday and Saturday. This is something that is really important in terms of us having all the data.

If you think you can closely hold this and not share with us, then there is going to build up a level of distrust and build up a level of why are not they sharing, what is it they do not want us to know. I am trying to give you solid, good advice.
I am not your enemy here. I want to help you do this, but I cannot go further.

Ms. Weichert. I appreciate the advice. I would like to just share. As the proposals get closer to implementation—again, this was a vision of—

Senator McCaskill. You cannot implement without us.

Ms. Weichert. Right, but we are not—

Senator McCaskill. You are saying you are going to make a decision on implementation without us?

Ms. Weichert. No.

Senator McCaskill. OK.

Ms. Weichert. What I am actually committing to is as the proposals get traction in this type of dialogue about substance as opposed to process, we will follow the process that you always have in considering legislative proposals. We are not there yet. I understand the frustration that we are not there yet, but the task that we had was to be big enough. That was the expanding part of the task.

Now for 32 proposals that are not at the same level of deliberation or analysis, we cannot give lists that are completely uneven in terms of the level of data.

I agree with you. We cannot make decisions on data if we are a mile deep in one place and an inch deep in another place.

What you have characterized as stonewalling, I would characterize as definitive deliberative thought about what is it time for now?

Senator McCaskill. Come when you are ready. When you are ready, come to us.

Ms. Weichert. Absolutely, I will.

Senator McCaskill. You are clearly not ready.

Thank you, Mr. Chair.

Chairman Johnson. I think you are talking about each other.

I do not see any problem in terms of providing a vision, an outline. These things are not fully fleshed out. They are really not proposals yet. You can call them a proposal. It is kind of a definition. When you are really ready to propose something, you are going to have the information. You will provide that to us.

Ms. Weichert. Absolutely.

Chairman Johnson. But developing the proposal to a position or a point where you can actually make the proposal, there is a deliberative process in there.

Ms. Weichert. Right.

Chairman Johnson. You have a very unequal level of detail from different agencies. I think that is pretty understandable.

Ms. Weichert. Right.

Chairman Johnson. But, what you are committing to us is once you have done that deliberative process, you have brought one of these ideas, one of these visions to the point where you literally can make it a proposal, you will have the data backup, and you will share that with us.

Ms. Weichert. Correct.

Chairman Johnson. That is just obvious, right? Part of our piece of legislation will actually require the fact that we are going to
have to see that there is going to be some reduction number of agencies and cost reduction.

There will be information provided once the proposal is at a State. Maybe we have to come up with different terminology. These are bullet points of a vision, and when the proposal is finally made, they will have the information. You are not going to be hiding anything from us. You are going to making full disclosure because we will all demand it, correct?

Ms. WEICHERT. Correct. Absolutely.

Chairman JOHNSON. OK. Senator Lankford.

OPENING STATEMENT OF SENATOR LANKFORD

Senator LANKFORD. Mr. Chairman, thank you.

Let me tell you how I see it. When I go through the list, I go back to business perspective in the past and remember a very old term, the big, hairy, audacious goals (BHAG), and that is really what I see this, as the list of the big, hairy, audacious goals. Without any details under them, just to say this is a vision of have we considered and would we consider to be able to look at it because some of these things obviously will take years——

Ms. WEICHERT. Correct.

Senator LANKFORD [continuing]. To be able to think through and to be able to gather data and to be able to go through.

Can I ask just a specific questions on this? How many of these big, hairy, audacious goals that you are laying out there and different vision ideas are coming from GAO High Risk List or Inspector General (IG) reports or from previous Administrations to say this is something that is out there that has been considered for a while?

I know a lot of these things were bottom up from different agencies or different individuals that work in agencies say this is something we should consider. How many of them are specifically GAO, IG, or previous Administration?

Ms. WEICHERT. There are about 20 of the 32 proposals that have input or a significant fact base derived from the GAO reports.

When I talk about the highest level—and I talked to Gene Dodaro about the proposals—we agreed it is probably about 40 percent of the proposals are effectively, if not identical, fairly close to what has been recommended by GAO.

Senator LANKFORD. OK. What about from previous Administrations, however far back as you want to go?

Ms. WEICHERT. I could look at the exact numbers. Many of them, I would say. Probably 10 to 12 include items from previous Administrations.

Senator LANKFORD. All right. Jeh Johnson spent a lot of time with this Committee going through DHS and the restructuring and the requests and brought multiple requests to us on what to be able to do to be able to help some of the process in that particular instance. We are familiar with dealing with those. We have had a lot of debate on what that would look like, and we will look forward to continuing to be able to get information as these continue to get fleshed out in the future.

Let me ask a question that Senator McCaskill had asked as well. How do we get a good balance between what the Administration al-
ready has authority to do and what the Administration does not have authority? It is obviously going to be a longer deliberative process.

Ms. WEICHERT. Right.

Senator LANKFORD. You have mentioned already security clearances as one of those.

Ms. WEICHERT. Right. Our estimate is there are about 10 to 12 proposals that do not require legislative activity in addition to some of the agency-specific proposals that were included in the 2019 budget. Things like the customer experience idea that I mentioned, things like what we are doing in cyber workforce, but even that one, I think there could be additive areas of input from Congress.

On even some of the things we could do ourselves, that might be part of a broader proposal.

Senator LANKFORD. OK. That is helpful. We will try to work through that process together, but that is a clear line for us that we have to be able to know what is our part, what is this Administration’s part, and what they are already taking on.

Let me bring up something else this Committee has spent a lot of time talking about, and it is real property.

Ms. WEICHERT. Yes.

Senator LANKFORD. You addressed this as one of the ideas in trying to be able to resolve this. This is one of the things we have started looking at with how the General Services Administration (GSA) disposes of properties that are either underutilized or underutilized property, but also how we are doing leasing or buying.

Ms. WEICHERT. Yes.

Senator LANKFORD. Recently, I was going through some reports and looked at the requests for the Department of Transportation (DOT) Headquarters here in Washington, DC. They are requesting to be able to buy the facility. Well, that is a great idea. It is the headquarters. We will probably have the Department of Transportation for a very long time. We should probably own the facility.

The problem is we have been leasing that facility for 15 years——

Ms. WEICHERT. Yes.

Senator LANKFORD [continuing]. At an approximate cost of $750 million to lease it for 15 years.

Now we are being offered to buy the facility for $750 million. We are paying for the building twice.

Ms. WEICHERT. Right.

Senator LANKFORD. The first 15 years, there is very little maintenance of the building.

Ms. WEICHERT. Right.

Senator LANKFORD. For the owner of the building to lease it to us, it is no skin off their nose because air conditioners are going to work, all those kind of things. That is not an issue. Now it will be, and we are going to own it then. It was a terrible idea 15 years ago.

Trying to be able to fix how we are disposing of property, when we are buying and leasing property, this is a very big issue to this Committee. Senator Carper spent a lot of time on this issue. What are some of the proposals that you are already looking at for that area?
Ms. WEICHERT. I think it is a great idea. One of the very specific things that gets to the heart of this idea is the Federal Capital Revolving Fund.

Back in business school, there is a very classic financed truism when you compare a lease by decision. Usually, the only rational economic reason for a lease decision is if there is a tax benefit to that decision, and obviously, government does not have a tax benefit for that decision.

The other reality could be a cash-flow consideration and how the actual money gets allocated, and very often some of our leasing decisions are made because of the nature of the appropriations process. What is in the proposal actually looks at a Federal capital revolving fund that would essentially free us up to make more rational decisions about a lease-buy decision if we really think the asset would be valuable for us in the long term.

Senator LANKFORD. One of the things that you looked at was a territorial issue of who runs this space and who has this lane, whether that be in small business lending, small business programs, which are scattered all over the Federal Government——

Ms. WEICHERT. Right.

Senator LANKFORD [continuing]. Whether that be in veterans’ cemeteries——

Ms. WEICHERT. Right.

Senator LANKFORD [continuing]. Which are also scattered all over multiple agencies, whether that would be in other projects and other grant-making, which again is scattered everywhere. How did you make the determination to say there is a wide variety of entities doing basically the same thing? We need to be able to consolidate, or do we need to be able to streamline that within the agencies?

Ms. WEICHERT. Yes. I think there are a number of things, again, in the proposal that speak to how do we leverage data to really be much more thoughtful about how we are making decisions. That is very much something in the private sector, and so relocation analytics and being more thoughtful about that are critical components of the proposal.

A range of smarter leasing activities that will allow us to make improvements to how we make decision about our leasing decisions, and then the number of process improvements included build on the Federal Assets Sale Transfer Act (FASTA) work that has already been put in place.

I think there are a range of ideas that are fairly tangible and designed to provide incentives for agencies to do the right thing, that perhaps they do not have those incentives today, and then to provide data to make it easier for them to do that.

Senator LANKFORD. OK. If I could say this, Mr. Chairman, as well, Senator Heitkamp and I are in a hearing on the Office of Personnel Management, coming up very soon. There are seven areas that OPM has responsibility for. Five of those, you are recommending transferring out. The other two is left undefined, and we do not know what that is, if it stays there, if there is a future plan for that as well. But that is an area that we are going to continue to be able to focus in on.

Obviously, there is lots of issues with OPM——
Ms. WEICHERT. Yes.

Senator LANKFORD [continuing]. That are historic issues there that absolutely affect our Federal retiring workforce dramatically, and so we are going to continue on with ongoing hearings to be able to drill down a little bit more in that particular area.

Ms. WEICHERT. I look forward to that because it is critical.

Senator LANKFORD. Thank you, Mr. Chairman.

Chairman JOHNSON. Let me get a little clarity here. You said there were 10 to 12 of your proposals that do not need any kind of legislative authority. Does that include the authorizing language that Senator Lankford and I are proposing here, the Reform Government Act?

Ms. WEICHERT. Those would be before that language.

Chairman JOHNSON. OK. So 10 to 12 of these things, we can expect the Administration to move forward with?

Ms. WEICHERT. That is our hope. We are using the remaining time this summer to really go through the analysis and clearance process about what we would do there, purely administratively. Some things may be done via executive action.

Chairman JOHNSON. OK.

Ms. WEICHERT. There will be obvious communications about that as it moves forward.

Chairman JOHNSON. Using your current authorities, following the process the way——

Ms. WEICHERT. Correct.

Chairman JOHNSON [continuing]. Previous Congresses laid to out for you?

Ms. WEICHERT. Correct.

Chairman JOHNSON. OK.

Senator MCCASKILL. Do we know which ones?

Ms. WEICHERT. We are working on that as we speak.

Senator McCASKILL. You just said 10 to 12. Which 10 to 12?

Ms. WEICHERT. Correct. We are prioritizing and determining which of those would move forward by the end of the summer.

Senator McCASKILL. You know the 10 to 12, but you will not tell us today?

Ms. WEICHERT. We have not cleared which of those would be move forward——

Chairman JOHNSON. She is ball-parking.

Ms. WEICHERT [continuing]. Because we are doing pre-decisional deliberative analysis.

Chairman JOHNSON. Yes. That is perfectly appropriate. There is nothing wrong with that. You are giving us some sort of sense, and you will inform us when you have made those decisions.

Ms. WEICHERT. Right. I did share a few of them.

Chairman JOHNSON. Again, this is the process, and we are at the start of it.

Ms. WEICHERT. Right. Yes.

Chairman JOHNSON. OK. Senator Heitkamp.
OPENING STATEMENT OF SENATOR HEITKAMP

Senator HEITKAMP. First impressions are everything, and when you release that document, I think it is fair for us to assume that there was data beyond that document, that there was analysis behind that document, and that we should have access to that analysis as you work through these things. You cannot just plop these in, in the budget process, and expect us all to say, “Brilliant. Great idea.”

If you really want this to work, as Senator McCaskill has said, you have to form a greater partnerships with us, especially when we have been looking at this. We are the Committee that is most committed to making this happen.

I am going to give you an example, the postal issues. Right after you guys came out, I met with Congressman Meadows and the Postal Task Force that the President has put together. Did you consult the President's Postal Task Force? Did you consult the Postal Service? What were their recommendations as you move forward with a recommendation for privatization, which has created a great deal of angst now that we have these rural communities who are very concerned? They have already lost service standards. Now we are suggesting we are going to privatize where we know the last mile is not an easy mile to cover.

My point is, did you consult the task force? Did you consult the Postal Service? What were their recommendations that came to you that led you to conclude that we should privatize the post office?

Ms. WEICHERT. I appreciate that question, and it is absolutely something critical and that we absolutely are interested in a sustainable economic path forward that includes university service and provides a fair——

Senator HEITKAMP. No, you are not really answering my question.

Ms. WEICHERT. I am trying to get there.

Senator HEITKAMP. Yes or no. Did you consult the President’s task force on postal issues?

Ms. WEICHERT. The work that we did preceded the creation of the task force. So there has been communication between the bodies, and the same folks that are involved in this proposal also are participating in the work of the task force.

Senator HEITKAMP. OK. Did the U.S. Department of Agriculture (USDA) suggest that they move food stamps out of USDA and over to the Department of Health and Human Services (HHS)?

Ms. WEICHERT. I cannot comment on the specifics of the origins of that particular proposal.

Senator HEITKAMP. Imagine that you are on this side of the dais and you are responsible for implementing this, and like Senator McCaskill has said, we want to help you, but this is the answer we get: “We release this document. It makes us look like we are innovators; we are reformers. But, oh, by the way, do not ask the question about whether USDA had this recommendation or HHS or if that was just something somebody invented over at OMB.”

Senator McCASKILL. Or Heritage.

Senator HEITKAMP. Yes. I am not going to get into that.

But I will tell you that this will not work unless we have complete partnership, and it will not work with an idea that down the
line, we will see the source documents. You have released a report with recommendations that will affect service delivery to our constituents, and we are interested in streamlining, but we are not getting the kind of background information that we need to support you.

Maybe you are right. Maybe these are things we ought to do, but this idea that later on we will all get to see the data and the documents, why release this without data and documents? Why not release something that has the kind of gravitas?

You used mergers and acquisitions. That is like one side of a merger and acquisition releasing the report to sway the public one way or the other without anyone having an opportunity to hear the other side of it, right?

Ms. Weichert. Typically, in M&A, most of the deliberations are not public. In this environment, we need to have more public deliberation about the bigger ideas.

What I would say is there is a bibliography on page 128 that shares a lot of the impetus for the top-down proposals, and duplication and overlap as well as mission, service, and stewardship were the critical drivers.

What I can say about the Supplemental Nutrition Assistance Program (SNAP) proposal is the origins of SNAP in USDA had to do with the notion of originally it being food——

Senator Heitkamp. No, I know. I know why SNAP is over at USDA. I know why the food bill——

Ms. Weichert. Right. What I was saying——

Senator Heitkamp [continuing]. Is structured the way it is.

Ms. Weichert [continuing]. The idea of moving it came from the notion that how the electronic benefit is delivered today electronically, not in commodity food form, at the States and local levels, it is delivered together with other forms of aid like the Temporary Assistance for Needy Families (TANF).

Senator Heitkamp. I understand. I am not opposed necessarily to that happening, but it is a true example of where we do not have the analysis behind it that would give us the ability to say yes or no.

I do not mean to browbeat you, but this sense that you can hide all this data—and that may be unfair, but that you can hide all this data until you spring a proposal into a budget proposal and then we are going to have time to analyze it, it is not going to work. You are not going to be successful doing that.

The best way to be successful is to give us the source data. Let us take a look at it. If this is not a political document, then let us make sure that it is not a political document by having transparency, and that is one of the problems that we have here, is that we need transparency. Clearly, on the postal stuff, you have raised a lot of concern in my State with the proposal of privatizing the Post Office. You have bitten off a huge chunk that will lead to weighing you down rather than working with people to listen to the various proposals.

Privatizing, your example on the Post Office does nothing to get us to solvency. It does nothing to solve the problems of the Post Office. We would love to have a partner.
I met with the Treasury folks. They seem to be moving in the right direction, I felt a great deal of confidence with the work that is being done by the task force at this point. We will have a chance to deliberate.

But when there is an overarching kind of, “this is the plan,” it really dilutes, I think, the efforts that we have been taking, and the Post Office is a great example on that.

Thank you, Mr. Chairman.

Chairman JOHNSON. I often describe this Committee as nonpartisan, not even bipartisan. Nonpartisan. I just have to say it is disappointing.

You have put the Administration in a no-win situation here. It is a lose-lose. They are coming before us with a proposal that has not been all fleshed out. If they were not doing this and if they got all the proposals fleshed out, had all the data, and it was going to take more months, then there would be the complaints, “Well, how come you were not consulting with us?”

Again, this is the start of the process. Ms. Weichert has come here beginning that consultation with us, she does not have all the data.

You talk about source data. There is a deliberative process here. I have no doubt I will want to see the information. If there is somebody who is data driven on this Committee, it is me.

I have been doing a lot of work on postal, and I absolutely am going to require data to determine what course of action we need to take on any of these proposals.

I guess I am just cutting the Administration some slack here from the standpoint of they are trying to consult with us, lay this thing out, so we can start looking at this. I will be demanding the information required to move forward on any of these proposals.

Senator McCASKILL. Listen, Mr. Chairman, I get what you are saying, and I do think this Committee is not a partisan committee. I think there are a lot of people on here—and I think that we have records to show—that we have spent an awful lot of time trying to get to the efficiency and the effectiveness of government and doing aggressive oversight about duplication and waste, all of those things.

But you cannot expect us to sit here at a hearing and say, “Gosh, this is a great document.” You have to expect us to ask where it came from. You have to expect us to ask basic questions about what underlies these recommendations. Where did they come from? What are they based upon?

Did you expect this hearing to be “Gosh, this is really great. Thanks”? That is not what this hearing is.

Chairman JOHNSON. No.

Senator McCASKILL. This hearing is about fleshing out on what basis did these recommendations come about, and the essential component of that is where did they come from, what data are they based on.

To act as if we asking for data is a partisan exercise is terribly unfair.

Chairman JOHNSON. No.

Senator McCASKILL. She should expect that these are the questions that are going to be asked. She should expect that we are
going to want to know whether it came from Heritage or whether it came from GAO, and we know a lot of these came from Heritage. They gave us our Supreme Court nominees. They now are giving us government proposals.

We have a right to know where these proposals came from. Did the USDA recommend this? Was there a recommendation from Postal? Was there a recommendation from the Department of Defense as it relates to the U.S. Army Corps of Engineers (USACE)? These are all reasonable questions to be asked.

Chairman JOHNSON. At the appropriate time.

Senator MCCASKILL. And that does not turn us—but what is this hearing for?

Chairman JOHNSON. This is the first step in the consultative process for us to understand the scope.

Senator MCCASKILL. What questions should we be asking?

Chairman JOHNSON. Those are fine, but the answers, you do not have to expect them today.

Senator MCCASKILL. OK.

Chairman JOHNSON. They will come when the proposals are actually being made.

Senator MCCASKILL. OK. So then I would just——

Chairman JOHNSON. This is the vision statement.

Senator MCCASKILL. For economy in the future, if this is just about us asking questions and not getting answers, then why do not we do it by writing and then have a hearing when she can provide the answers? Because I do not see the purpose of a hearing if us asking reasonable questions are going to be couched as a partisan activity. It is just not fair to us.

I think if the roles are reversed, you would be doing the exact same thing. In fact, I am kind of surprised you are not doing more of it today because typically you are the one that says if government wants to move the needle, there needs to be data.

This is not partisan. I want to work with you. I want to make our government more efficient, but I cannot—and if the idea is—first, she said 10 to 12 are going to be done by summer. Are we going to have another hearing before they are done? Are we going to get answers to these questions that are going to be done administratively? Are we going to have any data about what they are doing administratively, or are we just ceding the fact that the Executive Branch has the right to do it?

Maybe we want to disagree over whether they have the right to do it. That is why it would be helpful to know what are the 10 to 12 that are in consideration.

How about this? How about them going into the Budget Proposal? Are we going to have a hearing before they go into a Budget Proposal so that we can get at the underlying data? We are never going to have a chance in this Committee to get at the underlying data in a Budget Proposal because that will be the Budget Committee.

If this is the oversight committee for government and if there is a massive plan to reorganize government, I guarantee you we have the right to ask these questions, and I believe that it is fair for those answers to come as soon as these proposals are made. We ought to be able to at least get basics like how many agencies gave
you cost benefit. Why does that have to be a secret? What is the purpose of that?

Chairman JOHNSON. First of all, I do not believe it is not, and I actually broke form. I asked questions, and I laid out what are the top priorities. Ms. Weichert laid out top priorities so we can ask follow up questions and we can follow that process through.

I think the questions will be answered. I will demand that they are answered at the right time. This is just the start of the process. It is the start.

If the Administration wanted to come before us, had they not laid out this vision, then we would be complaining about the fact that you are dropping this on us 4 months without consulting with us. This is the beginning of the consultation process, and I think it is totally appropriate. I do not expect all these detailed answers to be answered today, but I will expect them. And I would imagine the Administration will be willing to answer those in detail as each proposal is actually being made, when they have the data, past the deliberative process. Once they finally have the data there to make the proposal, then I will expect full disclosure, OK? That is all I am saying.

Senator MCCASKILL. Will we get that——

Chairman JOHNSON. But we can——

Senator MCCASKILL. Will we get that before the Administration makes these changes of 10 to 12 that you said you would make by the end of the summer? Will we get the data on those changes?

Ms. WEICHERT. All of the proposals that move by administrative action would follow the standard process for those types of actions.

Senator MCCASKILL. That did not answer the question. Will we get the data underlying those decisions before you make those decisions?

Ms. WEICHERT. My challenge today—making blanket statements about lists of objects that are not alike—is difficult. If we talk about, how are we moving forward on cyber, there are elements of guidance that we are moving forward on. There are elements of other administrative Presidential action that we are moving forward on.

My big challenge—and I understand the energy in the room. I really do because I do not know the last time a proposal had 32 sort of even medium-size scary ideas in them, let alone the smaller ones that are kind of at the back. But I cannot do blanket statements around lists because they are not like objects.

What I can commit to is that we are trying to be open and transparent at the appropriate time, but we need to make sure that to the extent we need to get feedback before we finalize what the operating model might be, so we are really well positioned to frame it and get the right cost-benefit analysis data—because, for example, there are proposals. Privatization of the Postal Service, that is an example where it is a framing idea. It could have a bunch of implementation hurdles. The notion of universal service that you raise is absolutely critical to the economy, not just of rural America, but all of America.

To the extent we cannot thread the needle around this big idea, that frankly the largest orientation for that idea is precedent in other countries and a top-down analysis of how other countries
have done it. Other countries are not the United States. They may not have the geographic dispersion that we have.

What is here, the big, hairy, audacious goal that Senator Lankford mentioned, is to frame the conversation. I am absolutely prepared to have conversations about what is wrong with the idea here, but the main thing that this document was meant to do was to say this is the nature of the problem we are trying to solve, and here is not the only proposal, not the definitive proposal, but a proposal for how we solve it. That is the vision piece.

The operating model piece is the next piece where we say, “OK. Here is really where we are going to lay out the data for the piece parts,” and that is the place where I would expect we would have a whole lot more data.

Again, what GAO laid out in the document that responded to your inquiry, I think is a fantastic framework that lays out not only answering the key questions that you all rightly have, but also how you measure success against that over time.

Maybe the last philosophical point I will make is—I have been through probably 40 reorganizations in the private sector, and one of the things that reorganization in the private sector does is bring attention to problems. It is rare—Bank of America, I think is a great example, reorganizing constantly. It creates anxiety. The more you do it, the more you get comfortable at least with the process.

We have not really done it in government in so long, but simple process of asking these reorganization questions shines a light on these areas and very often leads to action organically on the ground that starts solving those problems.

I would anticipate even on some of the things that feel in the pit of people's stomach like this is just scary and we do not like it—I am willing to bet that is going to motivate action in the workforce, in management, and across this body and elsewhere to really say, “OK. If we do not want to reorganize, how might we address that same problem?” I think there is a lot of examples, even when we looked in the deliberative process, of things that you might make a top-down recommendation about moving this thing over here because they sound alike, where the agencies themselves recognize that and created a joint task force or operating activities that eliminated duplication.

The biggest motivating factor when I got involved in this activity, sort of early January, was to say how do we actually make change happen, not how do we deliver a report, but how do we actually ask the tough questions that have not gotten answers, have not gotten traction, despite the good efforts of this body and others, like how do we shock the system so that we really make change happen?

I absolutely stipulate that you are doing your job by asking me these questions. I am not offended. I have to follow what I believe is the process that can actually be digested.

I brought an enormous menu. I did not have all the ingredients memorized or even in the report. I would say the bibliography is a good place to get a sense of the framing of this. Contrary to what makes nice headlines, the framing of this is not political. It is about making government operations work and learning from leading private-sector practices.
Sorry for the speech.

Chairman JOHNSON. The way you effect changes, you think big. You think outside the box. You start the conversation. You start the process. That is what this is. This is a broad range of proposals. Some can be done within the agencies. Maybe you should have left those off the list, but again, just like a GAO report, there are some things the agencies can do themselves, some things we ask Gene Dodaro, “Is there legislation required?” But we are basically at that stage.

All I am asking is let us be supportive here. Let us understand this is the start of the process, and I will assure Committee Members, particularly where it requires legislation, I will be right there demanding the backup, the information, the data. I am driven by that.

I think we have a director here who is completely qualified to go through this process.

Senator Hassan, sorry we stomped on your order here, but now it is your turn.

OPENING STATEMENT OF SENATOR HASSAN

Senator HASSAN. Thank you very much, Mr. Chair and Ranking Member McCaskill, for having this hearing, and thank you, Ms. Weichert, for being here today and for your work.

I certainly appreciate the meeting we had to discuss this proposal a few weeks ago. It was a bipartisan meeting with Members of this Committee. I thought it was productive, but as you are hearing today, an early abstract of a plan causes concern. We all share the priority of working toward a more efficient and effective Federal Government, and there are specific goals in this plan that I have supported for years, common-sense ideas such as saving taxpayers money by unloading unused Federal property.

The devil is always in the details, as we discussed, and as I noted several weeks ago in our meeting, there are parts of this plan that I find very concerning.

But I want to take a step back because of the discussion we have just had. I was happy to see in the introduction of the plan on page 3 that you paraphrased the Preamble to the United States Constitution about what the job of government is, and one of the things you are hearing today is that the job of the U.S. Government is not exactly the same as the job of a business in the private sector. We are supposed to establish justice, ensure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty. Quite a tall order, and it is what makes us who we are as a country.

When you talk about anxiety of the workforce when they see a plan like this, I think about the anxiety of the American public because they depend on us to deliver in all sorts of ways. They depend on us to deliver after a natural disaster. Many Americans depend on the Federal Government of the United States to support and protect their civil rights. It does not get more basic in a democracy than that.

I think it is really important that we take this from the abstract and remember how this actually impacts people because that is how we have to evaluate whether an idea is a good one, not wheth-
It sounds good or whether we would win in a philosophy debate, but whether in fact it is deliverable, given our mission as a country.

I have a couple of questions about some specifics. One of them goes to a concern that I raised in our meeting, but one of the goals that I find particularly important in this proposal is solving the Federal cyber workforce shortage.

I have been pressing the Office of Personnel Management for months to get basic information, such as how many Federal workers we have doing cybersecurity in each agency, but as far as I can tell, the information does not yet exist. That speaks to the magnitude of the problem we face in ensuring that we have the cybersecurity personnel we need to protect the Federal Government from hackers.

As we have reiterated just in the past week, the Russian government was fully willing and able to attack our election infrastructure in 2016 and hack into a State election website, stealing sensitive information about 500,000 American voters.

As my Republican colleague, Senator Lankford, correctly noted, that was a Russian attack on our democracy. If Russia is willing and able to attack our election infrastructure, they and others will absolutely attack our Federal agencies, and we need to ensure that we have a cybersecurity workforce in place to prevent and mitigate those attacks.

The idea outlined in this plan would create a unified cyber workforce across the Federal Government. It is an ambitious proposal in part because it would impact so many agencies.

I am going to ask you to be brief because I have a couple other questions. If you were to move forward with this proposal or something like it, how would you work with each of the impacted agencies to garner appropriate feedback and buy-in before such a proposal was finalized and implemented?

Ms. WEICHERT. Thank you for what you shared, and I share your concerns on this.

As we have outlined in the proposal, the first thing is to get that talent gap assessment and an actual inventory, and we have kicked off the process to gather that feedback. That process has started. We do not have the results yet back in.

In terms of another information component, we need more of our unfilled slots around cyber, so not only where do we actually have outstanding billets that we have not filled? Then working largely through guidance, both from OMB and from OPM to address the specific areas, I do think there is a number of interesting proposals that I have seen both here and in the House that are looking at other things we might do. But our initial start is with the authorities we already have.

Senator HASSAN. Thank you.

That is one of the ideas where I think your proposal has some promise.

Let me share an area that is one of the most concerning ideas in the proposal, which is merging the Department of Education and Labor. There are opportunities to better coordinate workforce training across agencies to be sure, but fundamentally, these two De-
partments have the responsibility to protect rights in two vastly different settings, and they carry out very different functions.

Under this proposal, a single enforcement agency will combine a number—I think it is up to eight—of currently separate divisions, including the Occupational Safety and Health Administration (OSHA), and the Department of Education’s Office for Civil Rights.

The Occupational Safety and Health Administration was created in 1970 to combat the rising injury and death rates in the workplace.

The mission of the Office for Civil Rights is to ensure equal access to education and to promote educational excellence throughout the Nation through vigorous enforcement of civil rights, making sure every child has access.

These entities, the offices came about because we discovered over the course of our history that unless there were champions in the Federal Government to protect workers, to protect kids, for instance, with special needs, those protections did not happen. That is why we are here. These did not come out of thin air. They came out because workers were dying on the job. Kids who had disabilities could not go to school.

This Administration has a track record of chipping away at workers’ protections, including blocking OSHA rules and limiting public information about important action taken against bad actor employers.

The Administration also has scaled back on the enforcement of important civil rights protections, such as rescinding the 2011 Title IX guidance and dismissing hundreds of civil rights complaints in schools because they were deemed to be part of a so-called serial filing. When you are combining these missions and many others, students and workers will presumably be left with no champion to carry out important protections under Federal laws, and that creates real concern.

A single senior official tasked to oversee this division will be forced to choose what protections are more important when allocating limited resources.

This reorganization comes off as another attempt by this Administration to undermine workers’ rights, students’ rights, and civil rights.

Let me just start with this. Would you agree that the Department of Education’s Office of Civil Rights has a vastly different mission than the Office of Safety and Health Administration?

Ms. WEICHERT. Absolutely.

Senator HASSAN. How will you ensure that important protections under Federal law do not fall to the wayside in the name of government efficiency?

Ms. WEICHERT. I think this would be a very appropriate area for a collaborative set of dialogues with Congress and the Executive Branch because, as you can see in the proposal, the main drivers were mission elements about workforce development and kind of lifetime learning.

The proposal itself did not envision touching compliance from a mission standpoint. I think there might be some elements of service. How do we make it easier for people to navigate? Because, as you well know, it is very difficult for people who are advocating for
special education or whether it is workforce-or education-related activities to interact with government. But I think this is exactly the kind of area where we need to have that collaborative dialogue about ensuring all of the functions of that mission are protected.

Senator HASSAN. Thank you, and I look forward to working further with you.

Thank you for letting me go over, Mr. Chair.

Chairman JOHNSON, Senator Jones.

OPENING STATEMENT OF SENATOR JONES

Senator JONES. Thank you, Mr. Chairman and Ranking Member, for holding this hearing.

Ms. Weichert, thank you for being here.

I apologize that I had to leave earlier to do a floor speech with Senator Alexander.

I know I have missed a lot, obviously. One of the things—and I am about to ask something that I came in on and heard you make a couple of statements about. If I am taking this out of context, please correct me. But when I walked in as you were answering, I think, Senator McCaskill's questions, you made a comment about one of the missions here is how do we make change, how do we shock the system to make change happen, and my concern with that when I heard that was—first of all, this Administration is making a lot of shocks to the system, and second of all, it almost appears that this mission was to find the change to make change happen, not to see what changes might need to happen.

Now, am I reading that wrong? Is part of your mission to simply go in and make the changes and to shock the system to make the changes, or are you studying what is the appropriate way—should things be changed at all? Everybody wants to be more efficient, but I am concerned that we have an Administration here that went into this with a bunch of stakeholders in the private sector who said, “We want this.” They are after you to make the changes, and your job is to implement the changes that those people wanted.

Tell me I am wrong. I hope I am wrong.

Ms. WEICHERT. Yes. I do not think—perhaps coming into a word like “shock the system” sent the wrong message, but the point I was trying to make earlier was the change we need in the 21st Century to our organization structure is big, right? Incremental change will not get us from a system that is fundamentally rooted in the mission and the organization structures that came out of World War II and that mission.

Our mission today is much more complex. It is much more technologically driven, and from my perspective, what has been happening and really why I am here is that change is needed.

If you look at actually what informs the proposal, it is heavily informed, as I discussed with Senator Lankford, by stacks of GAO reports about needed areas for improvement around duplication, fragmentation, and overlap, areas where the reason there are pictures of human beings in this report is not marketing. It is about the mission, the service to Americans. It is about what Senator Johnson mentioned that average Americans feel this bureaucracy that is misaligned to the 21st Century.
And so, the words “shock to the system,” I understand why they might get taken out of context, but the notion is incremental change is not enough. I have a 17-year-old and a 14-year-old. I would like them to inherit a government that can actually do the things that Senator Hassan actually mentioned.

Today, so much of the mission of providing for the common defense, promoting the general welfare, preserving the blessings of liberty is tied up in bureaucracy, not because the history of why it was was bad, but because the current implementation is just—calcified. It is layers on layers.

It absolutely is not, an answer in search of a problem. GAO has laid out the problems. You all have identified the problems. What I view as a newcomer to government is we have not gotten traction on the problems doing business as usual, and so what this approach of kind of a big, hairy, audacious goal, a big vision with lots of ideas was meant to showcase that the incrementalism of the past would not be enough. You all know in every past Administration in the last 40 years, there have been one or two major reorganization proposals. Most of them have not even gotten out of committee.

Senator Jones. I appreciate that. To that point, I do not disagree, and no one on this Committee disagrees that we can always make government more efficient. But with every Administration, there have been some changes.

Since World War II, we have done pretty damn good. I mean, we fought World War II. We fought the Korean War. We have survived the cold war. We have survived the Civil Rights movement. We have survived worker rights. We have done OK, and I am worried about a sledgehammer coming in that is saying, “Oh, everything now is calcified, and we need to bust it up.” That was one thing.

I want to ask a couple of specifics where I have just seen—and I have only a couple of minutes here for a couple of specifics. But one of the things I have seen in this report is the ultimate goal of privatizing the U.S. Postal Service (USPS).

Now, I got a State in Alabama that is 50 percent—more than 50 percent—50-some-odd counties out of 67 that are very rural. Those counties depend on their postmen. They depend on their postmen every day or 5 days a week, whatever it is now, to come in and deliver their mail, to get their bills, and to do those kind of things.

In looking at privatization, everything I have seen says rates will go up for rural America if we privatize the postal system. Have you looked at that issue for rural America in particular? Not just the bottom line for mail delivery as a whole and how much money the Postal Service may or may not be losing, but what is the effect on Ma and Pa Kettle out there in rural America that depend on their mailbox every day for their newspapers and their coupons and their catalogs and their bills and things like that?

Ms. Wickey. I appreciate the question, and the proposal is a vision for really dramatically restructuring a service that we know already has challenges with meeting its obligations to employees and being economically viable and not a burden to taxpayers.

The vision of universal service is absolutely something that we need to square, and again, this proposal is one vision, and it is a vision that drew heavily from examples in other countries where
privatization took place in some cases writ large, but in most cases in components to ensure that compliance function is associated with it, universals service function is associated with—fairness functions associated with it were maintained.

We talked a little bit earlier about the relationship between this proposal and the President's task force. Again, this proposal is a long-term vision. The task force is actually specifically focused on some of those operating models you just raised, and so it is a continuation of the same thought process. It feeds into that. The specific rate question, I would defer to the task force as they pull together the implementation plans, which I understand are coming together and will be presented in August.

Senator Jones. Have you considered—and this is a quick question, Mr. Chairman, if you will indulge me. Have you considered even the potential antitrust implications of trying to sell off the postal system for the entire United States of America?

Ms. Weichert. This would be an area—when you get to the actual operating model and the specifics, that would be the appropriate time to consider that.

Senator Jones. All right.

Thank you, Mr. Chairman. I look forward to other hearings on this matter. Thank you.

Chairman Johnson. Senator Carper.

Senator Carper. Let me pass for this for just a moment, and I can maybe come in next. Thank you.

Chairman Johnson. Sure. Senator Peters.

OPENING STATEMENT OF SENATOR PETERS

Senator Peters. Thank you, Mr. Chairman. Mr. Chairman, Ranking Member, thank you for having this hearing.

Ms. Weichert, it is great to have you here before us. I want to reiterate something the Ranking Member mentioned is that I—and to you, Mr. Chairman. I do not believe we have been partisan here today. Ms. Weichert, hopefully you have not seen partisanship. What you have seen is a Committee, though, that is very focused on nuts and bolts. I think that is why all of us were attracted to serve on this Committee. That is why I wanted to be on this Committee is that I want to work to reform government, make it more efficient, but also really get into the weeds. This is an in-the-weeds type of committee. This is not a philosophical committee. Even though I have a philosophy degree, this is not a philosophy committee. This is a nuts and bolts committee; that is, about trying to figure out how we do things differently and how we do them more efficiently.

I get the fact that this is a visionary document that we are looking at, but we are going to want to get into those kinds of weeds. I think if you look at some of the problems that we have with duplication right now—in fact, I am working on legislation in a bipartisan way with Senator Gardner to figure out how we can get rid of multiple organizations that are involved in regulatory oversight.

An example I use, we have multiple government agencies that oversee catfish.

Ms. Weichert. Yes.
Senator Peters. I do not think we need that. I want them to have one agency——

Ms. Weichert. We agree.

Senator Peters [continuing]. To make sure that catfish is safe when I eat it or ship it, but you do not need multiple agencies.

But some of those problems are as a result of Congress because Congress has jurisdiction, and every committee has jurisdiction over certain agencies. They are not going to give up those agencies. We have to be part of that process as well.

But we want to work closely with you to figure out how we get to that 21st Century. I am going to ask you some questions about that in a minute.

Ms. Weichert. Sure.

Senator Peters. But first off, to kind of get into the weeds of the 10 to 12 or the ones that you are going to put forward that do not require congressional involvement, you said you are in the process of looking at those. Give us some transparency as to exactly what is the process, what will be the determining factors as to which one or all of those 12 will be put forward shortly, and will there be complete transparency as to what factors were used, what criteria were used in order to come to that list? You have mentioned the data will be provided at that time, but it is not just the data. I want to know how you have actually used that data to inform some sort of metric to determine that those are going to be the reforms you put forward. Please enlighten us.

Ms. Weichert. Sure.

For the proposals that do not require a change to authorities or funding, what we are doing now is we are working with the affected agencies, and we are working to determine what the operating model would be for moving that forward.

I talked about the background investigation process. That on its own is a meaty piece of work, and on that one, we have a body called the PAC that includes the Director of National Intelligence. It includes the DepSec for DOD. It includes the Director of OPM. It includes myself and a representative from the National Security Council (NSC). We are working through those issues as we speak.

Department of Defense is actually working on standing up the components, and together, we are working to bring those components so that we can address the civilian component as well as the DOD background investigations because, as I said before, trying to rip them apart while you are also transferring 70 percent is going to put the whole enterprise at risk. That is an example of one type of analysis.

Another type of analysis, the GEAR Center, which again it is one of my personal favorites, but it is actually looking at a place where we can have public dialogue that is informed by evidence, that is informed by leading thinking from academics in the private sector, and we are putting out a request for information (RFI) in the coming weeks that is asking for more information from the public about how we might stand that up. That will be a public request for information that is going out.

Customer service. My team is looking at how we might actually integrate some of that and build on things that the U.S. Digital Service is doing.
Each one of these proposals has kind of a slightly different track, but the other thing, to your broader question how does this all come together, 10 to 12 in and of itself, although they are not as large or as high profile as the things that need congressional activity, that is a lot of change. We do not have unlimited resources to manage change appropriately. The other activity that is not pure science is the art of what comes first and the art of staging, and that is something that in every change activity I have been in, it is informed by data. It is informed by a combination of you want to put some things that are hard but important and need to get started now with some things that are easier to achieve.

You cannot do all the hard things at the same time. We do not have the resources for that.

I apologize that I do not have perfect information to give you here, because it is part of a process, but rather than stonewalling or sledgehammering—like this thing right here, the Constitution, creates this creative tension that ensures that our drive for efficiency or our drive for action in the executive is tempered by your representation of the needs of the broader government.

Senator Peters. To hear that process, I assume this will be fully transparent as it actually works itself through?

Ms. Weichert. Yes.

Senator Peters. This will not be a black box? You are willing to talk to us even if we do not have a chance to have a hearing?

Ms. Weichert. Yes.

Senator Peters. Hopefully, we will, Mr. Chairman, have a hearing on those specifics. That you will be fully transparent to Members of this Committee, answer our questions? You mentioned that in your hearing for your nomination that you would be fully transparent——

Ms. Weichert. Yes.

Senator Peters [continuing]. Provide all that data? I have your commitment that as this process goes forward, you will do that?

Ms. Weichert. So again——

Senator Peters. And we can call you out if you do not. How is that?

Ms. Weichert. The key thing is I need to not create new processes while we are trying to reform government that has plenty of processes today. As much as possible, we are trying to leverage the processes that exist, and it is my bias to be as open and transparent as possible. I think the challenge——

Senator Peters. Well, it cannot just be your bias. It will be this Administration. You will deliver that to us?

Ms. Weichert. I will do my best to be appropriately transparent.

Senator Peters. How do you define appropriate?

Ms. Weichert. There is a general counsel (GC) that helps me with that. I am not just a private citizen here with my own desires. I am part of an institution, and so I have a motivated desire, as I have shared, to share the information that will make the change possible.

I need to be cognizant that I am part of an institution, a branch of government that has its historical precedent and has process.
My project, the business of government that we are involved in is much larger than the work that I am doing. Process has its point, and I have puts and takes on everything that I do.

Senator Peters. One reason why a lot of this reform has not happened in the past—and we hear it—is because of process. The process gets in the way.

Ms. Weichert. Yes.

Senator Peters. I would hope that you would also be very active in coming to us. If there is a process——

Ms. Weichert. Yes.

Senator Peters [continuing]. If someone is telling you, you cannot give Congress this information, will you be transparent at least to tell us that you are being told that you cannot give this information to us? Because we have to stop letting the process get in the way of meaningful reform, but make sure that that meaningful reform is actually based on objective data; it is actually based on information that is quantifiable that would be used in a corporate boardroom to make decisions, not based on ideology done in a black box. That is what the American people deserve. That is what this Committee hopes that we will deliver, but we need your help to do that. You need to be transparent and let us know where the process is getting in the way of us doing our job, which is to be the oversight committee for this reorganization.

Ms. Weichert. Yes. I appreciate that, and one of the leading business thinkers I quote a lot is a guy named Stephen Covey, who basically says, "If I cannot start with myself when change is happening, that I am not as well set up for success." My team knows that I am constantly pushing to ask why cannot we, how might we, what could we do.

Again, I am one person who I believe is in a position, a unique position right now to be able to take advantage of a spirit of change, a desire for real action, and I am in a great institution that has been here much longer than me. I have to balance those ideas.

Senator Peters. Thank you.

Chairman Johnson. I would point out that a corporate boardroom does not get the transcript of every conversation that took place between the people that developed the proposal, every email, every text. What they get is the proposal. They can get the work product with all the data backing up to the proposal, and that is what I expect to get is the rationale once the proposal is actually developed.

I am not expecting the product from the deliberative process. I am looking for the final product, the results from that deliberative process.

Senator Carper, are you ready?
OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Yes.

Ms. Weichert, very nice to see you. Thank you for joining us today and for your leadership. Thank you for taking on a tough job and presenting what your findings are and recommendations are today.

When we fell into the Great Recession back in 2009, our budget deficit ballooned to, as you may recall, about $1.4 trillion, the largest since really World War II.

In the years following that, the deficit has trended down and reached about $400 billion, maybe 5 or 6 years later. Still too much, but better than $1.4 trillion.

We are told by CBO now that the budget deficit has begun trending up, and we are looking at a deficit next year of a trillion dollars or more, and some people just say, “Well, ho hum, it is business as usual.” It cannot be business as usual, and we have to look at everything we do and ask if that is the right, smart way to do it. We have to look at our revenues. We have to look at our spending. This is an important undertaking.

This is, as you know, not the first time we have taken a look at the way we structure our government, and my approach to doing this as the former Chairman of this Committee would be to ask a lot of folks this question: What do you think? That includes Federal employees, and I do not know to what extent you have asked that question. But that is the way I ask all kinds of people: What do you think? People like to be included. Frankly, a lot of times, they have good ideas that would inform what we are working on.

In previous Administrations, including the last Administration, maybe the one before that, work was done—I know in the Clinton administration—with respect to reorganizing government. Among the people I would ask, “Well, what do you think?” are people who led those initiatives, and maybe you have done that.

Ms. WEICHERT. Yes.

Senator CARPER. If not, that would be helpful, I think, to you and certainly to us.

Senator Collins and I got involved in postal reform about 10 years or so ago and to try to put the Postal Service on sound footing, and everything was fine until we fell in the Great Recession. Then all kinds of businesses and people, but especially businesses decided to get out of the mail and to move lock, stock, and barrel to the Internet. As a result, First-Class Mail was dramatically reduced.

The Internet taketh away but also giveth back, and it has given the Postal Service a new line of business, which is packages and parcels really on steroids, which is a good thing.

I used to be State Treasurer of Delaware. I was State Treasurer of Delaware when we had the worst credit rating in the country. I became State Treasurer at the end of 1976. Pete du Pont became our Governor, turned out to be a very good Governor, and we had the worst credit rating in the country. And for a 20-year march from the worst credit rating in the country to the end of 1999, sometime in 1999, my last year—2000, my last year as Governor, we earned AAA credit ratings.
And I will never forget meeting with the folks from Fitch, S&P, and Moody's, and they said to us, “You you have made great progress over 20 years in Delaware, but you still have one big liability you have not addressed.” We said, “Well, what is that?” They said, “You have a lot of retirees, and you have fully funded a pension system for the State, but you have not done anything to fund health care benefits for your State retirees,” and they said, “You need to do something about that.”

We looked around. We saw, well, nobody else is doing that. Businesses do not do that. States do not do that. They said, “It does not matter. You should do that.”

We began setting aside some money. We still set aside some money every year to fund the health care benefits of State employees. Some other States do this as well.

I have asked my staff to look at Fortune 100 companies: How many of them actually fund the health care benefits for their pensioners? Almost nobody. How many of the Fortune 500 fully fund the health care benefits for their pensioners? Almost nobody. Fortune 1000? Almost nobody.

What we had to agree to do with George W. Bush’s administration was to actually have a deal on postal reform in 2007 to fully fund, do something we do not ask any other company or government in the country to do, and that is to fully fund over relatively a few years the health care liability for their pensioners. I always like to say the government should act more like a business. In some cases, we should.

Well, if we are going to ask the Postal Service to act more like a business in this case, we would not be asking to put any money aside for their health care liabilities. That is the 800-pound gorilla in the room in terms of the postal viability, and sometimes we take our eyes off of that.

I have worked on this for years. Susan has. Senator Jerry Moran, Senator Roy Blunt, and the Ranking Member have worked on it. Senator Heitkamp. We have asked a lot of questions: What do you think we should do?

If I were in your shoes, if I were in the shoes of Secretary Mnuchin who is leading up this postal reform task force, I would have asked to meet with us and say, “Well, what do you think?” To my knowledge, we have had no such request.

If we are going to do anything on postal reform, you are going to need our cooperation, and I am not telling you how to do your job, but take advantage of that opportunity.

I understand the folks who worked on this particular issue within this task force are now part of the team that Secretary Mnuchin is leading. They have sort of gone from working on this endeavor to going over and working in the Mnuchin-led task force. It sounds to me like this could be pre-baked, but I hope not. I hope not because this is one we can fix. This is one we can fix, and my hope is we will do that.

Let me ask one question. Sorry to go on so long about the Postal Service. My wife asked me when I die, what would I like to have put on my tombstone, and I have said I would like for it to say “Return to Sender.” That sort of explains my affection for the Postal Service. [Laughter.]
It takes a while to get that.

Chairman JOHNSON. I guess that should be granted.

Senator CARPER. Hopefully, that will not be too soon.

Real quick on the Army Corps of Engineers. Obviously, with any change, one needs to start by identifying the problem to be solved, and one or two specific concerns regarding the Army Corps of Engineers current structure that the President’s plan is intended to fix, and how does that plan address those issues, please?

Ms. W EICHERT. OK. The Army Corps proposal essentially looks at the fact that particularly for our rivers and inland waterways, there are multiple agencies involved in all of the mission areas, and they are diverse mission areas, everything from protecting endangered species to managing locks, managing ports, and managing flood protection. There is a lot of overlap, but more importantly, there is a lot of fragmentation that creates challenges when people are actually trying to make a decision or actually get something done.

The main changes there were—first of all, only 22 percent of the whole mission is civilian. Something in the Army where the Army has a much bigger mission about warfighting, it is potentially going to get neglected in the broader area where there are important missions. Particularly with flooding and a lot of other issues we have seen, we want better management around that and to streamline that process and to make it easier to get things done appropriately and also not have conflicting decisions around, Director Mulvaney did the fish in the river. It is a funny story, but literally because there are different species and there are so many people involved and the Army Corps sits in the middle of all of that, we might make different decisions about how much water is let out of a dam and that could have impacts for that.

There are environmental issues. There are flood control issues. There are permitting issues, and then there is the overall focus and attention.

Senator CARPER. All right. Thanks. Thanks so much. I have some more questions for the record, and, Mr. Chairman, thank you for letting me go on.

I would just say on postal, I am not going to suggest this liability to health care, liability of pensioners should be ignored. It should not be, but we should not just hold out the Postal Service as the poster child to do something——

Ms. WEICHERT. Right.

Senator CARPER [continuing]. That we are not asking for other companies or other government agencies.

Thank you so much. We look forward to working with you on these. Thank you.

Chairman JOHNSON. First of all, the “Return to Sender” comment was well worth your questioning time.

I will say I have met with the task force, and I have been keeping up with it. My sense is they really are trying to do that. First up in problem-solving process was develop the information, which I have been trying to develop. It is like pulling teeth to a certain extent. It sounds like they have a pretty competent team to develop that baseline of information we need to actually develop some kind of proposal, so I am hoping that is the direction they are going.
Senator McCaskill is on a timeframe. She wanted to ask a question or two real quick, if that is——

Senator MCCASKILL. I did not want to have to leave the hearing without looping around with you.

You have an opportunity, and I certainly cannot say strongly enough how much I want to go forward in a bipartisan basis to make changes that make sense. If the attitude—what it feels like it has been so far—is we are going to closely hold information until we get far enough along in the process that they cannot dive in too far to figure out how we got here—and ultimately, the data you give us is going to be what you choose to give us, and the worst thing in terms of efficiencies is to have lawsuits over executive power.

Ms. WEICHERT. Yes.

Senator MCCASKILL. That is not efficient.

Ms. WEICHERT. Yes.

Senator MCCASKILL. If there are some bold moves made within the Executive Branch without legislative buy-in, you are not going to get efficiencies.

Ms. WEICHERT. Right.

Senator MCCASKILL. You are going to get a food fight.

Ms. WEICHERT. Yes.

Senator MCCASKILL. I just want to stress to you, trust us if you want us to trust you.

Ms. WEICHERT. Yes.

Senator MCCASKILL. If you will deal with us in good faith and not stonewall us on a basic question, “Give us the number of proposals you think need legislative action,” that is not a high bar for information.

Ms. WEICHERT. Thirty.

Senator MCCASKILL. OK. I need to know which 30 they are. So far, you all have refused to give my staff that information.

I do not know where your staff is getting their marching orders, but the fact that your staff has refused to tell us which 30 proposals you think need legislative action and what that is, that breeds distrust, which is the antidote to good bipartisan work that we can do here.

If you will begin to share and not stonewall, I think you might be pleasantly surprised how cooperative many of us are. You are not going to get 85 votes, but I damn well bet you, you could get to 60. If you want to do that—because other administrations, this will be marked as an F and will go in the dust bin of history if you do not get the trust and cooperation of Democrats that want the same goal as you want. And I am one of them.

Ms. WEICHERT. Yes.

Senator MCCASKILL. Give me a chance to work with you before you put up the wall and say we are not ready to tell you anything. Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Harris.
OPENING STATEMENT OF SENATOR HARRIS

Senator HARRIS. Thank you.

The Administration released a set of three Executive Orders that seem to be aimed at weakening the unions that represent Federal workers, and then coupled with the Administration’s reorganization proposal, these actions frankly seem to be targeted at dedicated public servants and I think have the potential to really harm the American public in terms of the quality of service the American public will receive as a result of that. I am concerned about these Executive Orders.

My question for you is, Do the agencies have discretion to deviate from the mandates that are contained in the three Executive Orders that are affecting Federal employees?

Ms. WEICHERT. The Executive Orders were designed to really get back to the merit system principles that are set out guiding our overall civil service structure and in total we are really looking at how do we preserve that.

I think the agencies have been given guidance around some of these components. I think additional guidance is forthcoming, and I think that will be available.

Senator HARRIS. Is that guidance going to direct that the agencies have discretion to deviate from the mandates that are contained in the Executive Orders?

Ms. WEICHERT. Each Cabinet official is going to obviously take—or agency head is going to take the guidance that they were given and interpret it and comply with it as it fits in their purview.

Senator HARRIS. There is no standard for all agencies? Each agency head can do as she or he wills as it relates to an interpretation of an Executive Order?

Ms. WEICHERT. Based on the guidance that they are given.

Senator HARRIS. Are they going to be guided that they have discretion to deviate from the mandate?

Ms. WEICHERT. I would like the guidance to speak for itself. If there is a specific concern you have, I would be happy to take that back.

Senator HARRIS. Yes. The concern would be as it relates to Federal employees and specifically with regard to the Executive Order on official time, and my concern is whether the agencies have discretion to negotiate to allow more than 25 percent of an employee’s time in a calendar year to be used for official time. As you are aware, official time is used for things like helping the employees report fraud and waste. It helps them pursue whatever may be a concern about sexual harassment in the workplace. Things of that nature are the issues that are addressed when official time is being used.

Ms. WEICHERT. Yes. On official time, the notion was that there were people spending up to 100 percent of their time, including things like nurses and doctors at the U.S. Department of Veterans Affairs (VA) on official times are being paid for by American taxpayers but not serving the direct mission of what the taxpayers are paying for, and so the guidance around official time is the 25 percent number.

Senator HARRIS. But would not you agree that good public policy is not crafted around the abuses? We will address the abuses when
they occur. Good public policy should be addressed at improving efficiency and effectiveness, and certainly, we know the use of official time is effective use of time to address workplace issues and particularly those issues that may harm or affect employees in the work force.

Ms. WEICHERT. Yes. Absolutely, when we are talking about protecting against waste, fraud, and abuse and whistleblower activities—I am actually the executive chair of the CIGIE.

Senator HARRIS. Well, that is carved out, the whistleblower piece, right?

Ms. WEICHERT. Right.

Senator HARRIS. This is about everything else.

Ms. WEICHERT. Correct. Much of your concern, I think, at its root is concern about that waste, fraud, and abuse component, and that is carved out. The guidance does address that.

Senator HARRIS. What about sexual harassment?

Ms. WEICHERT. I think it is a critical issue, and I cannot speak explicitly to that point in the guidance, but I would be happy to look at it and——

Senator HARRIS. Please do and follow up.

Ms. WEICHERT. Sure.

Senator HARRIS. Thank you.

Do the agencies have discretion to negotiate to allow union officials to use official time to handle grievances that are filed by the union rather than for the employee to request the official time?

Senator HARRIS. Again, I do not want to give you the wrong answer, so I would want to get back to you on that.

Senator HARRIS. OK.

How many employees do you believe and expect will be removed under this reorganization plan?

Ms. WEICHERT. Although the initial conversation and the initial Executive Order had a flavor around reduction in force, when we actually did the analysis—and I have shared some of this data publicly—the issue we have in government is not that we have too many Federal employees. The issue is that we actually have a mass of Federal employees set to retire within the next 10 years. We actually have a challenge of having the right number of Federal employees in the right tasks, and so a lot of what we focused on since I have gotten involved is how do we get the right people to the right task. There are no specific reductions in force envisioned in this proposal.

There may be some dislocation areas where either there is a skill gap challenge or some other mismatch between the future State and the current State, but in general, the goal is not reductions in force.

Senator HARRIS. Is your representation to this Committee that there will be no Federal employees removed from their employment with the Federal Government pursuant to this reorganization plan?

Ms. WEICHERT. That is not my representation.

Senator HARRIS. What is your statement on that? How many will be removed?

Ms. WEICHERT. I do not know the answer to that. It would come in dislocation, but the goal is not to remove employees. The goal is actually—and we have made a request to Congress for a billion
dollars in a reskilling, retention, and recruitment activity to ensure we have the right skills mismatch.

To the extent there is any dislocation, it would relate to the skills being a match for the mission.

Senator HARRIS. OK. I only have a few seconds left.

You said earlier that there will be 10 to 12 agencies in terms of the workforce changes, but you did not say which of those you are moving forward with. Can you tell me which agencies are we talking about in regard to the reorganization plan and those that can be done without congressional approval? Which are the 10 to 12 agencies?

Ms. WEICHERT. It is not 10 to 12 agencies. It is 10 to 12 proposals, and many of the proposals, like the background investigation proposals, affect multiple agencies.

As I shared a fair bit, we will have more information for that toward the end of this summer.

Senator HARRIS. I have this document, and then each proposal has a number next to it. Can you tell me which ones, according to the numbers that have been assigned to each proposal, can be done from your opinion without congressional approval?

Ms. WEICHERT. Again, I shared some examples, the challenge I had mentioned earlier around providing lists when we still have not done the assessment of which things are we ready to move on. We are looking at 10 to 12 things. I shared the background investigation component, the cyber workforce component, the customer experience, and the GEAR Center.

Senator HARRIS. Yes. If I may interrupt you, but you may not be prepared to move forward on it. But that is a separate point from whether you think you can move forward on your own or whether you require a congressional approval.

My question is on that latter point. Which one of these proposals do you believe, when you are ready, you would be able to proceed without congressional approval?

Ms. WEICHERT. Again, what I shared earlier is that—and I also shared it in the committee with the House last month—is we are spending this summer doing that final analysis, and so there are 10 to 12 that we are looking at right now. We are making the final definitive assessment, because as you could imagine, our counsel wants to look in and make sure that our initial hypothesis is valid.

In the end, it might not be 10 to 12. It might be eight. I cannot definitively tell you that because we want to be thoughtful. We want to be prudent about actually doing that analysis and running that through a legal process as well as an analytical one.

Senator HARRIS. I think that would be a smart thing to do. Thank you.

Chairman JOHNSON. Senator Hoeven.

OPENING STATEMENT OF SENATOR HOEVEN

Senator HOEVEN. Thank you, Mr. Chairman.

Ms. Weichert, the plan proposes to move the Army Corps of Engineers, civil works, out of the DOD. The commercial navigation function would go to the DOT, and the flood control functions would go to the Department of Interior (DOI).
Are you going to continue to use uniformed military officers for those functions, or then would that all be done by civilians?

Ms. Weichert. The details of that would be one of the things we would want to work out.

I think one of the things that we all acknowledge is that the leadership development discipline that the Army has brought to the Army Corps of Engineers is one of the things that is exceedingly good about the Corps. The challenge is that because only 22 percent of their resources are spent on civilian works, it is not necessarily the highest priority for the military. I think that particular question would be one of the things we would want to have a discussion about.

Senator Hoeven. That is a pretty massive change. Is that the kind of change you are talking about making administratively rather than via legislation?

Ms. Weichert. Absolutely not. No. This is one that would require congressional involvement.

Senator Hoeven. This is something where you are doing an analysis on whether these functions could be done better by moving them to civilian——

Ms. Weichert. The vision again was this was one of the top-down proposals, and it reflects a lot of feedback that we got about challenges, both to a range of missions, whether they were environmental missions, flood control missions, or transportation project missions. There is a lot of research that has been done, and I believe this Committee may have even looked at issues around permitting and some of the challenges there.

The root causes of this proposals are varied and myriad, but this was fundamentally a top-down proposal to say Department of Interior is doing a lot in certain areas of the mission, Transportation is doing a lot in certain areas. The functions sitting in the Department of Defense are perhaps not getting the full attention that we would want to dedicate to those civilian missions.

Senator Hoeven. Your proposal also includes a section titled Solving the Federal Cybersecurity Workforce Shortage, details How the Federal Government struggles to recruit and retain cybersecurity professionals.

Senator Peters and I have introduced legislation, the Federal Cyber Rotational Program Act, and it is a rotational program for employees with cyber designations similar to the joint duty programs that the military has now.

My question is, Do you support that kind of rotational program for Federal civilian cyber employees, and are you open to it? Do you think it has benefits, and are you willing to work with us on it?

Ms. Weichert. Absolutely willing to work with you on it. I think it is well aligned. I am not deeply familiar enough to be able to weigh in on any particulars, but what I can say and what I know about it at the highest level is it feels very much aligned. In fact, the proposal we actually envisioned, although there are things we can do without legislative action that we have outlined in the proposal, that we would want to actually think organizationally about how would we take into account things that this body and yourselves have proposed as well as some ideas that have come up in the House.
Senator Hoeven. In the realm of small business—and small businesses make up 96 percent of the businesses in our State and obviously are really the backbone of our economy nationally and create most of the jobs—you have a pretty big reorganization plan for small business programs in general. It affects Department of Agricultural, Transportation, Treasury, Veterans Affairs, and it looks like you are essentially taking all the programs relating to small business from all these different agencies and saying, OK, we are going to put them under the Small Business Administration (SBA).

Now, I have always been a big fan of the SBA. I think they do a great job and appreciate what they do very much, but now, if we are going to take all these programs, put them into SBA, I mean, are we going to get into this, Federal one-size-fits-all bureaucracy, which, of course, is my fear? Being a former Governor, I think the more you can let States do, the better off we are because they can respond to the needs in their State, and those needs differ across the country.

When we get these big monolithic Federal agencies, pretty soon they are making the customer fit their program and their regulations and their bureaucracy rather than making those programs fit the customer, that small business out there that is trying to get something done.

It is one thing for these giant corporations, with all their resources and attorneys and everything else to fight their way through that bureaucratic blizzard, but it is darn tough for a small businesses.

Ms. Weichert. Right.

Senator Hoeven. As you make this change, are you really empowering these small business programs, or are you going to turn it into a big old bureaucracy where you cannot even find somebody that is supposed to help you, let alone actually get the help?

Ms. Weichert. I think it is a great question, and I have started to——

Senator Hoeven. You can kind of sense where I am going with it.

Ms. Weichert. No, absolutely. I have started three small businesses, and I have a deep affinity for this subject.

This proposal actually was one that started with the service element: How do we serve small businesses, and how do we keep them from having to run hither and yon to get stuff done? That is actually one of the things we as a country do pretty well.

When I think about the appropriate analogy from the private sector, I ran strategy, innovation, and business development, as well as analytics, for Bank of America's e-commerce, ATM, and mobile channels. We had service to our customers—and it included small business—that included product areas that were delivered by all kinds of parts of the Bank, but we delivered them in an integrated way.

Did all the piece parts move in order to do that? Absolutely not. This proposal, I think, is another one where a good robust dialogue with Congress about how do we make this happen so that it really does cut through the red tape for the small businesses and make that transparent to the small business. Some of the functions
might actually move if we think there are real efficiencies. Some of it may simply be a way of conceiving and advocating for that small business to say does this end-to-end make sense.

Small businesses in your State, do they have a high overlap between agriculture activities and commerce activities today? What is the best way to bring that together? At this point, I cannot definitively say that. You may have the better idea about that, but that, I think, would be a great substantive discussion rather than the goal being creating some behemoth organization.

Senator HEVEN. Yes. I think if you can achieve that, where you reduce the red tape, the bureaucracy, and really empower those programs to serve the customer based on the customer circumstances, the small business out there, rather than trying to make them conform to some big one-size-fits-all model, then that is the kind of thing that could be of benefit. But you have to be careful as you do this to make sure you are achieving that.

Ms. WEICHERT. Right. Because a small business farmer, a small business high-tech company, and a hair dresser may have very different needs in terms of how they interact with government. To your point, we have to be careful we do not want to lose sight of what we are really trying to do.

Senator HEVEN. Well, that is it. I mean, right now our farmers produce the highest-quality, lowest-cost food supply in the world that benefits every single American, every single day. We cannot take some of those things for granted as we make these changes, and that is just one area.

But Department of Agriculture, at least they are focused on the farmer. If some agriculture business now has to go into some big bureaucracy that does not know squat about agriculture or rural America, it could be counterproductive.

Ms. WEICHERT. Yes. I think that is critical, and actually, when I was in Kansas City, I met with a bunch of farmers. One of their biggest criticisms of government was “I am a business. I am not an individual, and everything that I go to do with USDA treats me like an individual, but I am an LLC. I am a multigenerational family business. I need to be treated like a business.” That really stuck with me.

Senator HEVEN. OK. Thank you.

Chairman JOHNSON. Those are exactly the kind of questions we will be asking once you have these proposals fleshed out.

Ms. WEICHERT. Right.

Chairman JOHNSON. Senator Daines.

OPENING STATEMENT OF SENATOR DAINE

Senator DAINE. Thank you, Mr. Chairman. Thanks for holding this hearing today.

Like the Chairman, I went directly from the private sector to Congress; like the Chairman, I spent decades in the private sector.

I want to applaud the Trump administration for initiating this effort here of how do we eliminate the duplication and redundancy in the Federal Government, how do we improve efficiency, effectiveness, and accountability.

Can you imagine if we had James Madison and Thomas Jefferson at this witness table here today and asked them, “So take a
look at what is going on in the Federal Government, and what do you think? Is it panning out like you thought it would with this vision of limited government?” as they put forward this amazing vision, this American experiment, this American idea? I think they would be shocked at what they see, and I want to thank you for tackling the swamp and the efforts that you are doing here to reorganize and reform the way the Federal Government operates today.

I think back to the countless conversations I have had with Montanans as I travel around our State. I get to all 56 counties, every congressional period, every 2 years. They overwhelmingly agree that the Federal Government is broken. It makes their lives more complicated. The government has forgotten who the customer is in the transaction, and the reason for that is there is no competition. Having spent time in the private sector, as you have, Ms. Weichert, you know that the reason you get better is because of competitive forces. You have to keep delivering better value and a better customer experience, or else your customer goes somewhere else. But when you have a captive audience like the Federal Government does, where are the incentives to do that? I am convinced that most often, these bureaucracies, when they wake up every morning, they are more focused on serving the bureaucracy and how do you keep the status quo than changing things to better serve the customer, so thank you. I think this is the President once again making good on promises he made to the American people and why he is the President.

Healthy organizations embrace change. Healthy organizations adapt to better meet the needs of their customers. That is the nature of reform that you see in the private sector, but here in Washington, DC, just listening to this dialogue between members of the Senate and yourself, it seems that President Trump’s opponents would rather quash any real reform discussion and seek to preserve the status quo. I think they have forgotten who the customer is, and if I need to remind everybody again, the customer is the taxpayer of the United States of America.

Ms. Weichert, as it stands now, you have estimated the transformation is going to last between 3 to 5 years. I think that is a realistic assessment. Should these discussions stall on Capitol Hill, what aspects of the proposal are most at risk?

Ms. Weichert, I think the biggest elements of the proposal that are at risk are the ones that frankly are the result of our top-down analysis and synthesis of the GAO reports. The biggest issues are also some of the strengths of—what is set out in the Constitution is this natural tension. Corporations have a very strong executive that can make even the language executive decisionmaking. Our democracy was not designed that way. It was not designed for efficiency. Some of these hard overlapping areas where you have big dueling bureaucracies and particularly if they are in different jurisdictions, I think those are some of the biggest challenges, and that is frankly why we want to have this process be open and not just jump precipitously into those things that need congressional help.

Part of what for me this process is about and why even the conversation here is useful is to get a sense of what might we do together because I think that is the place the American people will absolutely be livid if we do not move forward.
In the President’s Management Agenda, we started out talking about trust in government, and that is not an Article I, Article II combat issue. The trust problem is about all of us, and the American people do not trust us. The trust has been declining because we cannot get our act together.

My hope is that collectively we can—whether it is small businesses, whether it is mission around our inland waterways, whether it is our mission around cybersecurity, if we can get traction on a handful of proposals—and that is part of why we have broken it out the way we have, unlike how it has been characterized, we are not trying to stonewall. We are trying to actually line up change that can happen.

I love that you referenced Montana and what happens at the State level in the context of competition because State governments know that people can move across State lines. They do it all the time, and if a State Governor does not get his act together or her act together, people leave. Businesses leave.

Senator Daines. And they are right now too.

Ms. Weichert. Right.

Senator Daines. We can see it across our country. They are leaving States that tend to have higher taxes, more regulation than other States.

Ms. Weichert. Right.

There is a lot to learn, and I actually indicated my interest in learning more from what has happened at the State and local level.

Senator Daines. I think that federalism vision is a good one on that, to decentralize this behemoth here in Washington, DC.

I want to jump in, while my time remains, on a specific, and Senator Hoeven touched on this a bit. I was pleased to see this idea of consolidating the background investigations from OPM to DOD. My understanding is last year OPM backlog exceeded 700,000 investigations with no end in sight. It prevents the military from filling positions that are critical to national security, and it seems to me on the surface that shifting the responsibility to DOD seems like it is probably a prudent decision.

I agree with you, and I have been involved in reform efforts in larger businesses. You set a bold vision going forward, but then you have to start eating that elephant one bite at a time. You cannot go off and boil the ocean. It is going to have to get some wins in some important areas. This could be one of them.

Ms. Weichert, could you provide an update on OPM’s current investigation backlog and how what you have proposed might help resolve this perennial problem? Because when you have this backlog in background checks, you have outstanding, qualified people ready to fill a position, but because the background check is taking far too long, the best people leave and go find different work because they cannot stand there waiting for this. The folks you have left sometimes are not your top performers.

Ms. Weichert. Yes. I appreciate that question, and you are precisely right. The urgency around this proposal is it is critical to what we laid out in the President’s Management Agenda. We cannot do the mission if we do not have the right people with the right skills, and getting people in, particularly the best people do not wait a year.
In terms of the specific number, the last number I heard was 700,000. I do not have an updated number. We could certainly get back to you and provide an answer for the record.

But the goal of this activity is to, again, shine a light on this, keep the function together, because there is really critical talent that does that, but we also at the same time have to look at the nature of the work changing.

As the skills in government become more about judgment and orientation as opposed to clerical skills, the nature of the background investigations and the level of the background investigations is different. The mix of work is different, and so we need to look at what are the leading practices, including using information technology (IT), continuous evaluation, that both improve our outcomes and in terms of identifying potential bad actors, but also improve throughput. That is a dual process, and we believe that certainly the resources, the financial resources and the human resources (HR) will be brought to bear by the Department of Defense as part of this transition.

But we continue to maintain in my role as Deputy Director for Management advocating for the whole of government. We are going to be looking at service levels. We are going to be looking at this backlog.

Senator Daines. Yes.

Ms. Weichert. This is something I am totally in agreement with.

Senator Daines. I know it is one of your high priorities.

I will yield back to the Chairman here.

But thank you, too, for focusing on the customer experience. Many Americans, they walk into a Federal agency are not expecting a great customer experience, and I go back to—we used to require Ken Blanchard’s book, “Raving Fans,” as a required reading.

Ms. Weichert. Yes.


Ms. Weichert. Yes.

Senator Daines. Let us see if we can do that in the Federal Government.

Ms. Weichert. Yes. I will take “OK” if we can get there.

Senator Daines. All right. Thank you.

Chairman Johnson. Thanks, Senator Daines.

By the way, I think it was pretty interesting. I appreciate you bringing up our Founding Fathers. First of all, I think they would be pretty proud of the fact that we survived 242 years. I am not sure they thought that was possible. They would be pretty proud that the checks that they put in place worked pretty well for almost two centuries.

They would probably be disappointed that the Federal Government has busted out of the constraints of the enumerated powers. I do not think they would be surprised at all at the inefficiency that is a result of that.

But I think they would be pretty encouraged by an effort like this that is trying to restrain it, trying to make it a little more efficient, more effective, and although not perfect, it is still working. And we still have a pretty bright future.
They may be spinning in their graves right now. Hopefully, we can maybe reduce that spin rate a little bit in terms of what Ms. Weichert is trying to accomplish here.

Senator Carper has one last question before I close it out.

Senator CARPER. Thanks, Mr. Chairman.

One of the things we do in our office, Mr. Chairman, is—I succeeded Senator Bill Roth used to chair this Committee, and his picture is right out here in the anteroom. He had a great reputation. His staff had a great reputation for constituent service.

When I succeeded him, I said that we were going to try to replicate that and maybe even ultimately do better. With technology, we ought to be able to do better.

One of the things we do at the beginning of every month, we send out a survey to people we served the previous month. Like at the beginning of July, we sent out a survey for those that we served in June, and there used to be by snail-mail paper, but now it is almost entirely on the Internet. We get about a 20 percent response rate from the folks that we query, and we ask them to evaluate our service, excellent, good, fair, or poor. The ones who do not go back and say excellent or good, we call them to see what we could have done better.

The last I checked for 17 years, we are running 97 percent excellent or good and 2 percent, I think, fair; 1 percent, poor. We know we can do better. Everything we do, I do, I know we can do it. We are very proud of that, and we try to—and it is one of the things we have orientation for new Senators. It is one of the ideas we pass on to our new Senators that they might want to keep it in mind, but others probably have a better idea. But it is just one idea that seems to work.

Every month when we get responses back over the Internet with these surveys, they say, “Why was it excellent, good, fair, or poor?” It is sort of like a reinforcement for the employee, for our constituents, and for the services team. It is usually very good reinforcement.

Two quick questions, if I can. I do not expect in-depth responses, Ms. Weichert, but I do want to come back and just ask you to just comment briefly on how the opinions of front-line Federal employees were considered in the drafting of this report.

Ms. WEICHERT. Thanks for that question. Most of the agencies actually involved their employees in that. I think there is actually a good description of what Interior did that is coming up in a hearing in the coming days. I think individual agencies will share that, but we shared the public comments with the agencies. Then they solicited agencies, and did the career feedback as well.

Senator CARPER. OK. I always used to say, “Ask your customer.” You have probably done that too. Both of you have, but in some cases, it is good to ask your employees as well——

Ms. WEICHERT. Yes.

Senator CARPER [continuing]. Because this is their life.

Ms. WEICHERT. Yes. I think the Federal Employee Viewpoint Survey (FEVS) was also something that informed the overall thinking around the proposals particularly related to the workforce.

Senator CARPER. The second question is you mentioned earlier that—and I think you said in the next 10 years, some huge per-
centage of our Federal workforce is going to be eligible to retire. What did you say? Forty percent? Fifty percent?

Ms. WEICHERT. It is 60 percent in the next 10 years and then 40 percent in the next 3 years.

Senator CARPER. OK. That sort of caused me to ask this last question, and that would be, How does this plan try to ensure that we are able to recruit and retain a world-class workforce?

Ms. WEICHERT. There are a number of things in the proposal. The background investigation piece is part of it. The proposal around OPM really is designed at its core. It has gotten a lot of noise about the Executive Office of the President (EOP) specifically, but the goal was to elevate the strategic function, to really ensure we are recruiting, retaining, and reskilling employees, so we have the right skills match. That is something I would love further in-depth dialogue on.

Senator CARPER. All right. Thank you.

All right. Thanks so much.

Chairman JOHNSON. Thanks, Senator Carper.

By the way, I think you raised a really interesting point. I am glad you asked the question about the retiring workforce. I do not know about you, Ms. Weichert, but in business, every time I faced a problem—and you are facing problems almost daily—the first question I always ask is “Where is the opportunity here?”

Ms. WEICHERT. Yes.

Chairman JOHNSON. “Where is the opportunity?” Obviously, that is a huge problem. It almost begs reorganization. It almost begs efficiency, and so there is an opportunity there as well.

Ms. Weichert, I really do appreciate the background you bring to this, the experience. Hard to think of a better resume of somebody to try and tackle this enormous problem. I think it is just a fact that the American people, by and large, do not have a real favorable opinion of the efficiency, effectiveness of this place.

I appreciate the fact that this Administration, again, is thinking big, thinking outside the box and willing to take the slings and arrows as you are trying to effect change because people, human beings just naturally are resistant to change. I understand that. Not quite understanding why there was kind of the pushback here in terms of a sense of a lack of cooperation. I do not know how else you could do this.

I truly appreciate your transparency. You have been meeting with members. I assume you will continue to meet with them. This begins the process. I want to underscore that again: This just begins the process. We are a long ways from the finish line.

Now, maybe on individual proposals, it might be a little bit closer; but I expect full consultation. I would imagine that you also have understood the desire on the part of every person on this Committee of full consultation, and it is just in your best interest to actually accomplish what you want to accomplish, to provide that and to provide us the information. That in itself will be a more efficient way of doing this.

I just want to thank you for your openness. I look forward to working with you in the future, and I just wish you—and I think the American public and I think the Members of this Committee really wish you the best to affect the kind of change that will make
this a little more efficient, more effective, a little more accountable government.

With that, the hearing record will remain open for 15 days until August 2 at 5 p.m. for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 12:24 p.m., the Committee was adjourned.]
Good morning and welcome,

When I travel around Wisconsin and other parts of the country, I often make the following request to the audience: “Raise your hand if you think the federal government is effective and efficient.” Of the tens of thousands of Americans that I have asked this to, only a couple hundred have raised their hands. This is not surprising; the federal government is a $4.2 trillion entity that keeps growing by the day, with nearly $21 trillion in gross debt and headed for an $873 billion budget deficit this year. Unless the executive branch and Congress curb this growth, the federal government will remain unable to provide effective services to the American public while at the same time driving up our nation’s deficit and long-term debt.

That is why I was pleased when this administration released its plan to reform and reorganize the federal government. This plan lays out more than 30 proposals for both government-wide and agency-specific reforms with the goal of being a more efficient service provider and a more accountable steward of taxpayer dollars. I welcome this “outside-the-box” thinking to improve how the government works for the American people.

Government reorganization is not a new concept. Between 1932 and 1984, presidents used reorganization authority to submit more than 100 reorganization plans to Congress for minor and large-scale reforms. Most recently, in 2012, Senators Joe Lieberman and Mark Warner introduced legislation to provide President Obama the reorganization authority he requested.

To support this Administration’s government reorganization efforts, I and Senator James Lankford introduced the Reforming Government Act of 2018. Modeled after the 2012 legislation, this bill will allow the administration to submit its reorganization proposals to Congress for expedited consideration and approval. The bill also requires the Office of Management and Budget to certify that a reorganization plan will result in cost savings to taxpayers.

To hear more about the Administration’s government reform plan and reorganization recommendations, I am pleased to welcome Margaret Weichert, the Deputy Director of Management at the Office of Management and Budget. I thank her for her service and look forward to her testimony.
Reshaping American Government in the 21st Century

Chairman Johnson, Ranking Member McCaskill, and members of the Committee:

Thank you for having me here today.

Healthy organizations are designed to change and adapt to customer needs and the demands of the free market. The United States Government should be no different. Our Founders conceived a remarkably durable governing framework and Constitution to serve the American people. However, our current Federal Government organization model has not kept pace with the needs of the 21st Century.

Despite dramatic changes in technology, today’s Federal Government still operates much like it did 50, or 60 years ago. Current government infrastructure is not well organized or aligned to provide the service and flexibility that Americans expect in the Digital Age.
Americans expect convenience, and use online shopping, mobile banking, and other modern solutions to make their lives simpler. So I cringe when I hear how inefficient it is for Americans to interact with Federal agencies because of the layers of organizational bureaucracy that have grown over time. This is not how Americans want government to operate.

Job seekers have to navigate more than 40 workforce development programs across 15 agencies, while small businesses face overlapping and bureaucratic certification processes and complicated paperwork challenges every time they try to work with the many different parts of government with jurisdiction or focus on small business. Poultry companies deal with multiple government offices and time-consuming paperwork because chickens and their eggs are regulated by different agencies. Even simple things like frozen pizza are affected by government complexity, since cheese pizza and pepperoni pizza are regulated by different organizations. There are numerous other examples of how fish in our rivers are affected by regulations from 4 different agencies, and basic infrastructure projects for our roads and in our ports face organizational complexity and costly regulatory overhead that can delay investments by years.

And recently, while visiting Federal facilities in Kansas City, I learned firsthand how veterans struggle to navigate across the Department of Veterans Affairs and the Social Security Administration to figure out how to handle their medical and disability benefits, not to mention the challenges on navigating across a host of agencies to get access to well-meaning, veteran-specific services or benefits delivered by the Office of Personnel Management, the Department of Labor or the Small Business Administration. These programs were conceived with positive intent, and paid for by supportive taxpayers, but it can be hard for veterans to find clear information and comprehensive resources because of the organizational complexity of our government structure.
This Administration recognizes these challenges and frustrations. As a result, in March 2017, President Trump issued an Executive Order 13781 directing the Office of Management and Budget (OMB) to work with key stakeholders to produce a comprehensive plan to reform and reorganize the Government to better meet the needs of the American people. This reorganization plan is intended to balance the mission, service, and stewardship responsibilities of the Executive Branch, while reducing inefficiency, risk, and duplication.

At its core, reorganization aims to increase the efficiency, effectiveness, and accountability of how government serves its people. It’s not uncommon to see a large company change and realign its business model to respond to evolving technologies and customer needs. Even though its mission and priorities are different, the Federal government should be similarly responsive to changing customer expectations and technology-enabled opportunities to enhance mission delivery.

While it can be difficult to break through bureaucratic red tape and restructure old, paper-based processes, it’s not impossible. Concrete efforts to drive this change are highlighted in the President’s Management Agenda (PMA) released in March of this year. The PMA is the Administration’s blueprint for investing in IT modernization, effective use of data and providing the tools for our workforce to better serve the country. By realigning our own business model, we will be able to streamline processes that help the economy and create jobs.

Over the past year, OMB reviewed reform and reorganization proposals from Federal agencies and solicited ideas through the White House website, where we received suggestions from the public, academics, interest groups, and Federal employees. In fact over 106,000 public comments came in from Americans interested in seeing their Government work more efficiently, and we shared this important feedback with the relevant agencies to inform the proposals that they submitted to OMB. We also assessed leading organization design frameworks, think tank recommendations and input from business journals. After synthesizing
this information, we developed reorganization and reform recommendations included in the report released last month: Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations.

Ultimately, report recommendations included both “top down” and “bottom up” transformational proposals for near- and long term changes. It represents a starting point for the public dialogue on much-needed government transformation. This approach takes into account the challenges and difficulties that have limited progress on past proposals, focusing on creating a holistic, “all of government” blueprint for organizational change that will truly address entrenched, outdated and bureaucratic organizational constructs, signaling a new direction for the future.

Many of the proposals included in the report draw on years of research and recommendations coming out of the Government Accountability Office (GAO), including the GAO High Risk Lists and reports on fragmentation and duplication within the Federal Government.

Given the seriousness and import of the analytical task and its potential for major impact to our government missions and to our workforce, our team at the Office of Management and Budget worked with Executive Branch agencies in conducting the deliberation and pre-decisional analysis for the Reform Plan in phases.

- The initial phase was the data collection phase, the OMB team collected input from all the key stakeholders, seeking the most significant input from the agencies themselves. Some of the most straightforward outputs from the initial phase were included in the February release of the President’s 2019 Budget proposal.
- The second phase focused on opportunities to reduce duplication and fragmentation, and improve cross-agency efficiency – this analysis drew heavily from GAO reports and other stakeholder input about ways where taking an enterprise view across government agencies would better serve the underlying missions and objectives.
- The final phase of analysis incorporated the priorities of the President’s Management Agenda – identifying organizational challenges that impact
the broad ability of government to support the mission, service, and stewardship needs of the 21st Century, enabling us to have the organizational foundation needed to confidently move forward with IT Modernization, Data and the Workforce in the Digital Age.

A transformation of this size will take time and teamwork to implement. Some changes can be applied directly within Federal agencies while other, more complex proposals contain elements that will require action by the President or Congress. Now that the proposed Reform and Reorganization Plan has been issued, we are eager to engage in a conversation with Congress on where, and how, we can move forward together. We know that the Legislative Branch shares our interest in creating positive reform. This Committee, in particular, has dedicated considerable effort over the years to exposing duplication and inefficiency in Government, and exploring ways to improve its operations.

With the proposed Reform and Reorganization Plan, this Administration has seized an opportunity to highlight how leading management and reorganization practices from the private sector can bring practical improvements to government services.

We have already seen similar transformations at the state and local levels. Cities like Baltimore, Philadelphia and Detroit, and states like Georgia, Arkansas and North Carolina, are evolving from their industrial and agrarian roots to become beacons of digital and technological innovation. In fact, innovations in government in the Digital Age abound, because the practical realities of delivering citizen services in the 21st Century without over-burdening taxpayers have demanded those innovations.

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At times of great change, commitment to “government of the people, by the people and for the people,” is critical. As the United States faces the challenge of serving the diverse needs of our growing country, it is important to reexamine government services to ensure that the executive branch is well-aligned to 21st Century realities.

Although we, in OMB, were tasked with creating this report and recommending the initial proposals for Reform and Reorganization of the Executive Branch, we recognize and acknowledge the important role of dialogue and public deliberation in setting the best course for the future. To that end, we welcome dialogue, debate, and discussion of the proposals we have set out and look forward to engaging in a constructive discussion of the issues, today and going forward.

Thank you again for inviting me here today.

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2 President Abraham Lincoln, Gettysburg Address, November 19, 1863.
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I. THE MANDATE FOR REFORM
INTRODUCTION

When America's Founders wrote the Constitution, they laid out a clear vision for the United States Government: to establish justice, ensure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty. Moreover, they established Executive Branch organizations and structures to deliver on the Federal mission in ways appropriate to America's needs at the time. Over successive generations, our Federal Government has evolved by expanding in scope and complexity to try to meet Americans' needs. However, the organizational structures that underpin the Executive Branch have not always kept pace.
Two decades into the 21st Century, the public still believes that the Federal Government serves critical roles, and in some areas performs them well. However, public trust in the Federal Government has declined over the last 20 decades, calling into question how well the current organizational constructs of Government are aligned to meet Americans’ needs in the digital age. Government in the 21st Century is fundamentally a services business, and modern information technology should be at the heart of the U.S. Government service delivery model. And yet, today’s Executive Branch is still aligned to the stove-piped organizational constructs of the 20th Century, which in many cases have proven inefficient and out-of-date. Consequently, the public and our workforce are frustrated with Government’s ability to deliver its mission in an effective, efficient, and secure way.

At times of great change, the need to reinforce this common commitment to “government of the people, by the people, and for the people” has been critical. So it is not surprising, as the United States faces the challenges of serving the broad and diverse needs of our growing country, that it becomes important to reexamine the organizational alignment of Executive Branch government institutions to ensure that our organizational constructs are well aligned to meet the needs of the 21st Century.

To that end, Executive Order (EO) 13761, entitled “Comprehensive Plan for Reorganizing the Executive Branch,” highlights the need to evaluate the organizational constructs that support today’s mission delivery objectives. Building on a history of bipartisan Government reform initiatives, the EO focuses specifically on the role of organizational alignment in reducing “duplication and redundancy,” and improving “efficiency, effectiveness, and accountability of the executive branch.”

This report outlines the Administration’s analysis and recommendations for structural realignment of the Executive Branch to better serve the mission, service, and stewardship needs of the American people. While some of the recommendations identified in this volume can be achieved via Executive administrative action, more significant changes will require legislative action as well.

By sharing key findings, the Administration offers this report as a cornerstone to build productive, bipartisan dialogue around realigning the Federal Government mission delivery model to make sense in the 21st Century. As such, while some of the proposals are ready for agency implementation, others establish a vision for the Executive Branch that will require further exploration and partnership with the Congress.

Finally, reorganization is one tool among many that this Administration is using to drive transformational change in Government. Meeting the needs of the American people, as well as the President’s mandate for greater efficiency, effectiveness, and accountability, requires a range of transformational approaches to support reorganization. To that end, the President’s Management Agenda (PMA) outlines a range of additional priorities and tools that, in combination, will create an Executive Branch that is prepared to meet the needs of the American people both now and in the future. The Administration welcomes constructive dialogue and consideration of all the tools, capabilities, and organizational principles that help support our mission and better serve the public.

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3 President Abraham Lincoln, Gettysburg Address, November 19, 1863.
4 President Donald Trump, March 13, 2017, speech.
HISTORY OF REFORM AND REORGANIZATION EFFORTS

Nearly every new administration has sought to enhance and streamline the Government bureaucracy to better align with policy and efficiency priorities. From the creation of the Bureau of the Budget in 1921 under President Warren Harding, the Executive Branch has continued to evolve to address the ever-changing needs and mission of the Federal Government. Reform and reorganization efforts in the 20th Century reflected bipartisan efforts to enhance efficiency and effectiveness, while reducing waste. In fact, until the 1970s, Executive Branch reorganization was a reasonably common occurrence undertaken by most new administrations. More recently, notable efforts at organizational reform included the personnel reform agenda initiated under President Jimmy Carter and implemented under the Reagan Administration, as well as bipartisan efforts under Presidents Bill Clinton, George W. Bush, and Barack Obama to enhance shared services and innovate public-private sector cooperation. Most successful reorganizations have also shared a common mission focus, usually responding to major mission failures or service delivery issues. The most notable recent examples of major bipartisan reform and reorganization efforts came in...
response to mission challenges experienced after 9/11 in the fight against terrorism. Operational, communication, and organizational alignment challenges resulted in the creation of the Department of Homeland Security (DHS) and the Office of the Director of National Intelligence.

Today, agencies have interconnected imperatives around mission delivery, customer service, and stewardship of taxpayer dollars. Broader, system-level thinking around Government reorganization and mission challenges are all requiring new organizational thinking to better integrate missions, service, and stewardship across the three areas. Cybersecurity and cyberwarfare, digital service delivery, and enhanced IT modernization, effective use of data for accountability and transparency, and workforce challenges all require new organizational thinking to better integrate missions, service, and stewardship across the existing organizational silos of Government. Moreover, better organizational alignment should also enhance the Executive Branch’s ability to increase efficiency via shared services, public-private partnerships, workforce redeployments, and better customer experiences.

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<th>Timeline for Comprehensive Reform</th>
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<td>March 13, 2017</td>
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"All agencies that regulate food safety should be under one department, preferably under the Dept. of Agriculture."

—Seventh
Washington State
II. ORGANIZATIONAL REFORM PRINCIPLES
The current process for assessing organizational change began in June 2017 when Executive Branch agencies submitted their initial reform ideas to the Office of Management and Budget (OMB) in response to an April 13, 2017 OMB implementation memo. These submissions included valuable feedback provided by the public through an open comment process. Over the summer and fall of 2017, agencies worked with OMB to refine the ideas, identify opportunities across agencies, and assess opportunities to act on proposals in the near term. Agencies submitted refined reform proposals to OMB as a part of the Fiscal Year (FY) 2019 Budget requests. Many of the more straightforward, agency-specific organizational improvement opportunities were included in the FY 2019 Budget released in February 2018 or were adopted by agencies under existing authorities.

"The disappointment surrounding recent presidents is not due mainly to defects in their leadership qualities but to their failure to address the structural paralysis of modern government. George Washington couldn’t run the government today."

- Philip K. Howard

The harder work of assessing cross-agency reform and alignment to the needs of the 21st Century began in earnest following the analysis of the President’s Management Agenda. This Agenda provided the broad context for what needs to change in Government, including a renewed focus on mission, service, and stewardship on behalf of the American people. Many of the inputs from the agency reform proposals and public comments on EO 13777 informed creation of the President’s Management Agenda, as well as input for the reorganization recommendations included in this volume.

Specific proposals were evaluated using a framework that balanced the Federal Government’s mission, service, and stewardship objectives, recognizing that the most powerful and transformative changes bolster all three of these core objectives.

Mission: The first principle of organizational reform in the 21st Century is to start with the mission. Specific reforms must ensure that Government activities are rooted in the missions that the American people, through their elected officials, require. Within those mission areas—from national security to infrastructure to food and water safety—Government must have clear and aligned structures that allow Federal programs, staff, and agencies to deliver the outcomes the public expects.

Service: Understanding the customer or stakeholder needs in the 21st Century is critical to understanding how to realign the organizational model. In many cases, outmoded assumptions about customer and stakeholder needs have distracted from core mission, hindered outcomes, and fallen out of step with customer expectations. Federal customers—ranging from small businesses seeking loans, to families receiving disaster support, to veterans expecting proper care—deserve a customer experience that compares to or exceeds that of leading private-sector organizations, which most Federal services lag behind. The Executive Branch must develop capabilities to better facilitate end-to-end customer experiences that cross agency boundaries, and create faster, more convenient, and more cost-effective interactions.

-Target opportunities to enhance mission, service, and stewardship-
MODELS TO LEARN FROM: ORGANIZATIONAL DESIGN IN THE PRIVATE SECTOR

Reorganization is a key tool that private-sector companies regularly employ to maintain relevance, efficiency, and effectiveness over time. While organizational change is hard and takes time, the experiences of companies in the private sector over the last few decades have shown that large-scale transformation is possible and can both improve customer service and lower costs. Studies by McKinsey and BCG have identified clear organizational design success factors before and during implementation. For example, both studies agreed that the first, foundational step in organizational redesign success is to focus on long-term strategy rather than addressing immediate pain points or short-term needs.

For the Federal Government, this means starting with a focus on mission outcomes and service delivery.

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Organizational decisions should be made and executed to create the most value for taxpayers and the customers of federal services, not based on outdated legal structures or historical precedent.

Operating models must also be reviewed in light of the improvements possible in the digital age and lessons learned from peer organizations. Analysis that simply looks at the formal reporting structure on an organizational chart misses other critical organizational structures, including customer engagements, data flows, organizational processes, and the informal networks and cultural elements which make an organization run. The analysis must envision a new operating model that leverages the best thinking available.

Finally, the analysis must translate the operating model into an organizational construct that better aligns resources with mission, delivers improved services, and operates more efficiently. New organizational constructs must be supported by change management processes, including identifying and managing risks; communicating across leadership, managers, and front-line staff; and shifting incentives, expectations, and culture to sustain the change.

Recognizing the challenges of driving organizational change, the Administration has been deliberate in developing proposals to consider how implementation will be managed. Key factors during implementation include defining clear roles and responsibilities, managing the change process, ensuring alignment across leadership and line staff, and managing risk factors.

REORGANIZATION ALIGNMENT FRAMEWORK

Based on these approaches, a Reorganization Alignment Framework was developed to assess the needs and opportunities to best align reorganization efforts to the needs of mission.

Development of this Reorganization Alignment Framework drew on a range of inputs from leading organizational change and strategic transformation thought leaders in the private sector, public sector, and academic worlds. For a list of literature that informed creation of the Reorganization Alignment Framework, please see the bibliography section.
As outlined in the Reorganization Alignment Framework above, organizational change priorities fall into four categories:

- **Mission Alignment Imperatives.** Analysis highlighted areas where Federal services are operating relatively efficiently, but outdated or misaligned organizational constructs hinder the ability to achieve mission objectives and effectively serve citizens. In addition, this Administration identified several opportunities to “right size” the mission to the current environment. As such, reorganization proposals around mission alignment fall into two sub-categories:

  A. Organizational realignments to enhance mission and service delivery.

  B. Changes to refocus, reduce, or expand the mission.

- **Management Improvement Opportunities:**

  Proposals to Enhance Efficiency. Many Federal organizations are effectively fulfilling their missions and serving citizens but doing so in ways that duplicate other Federal activities or rely on outdated organizational structures that are wasteful and inefficient. These present cross-agency opportunities to better steward taxpayer resources to achieve the same core missions with better results.

- **Transformation Urgency:**

  New Capability Requirements. In several areas, the Federal Government lacks critical capabilities for successful mission delivery in a 21st Century characterized by digital service delivery, data-driven mission support, and increased need for collaboration across the public (Federal, State, and local) and private sectors. In many such areas, Government is failing to fulfill both citizen expectations and stewardship responsibilities.

- **Organizations in Alignment.** In other areas, organizational capabilities are generally aligned with the customer and stakeholder needs of the 21st Century and balance mission, service, and stewardship needs. For these organizations, modest organizational updates, capability realignment, and additional investments may be needed. Since these changes represent “business-as-usual” process improvement opportunities, this volume will not highlight these proposals in depth. For additional detail on these proposals, see page 222 (Appendix: Agency-Specific Reform Proposals).
AVOIDING “ONE-SIZE-FITS ALL” APPROACHES

Rather than adhere to a simplistic set of decision rules to identify priorities among these categories, individual programs have been assessed for factors including impact on mission, service, and stewardship in order to account for programs’ and agencies’ unique roles and requirements and inform appropriate strategies. For example, while strategies such as reducing duplication and increasing centralization may make sense in many instances, these strategies may have unintended consequences. Sometimes, centralizing to improve coordination and lower costs through economies of scale best promotes mission, service, and stewardship. Yet in other cases, decentralizing to increase customer alignment and improve flexibility to adjust to “on-the-ground” realities may be preferable. Similarly, reducing program duplication has been demonstrated to lower costs and reduce confusion among both customers and employees, but some duplication across programs may also create valuable redundancy for mission-critical activities and increase program flexibility to react to changing factors.

KEY DRIVERS OF REFORM

Reorganizations in the private sector have demonstrated that without efficient and effective implementation, even well-conceived reorganizations may fail to achieve the intended benefits. To ensure effective implementation, the President’s Management Agenda highlighted three areas (see figure to the right) which help drive effective organization transformation:

- Information Technology Modernization.
- Data, Accountability, and Transparency.
- People and the Workforce of the Future.

When transforming organizations to serve the needs of the 21st Century, it will be critical to leverage each of these key drivers. Ongoing work on this front is highlighted as part of the President’s Management Agenda, and you can see more detail on specific priorities at performance.gov/ims. In addition, these key drivers will inform next steps for each of the reform proposals discussed in this volume.
III. OVERVIEW OF ORGANIZATIONAL ALIGNMENT PRIORITIES
Utilizing the frameworks described above, the Administration’s comprehensive plan for reforming and reorganizing the Executive Branch includes proposals that extend across agencies, with the goal of increasing focus on integrated mission, service, and stewardship delivery.

Our Nation is used to leading the world in technology innovation and service delivery and at one time, the U.S. Government catalyzed that innovation. As such, the Administration is investing in deep-seated transformation that begins with the President’s Management Agenda and extends through the recommendations for Executive Branch organizational reform. This section provides an overview of the initial organizational reform priorities that are organized based on the Reorganization Alignment Framework presented above.

MISSION ALIGNMENT IMPERATIVES

A. Organizational Realignments to Enhance Mission and Service Delivery

1. Merge the Departments of Education and Labor into a single Cabinet agency, the Department of Education and the Workforce, charged with meeting the needs of American students and workers from education and skill development to workplace protection to retirement security. As part of the merger, the Administration also proposes significant Government-wide workforce development program consolidations, streamlining separate programs in order to increase efficiencies and better serve American workers.

2. Move the non-commodity nutrition assistance programs currently in the U.S. Department of Agriculture’s (USDA) Food and Nutrition Service into the Department of Health and Human Services—which will be renamed the Department of Health and Public Welfare.

Also, establish a Council on Public Assistance, comprised of all agencies that administer public benefits, with statutory authority to set cross-program policies including uniform work requirements.

3. Move the Army Corps of Engineers (Corps) Civil Works out of the Department of Defense (DOD) to the Department of Transportation (DOT) and Department of the Interior (DOI) to consolidate and align the Corps’ civil works missions with these agencies.

4. Reorganize the USDA’s Food Safety and Inspection Service and the food safety functions of HHS’s Food and Drug Administration (FDA) into a single agency within USDA that would cover virtually all the foods Americans eat.

5. Move USDA’s rural housing loan guarantee and rental assistance programs to the Department of Housing and Urban Development (HUD), allowing both agencies to focus on their core missions and, over time, further align the Federal Government’s role in housing policy.

6. Merge the Department of Commerce’s (Commerce) National Marine Fisheries Service with DOI’s Fish and Wildlife Service. This merger would consolidate the administration of the Endangered Species Act and Marine Mammal Protection Act in one agency and combine the Services’ science and management capacity, resulting in more consistent Federal fisheries and wildlife policy and improved service to stakeholders and the public, particularly on infrastructure permitting.

7. Consolidate portions of DOI’s Central Hazardous Materials Program and USDA’s Hazardous Materials Management program into the Environmental Protection Agency’s (EPA) Superfund program. This consolidation would allow EPA to address environmental cleanup under the Comprehensive Environmental Response, Compensation & Liability Act (CERCLA) on Federal land regardless of which of these agencies manages the land, while DOI and USDA would maintain their existing environmental compliance, bonding, and reclamation programs for non-CERCLA sites.
8. Optimize Department of State (State) and U.S. Agency for International Development (USAID) humanitarian assistance to eliminate duplication of efforts and fragmentation of decision-making. A specific reorganization proposal will be submitted by State and USAID to OMB as part of their FY 2020 budget request to improve the efficiency and effectiveness of the Federal Government’s humanitarian assistance across State and USAID, establish unity of voice and policy, and optimize outreach to other donors to increase burden-sharing and drive reform at the UN and in multilateral humanitarian policy.

9. Consolidate the U.S. Government’s development finance tools, such as the Overseas Private Investment Corporation (OPIC) and the Development Credit Authority (DCA) of USAID, into a new Development Finance Institution in a reformed and modernized way to leverage more private-sector investment, provide strong alternatives to state-directed initiatives, create more innovative mechanisms to open and expand markets for U.S. firms, and enhance protections for U.S. taxpayers.

10. Transform USAID through an extensive, agency-driven structural reorganization of headquarters Bureaus and Independent Offices as a foundational component of USAID’s overall plans to better advance partner countries’ self-reliance, support U.S. national security, and ensure the effectiveness and efficiency of foreign assistance.

11. Move the policy function of the Office of Personnel Management (OPM) into the Executive Office of the President, and elevate its core strategic mission while devolving certain operational activities – the delivery of various fee-for-service human resources, IT services, and background investigations – to other Federal entities better aligned to provide non-strategic transaction processing services that meet 21st Century needs. This new structure would better accommodate an overhaul of the Federal civil service statutory and regulatory framework.

12. Transfer responsibility for perpetual-care and operation of select military and veteran cemeteries located on DOD installations to the Department of Veterans Affairs’ National Cemetery Administration. This transfer assures these cemeteries will be maintained to national shrine standards to continue the recognition of service of those interred therein, gain efficiencies, and limit mission overlap based on a common-sense approach to good government.

13. Reorganize the U.S. Census Bureau, the Bureau of Economic Analysis, and the Bureau of Labor Statistics under Commerce to increase cost-effectiveness and improve data quality while simultaneously reducing respondent burden on businesses and the public. Together, these three agencies account for 53 percent of the U.S. Statistical System’s annual budget of $2.26 billion and share unique synergies in their collection of economic and demographic data and analysis of key national indicators.

14. Consolidate the Department of Energy’s (DOE) applied energy programs into a new Office of Energy Innovation in order to maximize the benefits of energy research and development and to enable quicker adaptation to the Nation’s changing energy technology needs.
B. Changes to Refocus, Reduce, or Expand the Mission

15. Devolution of Activities from the Federal Government

a) Sell the transmission assets owned and operated by the Tennessee Valley Authority and the Power Marketing Administrations within DOE, including those of Southwestern Power Administration, Western Area Power Administration, and Bonneville Power Administration, to encourage a more efficient allocation of economic resources and mitigate unnecessary risk to taxpayers.

b) Restructure the U.S. Postal System to return it to a sustainable business model or prepare it for future conversion from a Government agency into a privately-held corporation. The President’s Task Force on the United States Postal System will make recommendations on reforms towards this goal in August 2018.

c) Reorganize DOT to better align the agency’s core missions and programmatic responsibilities, reduce transportation program fragmentation across the Government, and improve outcomes. Changes would include spinning off Federal responsibility for operating air traffic control services, integrating into DOT certain coastal and inland waterways commercial navigation activities and transportation security programs, and reassessing the structure and responsibilities of DOT’s Office of the Secretary.

16. Transform the way the Federal Government delivers support for the U.S. housing finance system to ensure more transparency and accountability to taxpayers, and to minimize the risk of taxpayer-funded bailouts, while maintaining responsible and sustainable support for homeowners. Proposed changes, which would require broader policy and legislative reforms beyond restructuring Federal agencies and programs, include ending the conservatorship of Fannie Mae and Freddie Mac, reducing their role in the housing market, and providing an explicit, limited Federal backstop that is on-budget and apart from the Federal support for low- and moderate-income homebuyers.

17. Rethink how the Federal Government can drive economic growth in concert with private-sector investments in communities across the Nation by coordinating and consolidating Federal economic assistance resources into a Bureau of Economic Growth at Commerce, producing a higher return on taxpayer investment on projects that are transparent and accountable.

18. Transform the U.S. Public Health Service Commissioned Corps into a leaner and more efficient organization that is better prepared to respond to public health emergencies and provide vital health services, including by reducing the size of the Corps and building up a Reserve Corps for response in public health emergencies.

MANAGEMENT IMPROVEMENT AND EFFICIENCY OPPORTUNITIES

19. Establish an accelerated process for determining whether one or more of the National Aeronautics and Space Administration’s (NASA) Centers should be converted to, or host, a Federally Funded Research and Development Center (FFRDC). FFRDCs can potentially allow the agency to be more agile in rapidly responding to changing needs and in recruiting and retaining scientific and technical expertise.

20. Consolidate the administration of graduate fellowships for multiple Federal agencies under the National Science Foundation in order to reduce the total cost of administering those fellowships.

21. Optimize the Federal real property footprint by making smart investments in renovations and new facilities, driving down lease costs, and disposing of unneeded real estate through a streamlined process that results in the greatest return to the taxpayer.

22. Consolidate and streamline financial education and literacy programs currently operating across more than 20 Federal agencies to ensure effective allocation of Federal financial literacy resources and avoid unneeded overlap and duplication.

23. Strengthen the Small Business Administration (SBA) as the voice of small business within the Government by consolidating small business focused guaranteed lending and Federal contracting certification programs at SBA.
24. Consolidate protective details at certain civilian Executive Branch agencies under the U.S. Marshals Service in order to more effectively and efficiently monitor and respond to potential threats. Threat assessments would be conducted with support from the U.S. Secret Service.

25. Consolidate the small grants functions, expertise, and grantmaking from the Inter-American Foundation and U.S. African Development Foundation into USAID beginning in FY 2019. The consolidation would be a significant step to reduce the proliferation of Federal international affairs agencies that are operating today, while also elevating community-led, “local works” small grants as a development and diplomacy tool for the U.S. Government.

26. Transition Federal agencies’ business processes and recordkeeping to a fully electronic environment, and end the National Archives and Records Administration’s acceptance of paper records by December 31, 2022. This would improve agencies’ efficiency, effectiveness, and responsiveness to citizens by converting paper-based processes to electronic workflows, expanding online services, and enhancing management of Government records, data, and information.

27. Transform the way Americans interact with the Federal Government by establishing a Government-wide customer experience improvement capability to partner with Federal agencies to help them provide a modern, streamlined, and customer-centric experience for citizens, businesses, and other customers, comparable to leading private-sector organizations.

28. Pursue a Next Generation (Next Gen) Financial Services Environment as a new approach to Federal Student Aid (FSA) processing and servicing with a modernized, innovative, and integrated architecture. Next Gen will save taxpayers millions of dollars and will create an improved, world-class customer experience for FSA’s more than 41 million customers, while creating a more agile and streamlined operating model.

29. Solve the Federal cybersecurity workforce shortage by establishing a unified cyber workforce capability across the civilian enterprise, working through DHS and OMB in coordination with all Federal departments and agencies. The Administration will work towards a standardized approach to Federal cybersecurity personnel, ensuring Government-wide visibility into talent gaps, as well as unified solutions to fill those gaps in a timely and prioritized manner.

30. Establish a Government Effectiveness Advanced Research (GEAR) Center as a public-private partnership to help the Government respond to innovative technologies, business practices, and research findings that present opportunities to improve mission delivery, services to citizens, and stewardship of public resources.

31. Transfer the National Background Investigations Bureau from OPM to DOD, providing the opportunity to achieve an efficient, effective, fiscally viable, and secure operation that meets all agencies’ needs.

32. Expand upon existing agency evaluation capabilities and push agencies to adopt stronger practices that would generate more evidence about what works and what needs improvement in order to inform mission-critical decisions and policies. These changes will help to address the large gaps and inconsistencies across Government in Federal agencies’ ability to formally evaluate their programs.
Education and labor are intimately interwoven. As the Father of Vocational Education, Frank Parsons put it, "All education is in the last analysis, vocational education because it is supposed to prepare students for their lives and future careers. These students would benefit greatly from being exposed to them."

Arnold
night
IV. LOOKING AHEAD
The business of the Federal Government is to serve the American people, but outdated organizational frameworks hinder our ability to deliver on our mission, service, and stewardship objectives in the digital age. Data breaches, delays in background investigation and security clearance approvals, and outdated paper-based processes erode trust in the Government. Moreover, when the American people compare Government service delivery models with the streamlined, multi-channel experiences they have when interacting with private-sector businesses, it is clear how outdated many Government organizational models are. Americans routinely shop online, use smart phones to order rides, and get electronic money transfer services and yet are forced to deal with multiple agencies and excessive bureaucracy when they interact with Federal agencies. Lengthy permitting for infrastructure projects, confusing and overlapping job retraining programs, and Byzantine requirements for applying for small business and farm loans all are clogged and entrenched in outdated organizational constructs designed decades ago.

“Not since the Industrial Revolution have the stakes of dealing with change been so high. Most traditional organizations have accepted in theory at least, that they must either change or die.”* It is also important to ensure that the Federal Government appropriately aligns its mission and service activities to areas where a Federal role is critical and where State and local governments cannot optimally provide effective services. It is no longer appropriate to avoid having foundational discussions about services that might be better served by direct State, local, or even private-sector stewardship. To the extent that existing organizational constructs are too complex or outdated, organizational realignment or reform may be needed to ensure that mission, service, and stewardship objectives can be met.

Recent decades have demonstrated that the Federal Government will continue to change. The question is whether short-sighted, piecemeal change will continue to sell taxpayers short and ignore fundamental shortcomings or whether transformation will elevate Government to the level of efficiency, effectiveness, and accountability that the public deserves. With the support of the Congress, the priorities shown and the reorganization proposals that follow will make important strides in re-crafting an Executive Branch that is structured to best facilitate delivery of mission, service, and stewardship for the American people.

V. GOVERNMENT-WIDE REORGANIZATION PROPOSALS
Department of Education and the Workforce
Departments of Education and Labor

Summary of Proposal: This proposal would merge the Departments of Education (ED) and Labor (DOL) into a single Cabinet agency, the Department of Education and the Workforce (DEW). The new agency would be charged with meeting the needs of American students and workers, from education and skill development to workplace protection to retirement security. Merging ED and DOL would allow the Federal Government to address the educational and skill needs of American students and workers in a coordinated way, eliminating duplication of effort between the two agencies and maximizing the effectiveness of skill-building efforts.

THE CHALLENGE

ED and DOL share a common goal of preparing Americans for success in a globally competitive world through family-sustaining careers. However, the two Departments operate in silos, inhibiting the Federal Government's ability to address the skill needs of the American people in a coordinated manner. The result has been the creation of a complicated web of funding streams for States and localities to administer, and a confusing set of signals sent to American students and workers regarding how best to develop the skills needed to succeed in the 21st Century economy. The Federal Government currently operates more than 40 workforce development programs spread across 15 agencies. This fragmentation perpetuates unnecessary bureaucracy and complicates State and local efforts to weave together disparate funding streams to meet the comprehensive needs of their citizens.

The Administration proposes to merge ED and DOL into a single Cabinet agency, the Department of Education and the Workforce (DEW). As part of the merger, the Administration also proposes significant Government-wide workforce development program consolidation, streamlining separate programs in order to increase efficiencies and better serve American workers.

THE OPPORTUNITY

The new merged department would reduce unnecessary bureaucracy, streamline access and better integrate education and workforce programs, and allow the Administration to more effectively address the full range of issues affecting American students and workers. The workforce development program consolidation would centralize and better coordinate Federal efforts to train the American workforce, reduce administrative costs, and make it easier for States and localities to run programs to meet the comprehensive needs of their workforce.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

The proposal would merge all of the existing DOL and ED programs into a single department, DEW, with four main sub-agencies focused on: K-12, Higher Education/Workforce Development, Enforcement, and Research/Evaluation/Administration. This would help create alignment throughout the education-to-career pipeline, while also creating coherence within the workforce development and higher education worlds.
K-12

The K-12 agency would support State and local educational agencies to improve the achievement of preschool, elementary, and secondary school students, including students with disabilities, Native American students, and English language learners. The agency would comprise improved ED K-12 offices that would better integrate across K-12 programs and more effectively coordinate with higher education and workforce programs. The K-12 agency would administer activities currently implemented by ED’s Offices of Elementary and Secondary Education, Innovation and Improvement, English Language Acquisition, and Special Education Programs. As described below, the Rehabilitation Services Administration would be moved to the Higher Education/Workforce Development agency.

American Workforce and Higher Education Administration

The new American Workforce and Higher Education Administration (AWHEA) would be charged with ensuring that American workers possess the skills necessary to succeed in the workforce. The agency would bring together current DOL workforce development programs and ED vocational education, rehabilitation, and higher education programs. As part of the reorganization, the Administration also proposes to consolidate overlapping workforce development funding streams. Observers of Federal workforce development efforts have long noted the large number of programs across multiple agencies and duplicative administrative structures inherent in the system. Since 2011, the Government Accountability Office has identified workforce development as an area of duplication, fragmentation, and overlap and has suggested that colocating services and consolidating administrative structures may heighten efficiency. Despite modifications made as part of the 2014 reauthorization of the Workforce Innovation and Opportunity Act (WIOA), the system remains fragmented at the Federal level. To address these issues, the new agency would place higher education and workforce development programs under the same umbrella. By doing so, Federal skill-building policy would be better coordinated to meet the full range of needs of American students and workers, and in particular would support improved synergy between higher education and workforce development programs. This proposal would simplify and streamline Federal workforce development programs, moving from the current arrangement of more than 40 programs at 15 agencies to 16 workforce development programs at seven agencies.

The AWHEA would be structured to include components focused on: Higher Education; Disability Employment; Adult Workforce Development; Youth Workforce Development; and Veterans Employment, each headed by a presidentially-appointed official.

- The Higher Education component would better align programs that promote and expand access to postsecondary education with workforce development programs to meet the diverse needs of students and workers. This includes strengthening the capacity of colleges and universities to promote reform, innovation, and improvement in postsecondary education, while expanding access to and driving improvement in high-quality, short-term programs that provide students with a credential, certification, or license in a high-demand field. The Higher Education component would also complement Federal Student Aid’s customer-service focus and move to the Next Generation (Next Gen) Financial Services Environment, also proposed in this Volume. Next Gen would enhance operational components of Federal student aid programs, make it easier than ever to apply for...
The Disablility Employment component would consolidate ED's Vocational Rehabilitation State Grants and DOL's Office of Disability Employment Policy into one office within the AWHEA, allowing for better coordination of services, policy direction, technical assistance, and reporting within the workforce development system. This office would ensure the provision of high-quality services to individuals with disabilities, maintain strong coordination with researchers on best practices to promote employment, and centralize DOL and ED's support to States.

The Adult Workforce Development component would consolidate four major formula streams that currently serve adult populations in a duplicative manner: the WIOA Adult, WIOA Dislocated Worker, Employment Service, and Jobs for Veterans State Grants. This component would also consolidate three Native American serving workforce development programs currently spread across three agencies, replacing them with a set-aside for Native American adults.

The Youth Workforce Development component would address both in-school and out-of-school youth and create stronger pathways to postsecondary paths and employment for both.

The Veterans' Employment Office would ensure that veterans continue to receive priority of service in the workforce system; advise on veterans' employment issues; and support the Departments of Defense and Veterans Affairs in administering the Transition Assistance Program.

The AWHEA would also maintain a Federally-administered Apprenticeship and Impact Fund, which would consolidate a range of disparate grant programs into a single fund that is focused on testing and replicating effective apprenticeship, workforce development, and postsecondary education models.

In addition to greater policy coordination, this proposal could improve the use of data for learning, performance management, and evaluation in order to study how education and workforce development programs lead to successful labor market outcomes. For example, education programs could benefit from high-quality information about participants' labor market outcomes, which are more commonly tracked in workforce development programs.

Enforcement

The Enforcement agency would include worker protection agencies from DOL that are responsible for enforcing statutes relating to workers' pay, safety, benefits, and other protections, as well as Federal workers' compensation programs. The Agency would also include ED's Office of Civil Rights, which is responsible for ensuring equal access to education through enforcement of civil rights in the nation's K-12 school and higher education institutions. The DOL agencies represent more than half of DOL's workforce as measured in full-time equivalents (FTEs), mostly comprised of field enforcement staff. In the new DEW, all of these agencies would report to one senior official to enhance the efficiency and coordination of enforcement and compliance assistance efforts.
Research, Evaluation, and Administration

The Research, Evaluation, and Administration agency would include centralized offices focused on policy development, research, and evaluation, in addition to management-focused offices related to IT, procurement, financial management, and budgeting. Consolidating these functions would result in efficiency gains. As discussed elsewhere, the Bureau of Labor Statistics would be moved to the Department of Commerce as part of a proposal to bring the primary economic statistical agencies under one umbrella.
Consolidate Non-Commodity Nutrition Assistance Programs into HHS, Rename HHS the Department of Health and Public Welfare, and Establish the Council on Public Assistance

Departments of Agriculture and Health and Human Services

Summary of Proposal: This proposal moves the non-commodity nutrition assistance programs currently in the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) into the Department of Health and Human Services' (HHS) Administration for Children and Families (ACF), and renames HHS the Department of Health and Public Welfare (DHPW). The proposal also establishes a Council on Public Assistance, comprised of all federal agencies that administer public benefits, with statutory authority to set cross-program policies including uniform work requirements.

THE CHALLENGE

USDA and HHS are currently responsible for administering the Federal Government's major public assistance programs, not including housing programs. However, state and local governments, the entities delivering these services to participants, often administer many of these programs under a single Agency. For example, when a person goes to apply for services through the Temporary Assistance for Needy Families (TANF) program or for nutrition assistance through the Supplemental Nutrition Assistance Program (SNAP), they often go to a single state agency office to do so. Unfortunately, that single state agency currently must follow two separate sets of reporting, regulatory, and other administrative requirements—one set imposed by HHS for TANF, and another by USDA for SNAP. This creates unnecessary administrative burden and potential duplication, using up resources that could be better used helping families move towards self-sufficiency. In addition, because these programs are currently administered by different Federal departments, they are often not well coordinated.

This proposal moves a number of nutrition assistance programs currently housed in USDA—notably TANF and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—to HHS and, acknowledging the addition of these programs to the Agency, renames HHS the Department of Health and Public Welfare (DHPW). To provide for even more coordination across all Federal public assistance programs, this proposal also establishes a permanent Council on Public Assistance, housed in DHPW and composed of all agencies that administer public benefit programs, including USDA, the Center for Medicare and Medicaid Services, the Department of Housing and Urban Development (HUD), and others. This Council would have statutory authority to set certain cross-program policies, including uniform work requirements.

THE OPPORTUNITY

This proposal will better align the administration of these public assistance programs at the Federal level with how they are often administered at the State and local levels. This will reduce administrative burdens and duplications of effort that currently exist for State and local governments. It will also ensure that policies are applied consistently across all programs, potentially reducing confusing, complex, and sometimes contradictory requirements across programs that can make it difficult for both States and participants to follow the rules.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

Move Non-Commodity Nutrition Assistance Programs and Rename HHS

FNS currently administers 15 nutrition assistance programs, which can be separated into two major categories: “near-cash” benefit programs and commodity-based programs. Near-cash programs provide money to low-income households, including through an electronic benefit transfer card or voucher, to allow participants to buy food through retail outlets. Commodity-based programs deliver actual food to eligible entities, who in turn provide a meal or food benefit to participants. Near-cash benefit programs do not need to leverage USDA’s expertise in food procurement or delivery, nor do they primarily fit with USDA’s core mission of supporting American farmers and agriculture. Rather, these programs are designed to support low-income Americans, a mission area better situated in DPHW. Specifically, the Administration proposes to move SNAP, WIC, the Child and Adult Care Food Program (CACFP), and the Farmers’ Market Nutrition Programs into ACF. USDA, whether with a smaller FNS or a different division, would continue to administer the commodity-based programs, including the National School Lunch and School Breakfast Programs, The Emergency Food Assistance Program, the Commodity Supplemental Food Program, and others.

Moving the near-cash benefit programs into ACF would allow for better and easier coordination across programs that serve similar populations, ensuring consistent policies and a single point of administration for the major public assistance programs. This single point of administration would lead to reduced duplication in State reporting requirements and other administrative burdens, and a more streamlined process for issuing guidance, writing regulations, and approving waivers. Having all the major public assistance programs under one agency would also create more synergies within the Agency, allowing ACF to develop a more holistic understanding of how programs interact with each other, which itself could lead to better policy analysis and outcomes. For example, as States have provided more TANF benefits through non-cash assistance, SNAP enrollment has grown due to individuals becoming “categorically” eligible for SNAP. This has resulted in some unintended consequences, such as families becoming eligible for SNAP through the receipt of a TANF pamphlet or other non-cash assistance. The Fiscal Year (FY) 2019 Budget proposed to tighten these loopholes, but combining these public assistance programs under one agency would help to increase awareness of these interactions and improve policy development that prevents such unintended consequences.

With the move of these non-commodity programs, the welfare portfolio at HHS increases significantly. The proposal renames HHS the Department of Health and Public Welfare to more accurately reflect the mission of the Agency and raise the profile of non-health related programs within the Agency.

1 CACFP provides reimbursement for meals served by participating child and adult care providers, rather than a direct benefit to the household. However, for the same coordination reasons as the near-cash programs, we recommend moving it to HHS to align with the Head Start and Child Care programs operated by ACF.

2 Other programs include the Summer Food Service Program, the Food Distribution Program on Indian Reservations, the Special Milk Program, Assistance to Nuclear Affected Areas, and Disaster Assistance (not including Emergency SNAP).
Establish Council on Public Assistance

As part of this initiative, the Administration also proposes to create a permanent Council on Public Assistance within the DHPW that would accomplish the goal of ensuring a unified, coordinated focus on cross-cutting welfare and workforce issues at the State and local levels, and to drive Federal-level program reforms. The Council would be given statutory authorities and responsibilities, including but not limited to:

- Approving service plans and waivers requested by States under Welfare-to-Work projects, assuming enactment of the FY 2019 Budget proposal;
- Designing uniform work requirements to be implemented across all welfare programs;
- "Tie-breaker" authority to resolve disputes when multiple agencies disagree on a particular policy;
- Designing cross-program standards for program applications, data verification, and program integrity;
- Facilitating information sharing and collection as well as regulatory and other policy guidance coordination across affected agencies; and
- Recommending programmatic and operational changes to eliminate barriers that it identifies at the Federal, State, and local levels to getting welfare participants to work.

The Council would be housed at DHPW and composed of agency heads or their representatives from USDA (including from the smaller, reformed FNS focused only on commodity programs), HUD, the proposed Department of Education and the Workforce, the Office of Management and Budget, and others, as appropriate, and chaired by DHPW senior leadership. Creating this Council would further break down silos between agencies operating public assistance programs by establishing an interagency coordination and support structure to carry out the welfare reform agenda of the Administration with high-level visibility. Because this Council would become the Administration's welfare policy-making apparatus, this proposal would consolidate policymaking functions across the different agencies, likely reducing administrative resources and duplication in current policymaking functions, and would ensure that Federal public assistance programs are well aligned and focused on promoting opportunity and economic mobility.
Consolidate Mission Alignment of
Army Corps of Engineers Civil Works
with Those of Other Federal Agencies
Army Corps of Engineers Civil Works and
Departments of Transportation and the Interior

Summary of Proposal: This proposal would move the Army Corps of Engineers Civil Works (Corps) out of the Department of Defense (DOD) and into the Department of Transportation (DOT) and Department of the Interior (DOI) to consolidate and align Corps civil works missions with these agencies.

THE CHALLENGE

The primary mission of DOD is to provide the military force needed to deter war and protect the security of the Nation. The Corps placement within DOD grew out of its historic involvement in military construction. Today, the Corps conducts both military and civil works functions. The Civil Works program has three primary missions: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration; the commercial navigation program is split between coastal and inland navigation.

THE OPPORTUNITY

Both DOT and DOI have missions that relate to and/or complement the Corps' civil works missions. DOT has a broad overarching systemic view of transportation policy and infrastructure in the United States that could beneficially inform the Corps' transportation-related efforts. DOI administers various land, water, and natural resource management programs spanning the country that are complementary to Corps efforts. Under this proposal, Corps navigation would be transferred to DOT and the remaining Corps civil works missions (flood and storm damage reduction, aquatic ecosystem restoration, regulatory, and other activities) would be moved to DOI, where those activities could be integrated and aligned with complementary programs focused on issues like water management, ecosystem restoration, and recreation.

Aligning and consolidating Corps civil works mission areas into those of DOT and DOI would increase consistency of federal policy and actions in both transportation and natural resource management, resulting in more rational public policy outcomes. It would also enable the broadest possible view of both transportation and land and water management infrastructure, thereby leading to improved Federal investment decisions. The transfer of certain Corps programs to DOI – particularly when coupled with the other proposal in this Volume that would move the National Marine Fisheries Service to DOI – consolidates most major land and water resource management programs in the Federal Government in one department. Consolidating these programs under one umbrella would improve effectiveness of land, water, and natural resource management efforts, as well as infrastructure permitting, across Government. It would also place Corps civil works activities in domestic agencies instead of in DOD, whose mission is focused on national defense.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

Under this proposal, the Corps commercial navigation functions would move to DOT, whose mission already includes Federal responsibility for all other modes of transportation. All other activities, including flood and storm damage reduction, aquatic ecosystem restoration, hydropower, regulatory, and other activities, would move to DOI.

Aligning and consolidating the Federal Government's role in domestic water resources activities would provide greater consistency in policy and investment decisions, including comparisons of various investment opportunities. Doing so would increase economic efficiency and improve transparency of investment decisions.

Moving Commercial Navigation Functions to the Department of Transportation

Transferring Corps navigation programs to DOT would consolidate responsibility across all transportation modes within a single Federal agency, thereby encouraging consistent Federal policy in the transportation sector. This consolidation would leverage DOT's expertise in infrastructure, and make DOT's maritime responsibilities analogous to its role in other transportation sectors. In the maritime sector, DOT's mission would expand to helping States and non-Federal partners make infrastructure investment decisions.

Moving Remaining Functions to the Department of the Interior

The Corps administers an aquatic ecosystem restoration program to implement projects designed to benefit fish, wildlife, and their habitat. These projects are often justified by the benefits they provide to species protected under the Endangered Species Act and the Migratory Bird Treaty Act, two laws that DOI administers with great expertise. Development of these projects requires significant coordination with DOI to ensure that the resulting project effectively targets the highest priority needs. If the Corps' restoration program was administered through DOI, the Executive Branch could better direct ecosystem restoration investments to achieve the greatest benefit to fish, wildlife, and their habitat, and better leverage the expertise and relationships DOI maintains with State fish and wildlife agencies.

In addition, consolidating the Corps' regulatory responsibilities for permitting of non-Federal projects within DOI would simplify the infrastructure permitting process for stakeholders who often have to navigate multiple Federal agency processes when seeking project permits and approvals. Moving regulatory responsibilities, including those related to the Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act, within DOI's existing permitting programs would produce administrative efficiencies and opportunities for simplified interaction with stakeholders.
Reorganize Primary Federal Food Safety Functions into a Single Agency, the Federal Food Safety Agency
Departments of Agriculture and Health and Human Services

Summary of Proposal: This proposal would address the current fragmented Federal oversight of food safety by reorganizing the U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service (FSIS) and the food safety functions of the U.S. Department of Health and Human Services' U.S. Food and Drug Administration (FDA) into a single agency within USDA. USDA demonstrates strong and effective leadership in food safety and maintains an expert understanding of food safety issues from the farm to the fork. This proposal would cover virtually all the foods Americans eat.

THE CHALLENGE

For more than forty years, the Government Accountability Office (GAO) has reported that the fragmented Federal oversight of food safety “has caused inconsistent oversight, ineffective coordination, and inefficient use of resources,” and food safety has been on GAO's list of high-risk areas since 2007. FSIS and FDA are the two primary agencies with major responsibilities for regulating food and the substances that may become part of food. FSIS is responsible for the safety of meat, poultry, processed egg products, and catfish, while FDA is responsible for all other foods, including seafood and shellfish eggs.

There are many examples of how illogical our fragmented and sometimes duplicative food safety system can be. For example: while FSIS has regulatory responsibility for the safety of liquid eggs, FDA has regulatory responsibility for the safety of eggs while they are inside of their shells; FDA regulates cheese pizza, but if there is pepperoni on top, it falls under the jurisdiction of FSIS; FDA regulates closed-faced meat sandwiches, while FSIS regulates open-faced meat sandwiches.

To address this fragmented and illogical division of Federal oversight, FSIS and the food safety functions of the FDA would be consolidated into a single agency within USDA called the Federal Food Safety Agency.

GAO and other experts have recommended merging Federal food safety functions as a potential solution to this fragmentation. The National Research Council and the Institute of Medicine (now known as the Health and Medicine Division of the National Academies of Sciences, Engineering, and Medicine) have recommended that the core Federal food safety responsibilities should reside in a single entity or agency, with a unified administrative structure, clear mandate, a dedicated budget, and full responsibility for the oversight of the entire U.S. food supply.

THE OPPORTUNITY

The new Federal Food Safety Agency would pursue a modern, science-based food safety regulatory regime drawing on best practices of both USDA and HHS, with strong enforcement and recall mechanisms, expertise in risk assessment, and enforcement efforts across all food types based on scientifically-supported practices. The Agency would serve as the central point for coordinating with State and local entities and food safety stakeholders, rationalizing and simplifying the Federal food safety regulatory regime. The reform would reduce duplication of inspection at some food processing facilities, improve outreach to consumers and industry, and achieve savings over time while ensuring robust and coordinated food safety oversight.

While the FDA and FSIS currently have very different regulatory regimes, consolidating FSIS and the food safety functions of FDA would allow for a better allocation of resources based on risk, better communication during illness outbreaks, and improved policy and program planning through development of a single strategic plan.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

The irrational divisions of responsibility between FDA and FSIS have evolved since the early days of U.S. food regulation. The Congress created separate statutory frameworks, spurred in part by various food safety concerns and incidents of the day, originally to address the widespread marketing of intentionally adulterated foods and the unsafe and unsanitary conditions in meat packing plants in the early 1900s. Over the years, the Congress added new authorities to meet new challenges. Over time, the different legislative authorities that govern the two agencies have resulted in two distinct regulatory regimes, cultures, and approaches to addressing food safety. Thus, fully integrating FSIS and the food safety functions of FDA would ultimately require a reconciliation of underlying legislative authorities and regulatory approaches.

Food Safety and Inspection Service Approach

FSIS is responsible for the safety of domestic and imported meat, poultry, processed eggs, and catfish. Meat and poultry undergo continuous (i.e., 100 percent) inspection during slaughter, and one or more Federal inspectors are on site during all hours that a slaughter plant is operating, and present for every shift in processing plants. FSIS is involved in many areas of food processing and food distribution, the inspection of domestic products, imports, and exports; conducting risk assessments; and educating the public about the importance of food safety. FSIS ensures the safety of imported products through a three-part equivalence process that includes an analysis of the country’s legal and regulatory structure, initial and periodic on-site audits to ensure equivalence with FSIS standards, and a continual point-of-entry re-inspection of products from the exporting country.

Food and Drug Administration Approach

FDA is responsible for the safety of all U.S. domestic and imported foods except meat, poultry, processed eggs, and catfish. FDA conducts inspections of most establishments that manufacture, process, pack, or hold foods. FDA requires food importers to verify that their foreign suppliers have adequate preventive controls in place to ensure that the food they produce is safe, and FDA can refuse entry into the United States of food from a foreign facility if FDA is denied access by the facility or the country in which the facility is located. FDA also has a systems recognition program, which determines whether another country has comparable regulatory programs and public health outcomes to the United States. Systems
recognition allows FDA to avoid duplication of effort while leveraging the high-quality work done by regulatory authorities in each country. Given the scope of FDA’s responsibilities, FDA inspects food establishments based on risk. As required by law, FDA must inspect 100 percent of high-risk domestic food facilities every three years. FDA physically inspects less than two percent of imported foods annually at the ports. Where FSIS and FDA statutory and/or regulatory regimes overlap, some establishments fall under the jurisdiction of both agencies.

Locating the Federal Food Safety Agency at USDA

USDA is well poised to house the Federal Food Safety Agency. USDA is a strong leader in food safety; has a thorough understanding of food safety risks and issues all along the farm to fork continuum; and many agencies within USDA focus on food safety.

The Agricultural Research Service (ARS) spends about $132 million on in-house food safety research, and ARS scientists work with both FSIS and FDA to help develop research priorities and food safety practices. In addition, many other programs at USDA have food safety elements, from helping to manage wildlife on farms, to monitoring animal health, to collecting pesticide residue data on fruits and vegetables. USDA also has established relationships between State departments of agriculture, local farms, and processing facilities, and is thus keenly aware of food safety issues at all levels.

Following the food reorganization, FDA (which would be renamed the “Federal Drug Administration”) would focus on drugs, devices, biologics, tobacco, dietary supplements, and cosmetics.

The proposed consolidation would merge approximately 5,000 full-time equivalent (FTE) employees and $1.3 billion from FDA with about 9,200 FTEs and $1 billion in resources in USDA. In the long term, the Administration expects this proposal would result in improvements in food safety outcomes, policy and program consistency, and more efficient use of taxpayer resources.
Move Select USDA Housing Programs to HUD

Departments of Agriculture and Housing and Urban Development

Summary of Proposal: This proposal would move the Department of Agriculture's (USDA) rural housing loan guarantee and rental assistance programs to the Department of Housing and Urban Development (HUD). Having both USDA and HUD housing programs administered by HUD would allow both agencies to focus on their core missions and, over time, further align the Federal Government's role in housing policy.

THE CHALLENGE

Currently, USDA and HUD operate similar programs that assist homeowners and low-income renters and support rental housing development. Each agency operates its own mortgage insurance programs for home purchase and refinance loans, as well as loans to build, rehabilitate, and refinance rental housing properties. In addition, the two agencies operate separate rental assistance programs offering subsidies to make rents affordable to low-income tenants. The programs, however, are not identical; there are differences in eligibility requirements, assistance levels, delivery and oversight structures, and other program features that have evolved separately over time. Given that these housing programs are currently situated in separate agencies with distinct missions and priorities, incorporating best practices across programs and establishing a unified housing policy has been a challenge. This proposal seeks to mitigate these issues by moving USDA's single-family and multifamily loan guarantees and rental assistance programs to HUD.

THE OPPORTUNITY

Moving USDA housing programs to HUD would foster a more integrated approach to homeownership and rental housing programs by consolidating oversight and policy direction under one agency. In the long term, it would improve operational efficiency and service delivery through integration of like programs and the adoption of best practices.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

USDA's housing programs, which serve eligible rural areas, were initially established in the 1940s in response to an underrepresentation of national housing programs in rural areas. They were also a result of the ready-made delivery system USDA had in place through its field office structure for farm loans. Since then, the rationale for separate, rural-focused housing programs at USDA has become outdated given HUD's role in serving communities throughout the Nation, including in many rural areas. In fact, due in large part to the sheer size of its programs, HUD serves more households in USDA-eligible areas than USDA does. For example, as shown in the Figure, HUD's Federal Housing Administration (FHA)
guaranteed approximately 633,000 single-family loans in zip codes that were 100 percent USDA-eligible from fiscal years 2015 to 2017 compared to 258,000 loans guaranteed by USDA.

Moving USDA housing programs to HUD would be the first step toward achieving long-term improvements in operational efficiency and service delivery. For example, program requirements, management and oversight processes, and systems would be assessed to identify and take advantage of best practices from each agency. Private-sector partners, including lenders and developers, that currently work with both agencies to administer housing programs could realize efficiencies as conflicting requirements are eliminated or reduced. Another long-term objective, to the extent it can be achieved without compromising Agency mission, would be to produce Federal savings by reducing Agency overhead costs.

This reorganization could be modeled after the provision in a draft House bill, the "FHA-Rural Regulatory Improvement Act of 2011," which proposed to establish a separate HUD Rural Housing office to provide loan guarantees and rental assistance in rural areas, and transfer the USDA housing programs into that office. This proposal is also consistent with findings from the Government Accountability Office (GAO). Since 2012, GAO has issued annual reports on opportunities to reduce fragmentation, overlap and duplication, and housing programs at USDA and HUD have routinely been included in that report.
Merge the National Marine Fisheries Service (NMFS) with the U.S. Fish and Wildlife Service (FWS)
Departments of Commerce and the Interior

Summary of Proposal: This proposal would merge the Department of Commerce’s (DOC) National Marine Fisheries Service (NMFS) with the Department of the Interior’s (DOI) U.S. Fish and Wildlife Service (FWS). This merger would consolidate the administration of the Endangered Species Act (ESA) and the Marine Mammal Protection Act (MMPA) in one agency and combine the Services’ science and management capacity, resulting in more consistent Federal fisheries and wildlife policy and improved service to stakeholders and the public, particularly on infrastructure permitting.

THE CHALLENGE

The National Marine Fisheries Service (NMFS) – located in the Department of Commerce’s National Oceanic and Atmospheric Administration (NOAA) – and the U.S. Fish and Wildlife Service (FWS) – housed within the Department of the Interior (DOI) – administer two foundational laws that aim to prevent extinctions and recover fish and wildlife: the Endangered Species Act (ESA) and the Marine Mammal Protection Act (MMPA). The Services’ jurisdictions under these two laws is generally split based on habitat type, with FWS covering species that spend time on land or in inland fisheries, while NMFS covers mostly marine species.

This split jurisdiction, coupled with the fact that the Services are located in different departments, creates a confusing permitting landscape for project proponents. For example, when reviewing the impacts of a proposed dam system on endangered species, FWS and NMFS may come up with directly contradictory requirements about how that dam system needs to be managed to be ESA compliant. FWS may determine that the dam system needs to release extra water to benefit an endangered inland fish species, while NMFS may simultaneously conclude that the dam operator should store that water to provide future benefits to an anadromous fish under NMFS’s management. The end result is confusion and a lack of clarity on how to proceed with the project.

This proposal would seek to address these concerns by merging NMFS with FWS in DOI, simplifying the administration of the ESA and MMPA, and coordinating fish and wildlife science and related resource management capacity in one bureau within DOI.

THE OPPORTUNITY

This proposal would simplify and bring greater clarity and consistency to the administration of the ESA and MMPA, enabling a coordinated and synchronized approach to ESA and MMPA regulatory reforms. This would result in improved service to stakeholders and the public, particularly on infrastructure permitting. This merger would also combine fisheries and wildlife management capacity into one bureau within DOI. DOI already carries a great breadth of natural resource management responsibilities, and bringing NMFS and certain Army Corps of Engineers programs, as proposed elsewhere in this Volume, into DOI would increase the effectiveness of conservation efforts across the Government by putting them all under one umbrella. Over time, the proposal may yield savings through the consolidation of administrative support functions within the merged FWS and across DOI.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

Merging NMFS into DOI’s FWS presents opportunities to improve implementation of the ESA and MMPA, which will benefit of species and stakeholders and improve natural resource management.

With the Services currently housed in different departments and assigned different species under their jurisdictions, administration of the ESA and MMPA can be complicated and inconsistent, posing challenges for stakeholders and species alike. Under these statutes, both agencies have similar responsibilities: NMFS for primarily marine species and FWS for primarily freshwater and land-based species. Under the ESA, the Services decide whether to protect a species (i.e., list it as threatened or endangered), designate critical habitat for listed species, and perform consultations for Federal actions that may impact listed species or their critical habitat. Under the MMPA, the Services review and issue permits that allow the hunting, harassing, or killing of marine mammals in limited circumstances.

In recent years, FWS and NMFS have sought to better align their implementation of the ESA. Rather than pursuing individual regulations that govern ESA implementation, the Services have undertaken several joint rulemakings in recent years, which establish clear and consistent definitions and processes for how the ESA should be administered. However, bringing NMFS into FWS would also improve the effectiveness of fish, wildlife, and natural resource management activities by coordinating protections for jointly managed species, improving interagency coordination, and streamlining permitting. Both Services engage in complementary scientific research, voluntary habitat conservation, law enforcement, and international conservation work. A merger provides an opportunity to look across this suite of activities to direct resources at the highest value conservation work and to discover agency best practices that could be applied more broadly.

This idea is not new. Dating back to the Carter Administration, previous administrations and congresses have proposed reorganizing NMFS and FWS, with a focus on improving natural resource management. Those past proposals span a wide spectrum. From smallest to largest, these proposals have suggested moving NMFS’s ESA responsibilities to FWS, merging NMFS into FWS, moving NOAA into DOI, and establishing a new Department of Natural Resources.
Consolidation of Environmental Cleanup Programs
Departments of the Interior and Agriculture, and the Environmental Protection Agency

Summary of Proposal: This proposal would consolidate portions of the Department of the Interior's (DOI) Central Hazardous Materials Program and the Department of Agriculture's (USDA) Hazardous Materials Management program into the Environmental Protection Agency's (EPA) Superfund program. This consolidation would allow EPA to address environmental cleanup under the Comprehensive Environmental Response Compensation & Liability Act (CERCLA) on Federal land regardless of which of these agencies manages the land, while DOI and USDA would maintain their existing environmental compliance, bonding, and reclamation programs for non-CERCLA sites.

THE CHALLENGE
The Comprehensive Environmental Response Compensation & Liability Act of 1980 (CERCLA) provided the President with the authority to respond to the release of hazardous substances that pose a threat to public health or the environment. EPA was designated as the lead agency for developing and implementing guidance and regulations for addressing those releases, and approving remedies for the most contaminated sites in the country (i.e., those sites that end up on the National Priorities List [NPL]). The job of actually performing and paying for the cleanup activities was then distributed across the Federal Government to ensure that agencies have an incentive to be good environmental stewards of the properties they operate, manage, or administer. In general this system works as intended; agencies such as the Departments of Energy and Defense, for example, pay for the cleanup associated with their activities on properties they operate, manage, or administer.

The system becomes more challenging when addressing environmental conditions at abandoned mine sites, which are present on both private and public lands. EPA is delegated authority for conducting cleanup at mining sites on private lands, while DOI and USDA are responsible for executing cleanup at mining sites on Federal lands. The problem is that DOI and USDA inherited over 80,000 abandoned mine sites, over which they had no control prior to the mid-1970s. While the vast majority of these sites have only minor environmental or physical hazards, some require a more extensive environmental cleanup.

In those instances, DOI and USDA apply EPA's guidance, but discrepancies in interpretations have led to inefficiencies and inconsistencies across the Federal cleanup regime. In some instances, inconsistent cleanup determinations within a mining district or watershed have been the result of these types of conflicting interpretations. In addition, due to competing mission priorities within DOI and USDA, the cleanup activities at those sites do not necessarily receive the same level of attention that they would if they were part of EPA's Superfund program.

Consolidating the cleanup programs in a way that allows EPA to address sites in need of CERCLA-level attention to the Superfund program would create efficiencies by eliminating inconsistent interpretations among various agencies, reducing the number of decisions and approvals, and ultimately expediting the cleanup of sites.

THE OPPORTUNITY
This proposal would reduce inefficiencies, oversight costs, and indirect costs by consolidating the environmental assessment and cleanup activities under the agency with the most significant expertise in this area.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

This proposal would integrate portions of the DOI and USDA cleanup programs into EPA's Superfund program in order to streamline the Federal Government's response to abandoned mine sites in need of environmental assessment and cleanup. The Federal Government's responsibility for cleanup is currently dispersed across agencies based on jurisdiction, as opposed to expertise and liability. This proposal would enable better use of resources and expertise, streamline the implementation of statutory and regulatory requirements, and facilitate a more comprehensive and consistent approach to addressing contaminated lands across the nation.

The agencies estimate that there are over 18,000 abandoned mine sites on Federal lands, close to five percent of which could require a CERCLA-level cleanup. While DOI and USDA attempt to address those sites as they are identified, their environmental cleanup programs are not core to their missions, and therefore present a challenge for the agencies to address the wide range of environmental issues stemming from mining sites and other activities on Federal lands. As such, certain sites requiring CERCLA-type cleanup may not be addressed in as timely a manner as they could be if included as part of a more holistic, national program.

The multi-million dollar environmental liabilities associated with abandoned mine sites pre-date modern Federal regulation of environmental issues. The General Mining Law of 1872 was enacted to help develop the West by encouraging mining on Federal lands without the need for bonding or permitting. In the mid-1970s, environmental and other land control issues drove the desire to develop a more comprehensive Federal approach to the development of our natural resources. It was at that time that the Federal Land Policy and Management Act of 1976 and the Surface Mining Control and Reclamation Act of 1977 were passed. Under these laws, DOI and USDA administer the environmental compliance, financial bonding, and closure reclamation of mine sites on Federal lands. Due to their efforts since the passage of those laws, the vast majority of modern mine sites do not rise to the level of environmental degradation that would require a response under the CERCLA. DOI and USDA, however, continue to be responsible for addressing the environmental problems stemming from the abandoned mines from the General Mining Law of 1872 are simply due to their presence on Federal lands.

EPA is the Federal agency responsible for the development of regulations, procedures, and guidance used by the Federal Government to conduct environmental cleanup. EPA is also responsible for overseeing and approving remedial options put in place at Federal sites on the NPL and providing technical assistance to States that oversee cleanup activities at Federal sites that are not on the NPL. Due to this role, EPA serves as the Federal Government's subject matter expert on decontamination and hazardous substance risk assessment.

Funding and FTEs would shift from DOI (up to $10 million and eight FTEs) and USDA (up to $3.5 million and six FTEs) to EPA to cover the increase in the assessment and cleanup workload at EPA, while DOI and USDA would continue to maintain funding and FTEs for their existing compliance, bonding, and reclamation programs for modern mines. Although the end result would be a slightly larger Superfund program, it could continue to allocate resources based on risk. In addition, DOI and USDA would have control over the cleanup work and not have to direct the actions through another Federal agency manager at Federal sites. The affected States, Tribes, and communities surrounding those sites would also have a single Federal point of contact for raising their concerns with the cleanup approach. This may also lead to certain sites that have been languishing receiving attention, which could result in more favorable conditions for enjoying the natural environment of our Federal lands, and the rivers and streams that run through them.
Optimization of Humanitarian Assistance
Department of State and U.S. Agency for International Development

Summary of Proposal: The Administration is launching a process to optimize U.S. humanitarian assistance. U.S. humanitarian assistance programs are conducted by three Department of State (State) and U.S. Agency for International Development (USAID) offices, dividing decision-making on humanitarian policy and implementation. The Administration will develop a proposal to reorganize how humanitarian assistance is provided across State and USAID to maximize our leverage and assure all assistance meets our foreign policy goals and objectives, including the capacity to drive strong United Nations (UN) humanitarian system reform, increase burden sharing, minimize duplication of effort in programming and policy, and maximize efficiency in meeting humanitarian needs and resolving underlying crises. In developing this proposal, the Administration will address changes needed to achieve a unified voice on humanitarian policy, budget, and reforms to optimize outcomes. The process will consider all options to achieve these objectives. As part of this process, State and USAID will submit their joint recommendation to the Office of Management and Budget (OMB), as part of their Fiscal Year (FY) 2020 Budget request, to optimize humanitarian assistance programs.

THE CHALLENGE

In FY 2017, State and USAID provided $9 billion in humanitarian assistance. More than 65 million people are displaced worldwide with needs outstripping limited resources. As a result, it is critical to maximize the impact of U.S. taxpayer resources spent on humanitarian assistance and deliver the greatest outcome to beneficiaries for those investments. Currently, three U.S. Government offices—one at State and two at USAID—share the responsibility to establish humanitarian policies and implement related assistance programs. Given the size of U.S. humanitarian relief efforts, it is imperative that they coherently plan, budget, and program against needs, providing the best possible outcomes for beneficiaries and value for the taxpayer as well as avoiding duplication of effort and fragmentation of decision-making.

State’s Bureau for Population, Refugees, and Migration (PRM) serves as the Government lead for program response to refugees (i.e., those who have crossed an international border). Within USAID’s Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), the Office of U.S. Foreign Disaster Assistance (OFDA) is the lead Federal coordinator for international disaster assistance and aid to internally-displaced persons (IDPs). USAID’s Office of Food for Peace (FFP) is the lead Federal provider of international food assistance, including to IDPs and refugees. All three offices—PRM, OFDA, and FFP—address the needs of victims of conflict, where, without careful coordination, there is the risk of overlapping effort.

While PRM and OFDA have always responded to conflict-induced displacement, in the last decade the composition of global beneficiaries has changed dramatically. Victims of conflict have become the largest share of affected persons globally. Conflict-related emergencies—which are man-made, inherently political, and require diplomatic engagement—impact a changing mix of refugees, IDPs, and other affected persons, which requires the three Government offices to be able to respond in a fluid and adaptable way. The most recent example is the Rohingya humanitarian emergency in Burma and Bangladesh. OFDA and PRM separately fund their partners to assist victims of conflict in Burma. PRM funds additional partners to support Rohingya who have become refugees by crossing into Bangladesh. FFP provides food for refugees, IDPs, and others affected in both Burma and Bangladesh. In an emergency situation
like this, it can be difficult to consistently execute a cohesive U.S. response that uniformly monitors the performance of implementers, including UN agencies, ensures there are no duplications or gaps in aid, and deploys a seamless and effective assistance strategy for all affected people.

Under the current set-up, improvements in coordination across U.S. humanitarian assistance are dependent upon the circumstances and willingness of those involved on a case-by-case basis. For example, in 2015, thanks to their good working relationship, the heads of USAID and State worked together to prevent the closure of the Dadaab refugee camp and the forced return of its occupants to Somalia.

Similarly, the delivery of humanitarian assistance across different offices can result in multiple and divergent Government voices in international fora on UN humanitarian policy and other aspects of humanitarian assistance, if not well coordinated. In an environment where most other participant countries have a single voice, represented by their foreign ministries. This results in confusion and reduces the effectiveness of the United States relative to its scale in the global humanitarian system.

This structure can also create additional programmatic and other costs and inefficiencies in implementing U.S. assistance, ranging from programming efforts that are conflicting, or contain gaps, to the use of different contracting, oversight, accountability measures, systems, policies, and procedures with implementers. In addition, it impedes broader seamless and coherent responses encompassing all tools available to the United States, from relief assistance to development support. There is a growing recognition that relief-development coherence is key to solving prolonged large-scale displacement.

The evolution and expansion in global humanitarian needs and responses in recent years and the structure of the U.S. humanitarian response apparatus, among other factors, underscore why we now need to optimize how we provide humanitarian assistance.

THE OPPORTUNITY

The ultimate goal is to achieve strategic, coherent, and seamless U.S. humanitarian programmatic and policy responses that best achieve our foreign assistance and policy goals, and that maximize our leverage, the benefit to recipients of assistance, and the value to the U.S. taxpayer. The Administration’s reorganization proposal will strengthen the capacity of the U.S. Government to achieve critical major reforms within the UN humanitarian system, optimizing outcomes and securing greater accountability and transparency within the multilateral humanitarian system.

Specifically, the final proposal will seek to achieve:

- A seamless cohesive approach to humanitarian programming and funding delivered by the United States;
- A unified voice that ensures the United States exercises a level of influence over donors and multilateral humanitarian efforts commensurate with our overall level of humanitarian funding and that we are not disadvantaged in dealing with the foreign ministries of other nations. A unified voice will not only allow the U.S. Government to more effectively and consistently drive necessary reforms amongst implementers, particularly the UN, but will also strengthen our ability to encourage other donors to increase their share of humanitarian assistance; and
- Strong and consistent oversight of U.S. Government implementing partners’ performance, including the UN humanitarian partners.
WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

Each U.S. humanitarian office—PRM, OFDA, and FFP—has its strengths, and often works well with the others, both in Washington and in the field, when their leadership jointly focus on addressing specific challenges and improving specific responses. However, the actions taken by State and USAID to date have not overcome structural deficiencies and therefore have been unable to achieve a systematic, optimal, and consistent approach to humanitarian operations, programming and standards, policy issues, and coordination with the UN and other implementers, other donors and grantees.

As outlined in the FY 2019 Budget, following an in-depth external study of USAID’s humanitarian offices in 2016, the Administration decided to merge OFDA and FFP. The merger will allow these two offices to increase the efficiency and effectiveness of USAID’s humanitarian programs. The Administration intends to go beyond the FY 2019 Budget by elevating the merged OFDA and FFP offices in a new USAID bureau. In addition, the Administration is deploying a new approach to relief in the near-term across State and USAID as a stopgap measure that improves how we conduct humanitarian assistance within the current U.S. humanitarian structure, and is also launching a process that will optimize the structure of U.S. humanitarian assistance, culminating with the delivery of a joint recommendation for consideration by OMB as part of the 2020 Budget development process.

Elevation of USAID’s Humanitarian Assistance Offices into a Bureau

As a first step, USAID is currently seeking to elevate the merged OFDA and FFP into a new Bureau. The Bureau would report to a new Associate Administrator for Relief, Resilience, and Response. This action is intended not only to raise the importance of humanitarian assistance within USAID and with domestic and international stakeholders, but also to improve and eliminate duplication within USAID’s crisis responses, including those crises driven by persistent conflict and food insecurity. The improvements include facilitating the transition from relief to development in new and ongoing humanitarian emergencies.

New Approach to Relief

State and USAID are embarking on a new approach to relief in the near-term, discussed in broad terms in the FY 2019 Budget, to begin to address three presidential priorities to 1) increase burden-sharing by other donors; 2) catalyze advance reform at the UN and other implementing partners; and 3) improve internal government coherence on humanitarian assistance. Under this approach, State and USAID will both continue to engage in humanitarian policy and diplomacy.

Amplifying U.S. Global Leadership by Optimizing U.S. Humanitarian Assistance

In addition, the Administration proposes to launch a process to revisit and optimize humanitarian assistance across State and USAID, to result in a reorganization proposal in the 2020 Budget. This proposal to optimize how humanitarian assistance is provided across State and USAID will establish the capacity to drive strong UN humanitarian system reform, increase burden-sharing, minimize duplication of effort in programming and policy, and maximize efficiency, and empower our diplomatic efforts to resolve conflicts and end long-standing displacement. Table 1 lays out the key challenges and risks, as well as the desired outcomes to be addressed in a final 2020 Budget proposal.
In developing this proposal, the Administration will address fundamental changes needed to achieve a unified voice on humanitarian policy, budget, and reforms to optimize outcomes by institutionalizing the core elements of the new approach to relief, to optimize the effectiveness of U.S. humanitarian assistance, and to make the coordination of policy and implementation across State and USAID seamless and more durable, accountable and effective.

Table 1: Optimization of Humanitarian Assistance - Current Challenges and Risks, and Desired Outcomes

<table>
<thead>
<tr>
<th>Current Challenges and Risks</th>
<th>Desired Outcomes</th>
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<tr>
<td>• Programming overlap, gaps and inconsistencies across programs</td>
<td>• Humanitarian leadership optimized to achieve foreign policy priorities, including UN reform and other reforms, coherent policy and programming</td>
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<tr>
<td>• Voices and policy positions not fully coordinated in international forums and negotiations</td>
<td>• Increased burden-sharing</td>
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<td>• Suboptimal policy positions and compromises in international negotiations</td>
<td>• Strengthened diplomacy to resolve conflicts</td>
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<td>• Difficulties in shifting funds across refugees, IDPs, and food as needed to address changing situations</td>
<td>• Seamless, coherent budgeting, planning, and programming (including planning for contingency needs)</td>
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<td>• Different and suboptimal business models for providing assistance</td>
<td>• Unified voice that seeks optimal UN reforms</td>
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<tr>
<td>• Suboptimal accountability, transparency, efficiency and effectiveness</td>
<td>• Seamless implementation of relief-development coherence across affected persons regardless of status, not just IDPs</td>
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<tr>
<td>• Duplicative and different oversight and reporting requirements</td>
<td>• Provision of aid based on needs (not status)</td>
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<td></td>
<td>• Ability to surge in unified, seamless response across all humanitarian assistance as crises evolve</td>
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<td></td>
<td>• Ability to use funding as needed either for refugees or IDPs and other affected persons</td>
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<td></td>
<td>• Significant and measurable improvements in outcomes for beneficiaries and value for U.S. taxpayers, including accountability and transparency</td>
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<td></td>
<td>• Seamless and coherent responses encompassing all tools available from relief assistance to development support</td>
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Development Finance Institution
Overseas Private Investment Corporation and USAID Development Credit Authority

Summary of Proposal: The Development Finance Institution (DFI) brings together the U.S. Government's development finance tools, such as the Overseas Private Investment Corporation (OPIC) and the Development Credit Authority (DCA) of the U.S. Agency for International Development (USAID), in a reformed and modernized way to leverage more private sector investment, provide strong alternatives to state-directed initiatives, create more innovative vehicles to open and expand markets for U.S. firms, and enhance protections for U.S. taxpayers.

THE CHALLENGE

"Development finance" refers to the use of tools such as loans, guarantees, and political risk insurance to facilitate private-sector investment in emerging markets with the goal of achieving positive developmental impact. Public-sector support aims to mobilize transactions that the private sector wouldn't do on their own.

The U.S. Government has used these tools through OPIC to back projects in key sectors such as power, water, and health that improve the quality of life for millions, and help lay the groundwork for creating modern economies. Likewise, the U.S. Government has used USAID's DCA risk-sharing guarantee program to drive private investment into countries and sectors with no or insufficient access to commercial finance.

Current U.S. development finance tools are outmoded and fragmented across multiple Federal agencies, and often are not well coordinated. This has hampered the Government's ability to make investments that support key U.S. foreign policy and national security objectives, and resulted in the inefficient use of taxpayer dollars. For example, OPIC and DCA have operated for over 15 years without significant legislative updates, and lack authorities to pursue more innovative deals in pursuit of our foreign policy interests. These institutions also have some duplicative functions, and lack the most modern development finance tools needed to counter the state-driven model of countries like China, or to cooperate with the DFIs of our allies like the United Kingdom, Germany, Canada, and Japan, who are investing heavily throughout the developing world.

DFI brings together the U.S. Government's development finance tools, such as OPIC and DCA, in a reformed and modernized way to leverage more private sector investment, provide strong alternatives to state-directed initiatives, create more innovative vehicles to open and expand markets for U.S. firms, and enhance protections for U.S. taxpayers.

THE OPPORTUNITY

With a new DFI, the United States will be better placed to advance our development and national security goals in the developing world and boost the competitiveness of American businesses, which are critical for promoting American prosperity and security. Compared to the status quo, the DFI will be better aligned with the President's National Security Strategy and better able to manage U.S. taxpayer risk.
A consolidated DFI will increase coordination and operational efficiencies, making more funding available for programming. In addition, it will be more nimble and better able to mobilize private sector funding with a modernized 21st Century toolkit allowing it to compete globally.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

In November 2017, before the Asia-Pacific Economic Cooperation (APEC) Summit in Vietnam, the President committed to reforming U.S. development-finance institutions to “better incentivize private-sector investment” and “provide strong alternatives to state-directed initiatives that come with many strings attached.” Additionally, the President’s National Security Strategy prioritizes efforts to catalyze private sector activity in developing countries to complement our more traditional foreign assistance programs.

The DFI will have reformed and modernized tools so that it is more interoperable with partners, while adhering to the key principles of mitigating risk to the U.S. taxpayer and not displacing private sector resources. The DFI will have similar tools to OPIC and USAID’s DCA today, (e.g. loans, guarantees, and insurance). In addition, the DFI will be able to support development finance related feasibility studies, project-specific grants, and equity investments, with appropriate constraints.

The DFI will have an updated governance structure and strong institutional linkages with the Department of State (State) and USAID to ensure the prioritization of projects that are critical to national security and developmentally impactful. The connectivity will drive better pipeline and programming coordination amongst USG agencies. For example, in a high-priority country, we envision complementary activities that could entail having the DFI support a feasibility study and subsequent early-stage financing for a new project, while USAID funds economic policy reforms that strengthen the enabling environment and attract more private-sector investment. To cement this alignment, the Fiscal Year (FY) 2019 Budget proposes resources for State/USAID programming (and other transfer authorities) to support activities such as grants for technical assistance or “wraparound” services that complement and support the DFI’s project-specific investments.

The new DFI governance structure will ensure that U.S. Government investments catalyze, but do not displace, the private sector, and will better manage taxpayer risk. For example, the Budget proposes annual loan limitations, in addition to an overall exposure cap, and the Administration’s proposal includes investment constraints to enhance taxpayer protections. The Budget also requests significantly expanded funding for inspections, evaluations, and oversight of the DFI.

The Administration expects savings from eliminating some redundant efforts in development-finance programs, such as risk-management, credit modeling, and servicing. These savings will allow the DFI to allocate more effort to its mission than to duplicative overhead activities.

The Administration's DFI proposal is consistent with similar proposals from a range of independent stakeholder groups and think tanks such as the Modernizing Foreign Assistance Network and the Center for Strategic and International Studies, and derives important lessons from other countries' DFIs. Additionally this proposal reflects significant coordination among all affected agencies and various other stakeholders.

The Administration has indicated strong support for the goals of H.R. 5105/S.2453, the “Better Utilization of Investments Leading to Development (BUILD) Act of 2018.” The legislation is broadly consistent with the Administration’s DFI proposal, and the Administration has been working with the Congress to make adjustments to the text as the bills progress through the legislative process.
## Summary of Proposal

The U.S. Agency for International Development (USAID) is planning an extensive, Agency-driven structural reorganization of its headquarters Bureaus and Independent Offices, as a foundational component of its overall plans to better advance partner countries’ self-reliance, support U.S. national security, and ensure the effectiveness and efficiency of foreign assistance. Most significantly, USAID’s transformation will accomplish the following: 1) elevate and realign its humanitarian assistance, conflict-prevention and response, and resilience and food security programs; 2) consolidate and reorient its centralized program design, innovation, and technical support functions to better support overseas Missions; and 3) consolidate and streamline policy, budget, performance, and central management functions.

## The Challenge

USAID has not undergone a comprehensive structural transformation in more than 20 years. The operating environment for USAID has changed dramatically in those 20 years, and USAID is looking to change with it by creating a more dynamic and efficient organization that enables its people and programs to be more effective while also maintaining the Agency’s leadership on development. The goal of this transformation effort is to strengthen the Agency’s core capabilities. Specifically, that means breaking down stove-pipes and creating coherent and rational structures that can enable more efficient coordination and integration of programs and resources. It also means continuing to work to unlock information, analysis, and ideas internally and externally that can improve decision-making and programming across the organization. For example, the magnitude, complexity, and protracted nature of humanitarian assistance, stabilization, and resiliency needs worldwide has outstripped USAID’s existing structures and approaches, so the Agency has planned an Improved structure that will enable fully-integrated responses and effective transitions from recovery to longer-term resilience and self-sufficiency. Further, specialized technical expertise and cross-cutting capabilities are dispersed inconsistently and in some cases duplicatively across the Agency, with no single centralized resource to support Missions overseas in designing innovative and effective programs. USAID’s budget, policy, and evidence-based performance functions are currently dispersed among multiple bureaus and offices, so the Agency is planning to bring those functions under one umbrella, as well as ensure coherence in operationalizing the vision for self-reliance that is the centerpiece of the future USAID. Lastly, the restructuring is exploring how to better integrate core management functions to strengthen the operational foundation of the Agency.

To address these challenges, USAID is pursuing a comprehensive set of experience-based, employee-driven reforms across the Agency. These proposals will elevate and consolidate humanitarian assistance; better align efforts to prevent and respond to conflict and conduct stabilization and response efforts; enable the building of more resilient communities and countries in the face of shocks; reinforce advanced program design, innovation, and implementation as core capabilities; strengthen connections and coherence between policy, budget, and strategy; and align central management services.
THE OPPORTUNITY

These reforms will strengthen USAID’s core capabilities in priority areas, rationalize Bureau and Office structures, and establish clear roles and responsibilities to reduce duplication, improve accountability, and maximize effectiveness. As a result, USAID will be better positioned to support the President’s National Security Strategy and economic growth objectives through foreign assistance, including through better development and emergency response outcomes; increased self-reliance in partner countries; and a reduced need for traditional foreign assistance; improved USAID program and procurement design and implementation; and greater accountability, effectiveness, and efficiency in using taxpayer dollars.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

USAID’s ambitious structural reorganization will provide a strong foundation for its broader transformation plans, which emphasize policy and process reforms across such topics as ending the need for foreign assistance, better supporting national security, opening markets for U.S. businesses, and driving reforms in human resources, information technology, and procurement. These structural changes will help ensure that improvements are sustainable by strengthening core Agency capabilities and coordination, improving the design and implementation of humanitarian and development assistance programs, and streamlining offices and decision-making. USAID is investing extensive time, expertise, and leadership focus in analyzing, developing, and implementing seven major Bureau changes, including in many Washington-based offices. Each major change summarized below is supported by a strong rationale and detailed plans for successful implementation. Taken together, they represent a significant re-envisioning of USAID and its potential to support U.S. national security, foreign policy, and economic goals while effectively managing and overseeing taxpayer-funded programs.

Associate Administrator for Relief, Response, and Resilience

The new Associate Administrator will lead an integrated effort to strengthen and further unify humanitarian assistance with resilience and food security, and with prevention and response to conflict and crises. By providing overall strategic and programmatic guidance, the Associate Administrator will reduce stove-piping, improve decision-making, and ensure effective, timely, and appropriate coordination of critical programming and technical assistance. This position will also reduce the number of individuals who report directly to the Administrator and Deputy Administrator, and allow them to focus on broad strategy and management of the overall Agency.

Bureau for Humanitarian Assistance

The current structure of humanitarian assistance at USAID is out of date and based on an artificial bifurcation of food and non-food humanitarian assistance, which impedes fully-integrated, effective, and efficient responses. The new Bureau for Humanitarian Assistance will consolidate USAID’s current Offices of Food for Peace and U.S. Foreign Disaster Assistance, uniting humanitarian programming, eliminating confusion and duplication in the field and in Washington, D.C., and allowing beneficiaries and partners to deal with one cohesive humanitarian assistance provider within USAID. This unified structure will improve the Agency’s core capability to save lives, reduce hunger and human suffering, and mitigate the impact of disasters and complex emergencies around the world.
Bureau for Resilience and Food Security

Elevating leadership and strengthening Mission support on resilience will better enable USAID’s programs to break the cycle of chronic vulnerability, extreme poverty, and hunger driven by recurrent shocks and stresses – and therefore to reduce the types of instability that threaten U.S. national security. The new Bureau for Resilience and Food Security will combine the capabilities and expertise of the current Bureau for Food Security (including the Center for Resilience), the Office of Water, and the Climate Adaptation team to provide technical leadership and more efficient and effective support to field Missions through four Centers that cover Agriculture, Resilience, Water, and Nutrition, as well as through cross-cutting capabilities such as research.

Bureau for Conflict Prevention and Stabilization

Approximately 70 percent of USAID’s programming is in fragile states or countries in conflict, emerging from conflict, or at risk of conflict, yet USAID’s current Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA) does not always operate as one unit with one voice. The new Bureau for Conflict Prevention and Stabilization will house USAID’s current DCHA Offices of Transition Initiatives; Civilian-Military Cooperation; Conflict Management and Mitigation; and Program, Policy and Management, along with Countering Violent Extremism staff, in a single streamlined and focused Bureau. The Bureau will lead the implementation of effective conflict prevention, stabilization, and political transition assistance through field programs to respond to acute crises, integrated technical assistance and services to Missions, and surge capacity and rapid response support. Enhancing and more effectively integrating these functions into one bureau will strengthen USAID’s ability to counter violent extremism, advance U.S. national security, achieve long-term development goals, and help more countries move towards self-sufficiency.

Bureau for Development, Democracy and Innovation

In USAID’s current structure, there is no single, central resource for program design and innovation, with relevant technical expertise spread inefficiently and inconsistently across the Agency, both at headquarters and in regional Bureaus. The new Bureau for Development, Democracy and Innovation will bring together the technical expertise of the current Bureau for Economic Growth, Education, and the Environment; the Center for Democracy, Human Rights, and Governance; the Global Development Lab; regional Bureaus; and other components such as American Schools and Hospitals Abroad, the Center for Faith-Based and Community Initiatives, and Minority-Serving Institutions Program. The Bureau will be a one-stop-shop for technical expertise and high-quality program design support. It will house several Centers on specific topics and help Missions to improve programmatic results by integrating innovation, technology, inclusivity, good governance, private-sector engagement and partnerships, expertise in managing small grants, and other cross-cutting priorities into long-term development efforts.

Associate Administrator for Strategy and Operations

Currently, USAID’s budget, financial management, policy and learning, and other management functions are dispersed across multiple Bureaus that report separately to the Administrator and Deputy Administrator. The increasing complexity of USAID’s mission means that these two Agency leaders can no longer devote sufficient attention to strategic and programmatic priorities while also driving management reforms, operational and procurement improvements, and overseeing USAID’s finances and human capital. USAID is exploring the feasibility and value of establishing a new Associate Administrator for Strategy and Operations that would unite these functions under a single dedicated leader for the first
time, to reduce stove-piping; improve decision-making; and ensure effective, timely, and appropriate coordination of critical operations and management functions. This role would also reduce the number of individuals who report directly to the Administrator and Deputy Administrator, to allow them to focus at the strategic level while the Associate Administrator for Strategy and Operations would be accountable for all management functions on a day-to-day basis.

**Bureau for Policy, Resources and Performance**

The new Bureau for Policy, Resources, and Performance (PRP) will consolidate staff from the current Bureau of Policy, Planning and Learning, the Office of Budget and Resource Management, the Bureau for Management, and the Global Development Lab to better coordinate, align, and strengthen USAID’s foreign assistance policy, resource management, and evidence-based performance management functions. The PRP bureau would report to the newly-established Associate Administrator for Strategy and Operations.

**Bureau for Management**

Multiple Agency-wide management and human capital functions reside in organizational units outside of the Management Bureau. The Bureau for Management oversees most procurement and program-funded human resources functions, whereas the remainder of human resource functions are housed within the Bureau for Human Capital and Talent Management (HCTM), and the Office of Security (SEC) is currently a stand-alone organizational unit. The merger of HCTM and SEC with the Management Bureau will provide for a more simplified operational structure. It will reduce direct reports to the Administrator, increase accountability and direct oversight, allow for all human capital components to reside in a single Bureau, and support a more streamlined security clearance process. The Bureau for Management would report to the newly-established Associate Administrator for Strategy and Operations.

**Bureau for Asia**

The countries of Afghanistan and Pakistan were formerly part of USAID’s Bureau for Asia until 2010, when the previous Administration established the separate the Office of Afghanistan and Pakistan Affairs (OAPA) to address the tremendous pace of operations in the two countries. Designed as an interim solution intended to help administer the ramping up of development programs in Afghanistan and Pakistan, the current maturation of those programs, and the necessity for improved regional coordination and effectiveness to carry out the President’s South Asia Strategy, warrant the reintegration of OAPA into a single Asia-wide regional Bureau.
Reorganizing the U.S. Office of Personnel Management

**U.S. Office of Personnel Management**

**Summary of Proposal:** This proposal would reorganize the U.S. Office of Personnel Management (OPM) and the process by which Federal personnel management and operation functions are coordinated. Specifically, the proposal would move OPM’s policy function into the Executive Office of the President (EOP) and elevate its core strategic mission, while devolving certain operational activities, including the delivery of various fee-for-service human resources and IT services, to other Federal entities better positioned to provide transaction processing services that meet 21st Century needs.

**THE CHALLENGE**

Forty years ago, OPM was established in statute by the Civil Service Reform Act of 1978, and was tasked with aiding and advising the President on actions to promote an efficient civil service. This was the last time the Government implemented broad civil service reform. The General Schedule Federal job classification structure dates back to 1940. Today, there is broad acknowledgment that the Federal employment system is archaic in many significant respects, and does not reflect the realities of the contemporary workforce. Evidence of this recognition is the creation by the Congress in recent years of a variety of alternative personnel systems. These systems addressed problems impacting specific agencies as they arose. This has postponed a broader overhaul of the core personnel system, and left a fragmented personnel structure—roughly a third of which now lies outside the purview of OPM.

Meanwhile, the vast majority of OPM’s workforce and budget are currently dedicated to operational activities—with a small minority dedicated to policy and oversight activities related to, for example, hiring, performance management, compensation, merit system compliance, and labor relations. On a reimbursable basis, OPM performs human resources-related services, including background investigations and information technology services, for other Federal agencies. In recent years, several high-profile incidents concerning these services—including a major information security breach—have created major distractions for OPM leadership that have nothing to do with the core personnel functions that are OPM’s primary charge.

The 2.1 million-person civilian workforce represents one of the Federal Government’s largest and most impactful investments. Like any large corporation, the Government is only as effective as its people. Yet the Government Accountability Office has designated strategic human capital management as a high-risk area since 2001, because the Federal Government does not do an effective job attracting, managing, and retaining a skilled workforce. An extensive literature review documents these failings. The causes are varied, but addressing them effectively requires an optimized management structure that is centrally situated, empowered to view the Federal workforce holistically, and free to focus on core strategic and policy concerns.
THE OPPORTUNITY

This proposal is an opportunity to elevate the Federal workforce management function and maximize the operational efficiency of human capital services. The civil service system is overdue for an overhaul, and that overhaul would best be implemented under a new management structure that is more focused on core priorities and that has not been molded around the existing, archaic framework of civil service rules and regulations.

Once complete, a transition into the EOP could create a more streamlined personnel management unit that is less expensive to operate. Such a unit would also support centralized coordination of all personnel policies for Federal employees, eliminating the confusing matrix of who does what today, as well as several key gaps in policy that are inhibiting the streamlining of mission support services. Centralizing human capital operational services at the General Services Administration (GSA) should provide economies of scale and significant cost-avoidance based on reductions in contract and IT duplication as well as increased data sharing and availability.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

Current OPM Structure

OPM currently comprises seven major organizational units: Employee Services, Retirement Services, Healthcare & Insurance, Merit System Accountability & Compliance, Human Resources Solutions, Suitability Executive Agent, and the National Background Investigations Bureau. In general, current OPM activities and functions fall into two categories: human resources policy and compliance and human resources service delivery and implementation.

This proposal would elevate human resources policy functions into the EOP, and provide it with a whole-of-Government mandate that OPM currently lacks.

To drive real reform, the Federal Government needs to elevate Federal workforce policy so that evidence and leading practice can drive strategic management of the workforce. In particular, reform requires an agency steadfastly committed to:

- A holistic view of the Federal workforce;
- Assessment of innovations and contextual changes that drive the future of work;
- Data analytics and strategic workforce management;
- Agency policy advice and change management assistance; and
- Identification and advancement of leading practice throughout the Federal Government.
Structure and Function of the EOP Office

Today, Federal human resources policy is fragmented, making it difficult to assess Government-wide human capital challenges. This EOP office would centralize policy decisions in areas such as employee compensation; workforce supply and demand; identification of future workforce skill needs; leadership and talent management; and other important issues. The office would work to rationalize policies, procedures, and incentives across the Government, while minimizing unintended consequences.

This new office would also modernize the approach to human resources policy, with a core focus on: strategy and innovation; workforce and mission achievement; senior talent and leadership management; and, total compensation and employee performance. Each of these units would be informed by data analytics and human resources standards.

Achieving this vision will require realignment of OPM’s current functions, some of which would be transferred and realigned to a service delivery operational entity. The new entity would be formed from a combination of OPM’s operational/service units with the existing offices of GSA, to be reconstituted as the “Government Services Agency.” This combination would yield an organization with a focus on providing Government-wide services and solutions associated with the full Federal employee lifecycle.

Immediately below is a summary of how current OPM functions could be realigned under this proposal. While the precise transition plan for all units has not been finalized, organizational units in the EOP office would subsume and expand upon the current OPM human capital policy-based activities under this proposal. At the end of this paper, there is an existing OPM organizational chart and a notional organizational chart for the office to be housed within the EOP.

<table>
<thead>
<tr>
<th>Current OPM Organizational Units</th>
<th>Function Type</th>
<th>Receiving Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Services</td>
<td>Policy</td>
<td>EOP Office</td>
</tr>
<tr>
<td>Retirement Services</td>
<td>Employee Servicing</td>
<td>“Government Services Agency”</td>
</tr>
<tr>
<td>Healthcare &amp; Insurance</td>
<td>Agency Servicing</td>
<td>“Government Services Agency”</td>
</tr>
<tr>
<td>National Background Investigations Bureau</td>
<td>Agency Servicing</td>
<td>Department of Defense</td>
</tr>
<tr>
<td>Human Resources Solutions</td>
<td>Agency Servicing</td>
<td>“Government Services Agency”</td>
</tr>
</tbody>
</table>

Note: The placement of other OPM offices and functions will be determined at a later date.

Transfer of Operational Functions to a Renamed Government Services Agency

OPM’s current human resources service delivery and implementation functions would be transferred. A strong nexus would be retained, however, between these operational activities and the personnel management office to be housed in the EOP, which would be responsible for ensuring that human resources IT operations and services evolve in a manner consistent with changes in workforce policy.

Centralizing human resources operational functions in a single entity within the newly renamed Government Services Agency would integrate the transactional and employee-centric, service-based functions currently performed by OPM with existing GSA operations, including Federal employee payroll and travel. With end-to-end services around the Federal employee lifecycle maintained in one place, considerable operational efficiencies should be attained. Currently, these services are stove-piped,
forcing burdensome processes on managers and employees. It is worth noting that HR services are rated last among all mission support services by Federal managers.

To achieve the vision outlined in this proposal, the consolidated service agency would house those functions currently performed by OPM's Human Resources Solutions, and Healthcare & Insurance organizational units. It could also potentially carry out OPM's responsibilities for retirement processing and servicing, but other entities, such as the Department of the Treasury, would also be considered.

As also discussed in this Volume, activities currently performed by the National Background Investigations Bureau would be consolidated with similar activities mandated to the Department of Defense.

Additional Analysis and Background

More than 80 percent of OPM's funding and staff is dedicated to meeting the Agency's service-based responsibilities. These include important functions, such as administering the Federal Employees Health Benefits Program for more than 8.2 million active Federal employees, retirees, and their families; administering the Civil Service Retirement System and the Federal Employees Retirement System for over 5.3 million active Federal employees, annuitants, and survivors; processing more than two million background investigations each year for over 100 Federal agencies; and managing USAJOBS, which receives over 85 million searches each month from 15 million site visitors. While these functions are vital, their scope and scale are such that they necessarily distract agency leadership's attention from strategic human capital management and stewardship of an efficient civil service structure. OPM's greatest visibility in recent years has stemmed from high profile challenges within these operational and service-based activities.

In 2014, a data breach into OPM's systems exposed personally identifiable information for over 20 million individuals, including Federal employees and their families, job applicants, and contractors, creating one of the biggest national security threats in decades and requiring the Federal Government to pay for credit monitoring for 10 years. In 2007, OPM issued a stop work order marking its fourth consecutive failure to automate its retirement processing function. Since then, OPM has not attempted this effort again, and instead relies on manual reviews. From 2014 to today, OPM has increased prices on background investigations by more than 40 percent, and the timeline for processing background investigations has tripled, further straining agency budgets and the ability to fill critical positions. Currently, OPM is working to reduce an inventory that has grown to approximately 725,000 cases.

There is no significant benefit obtained from having these operational fee-based functions housed within the same agency that oversees the overarching policies. Further, it is no way apparent that OPM has a comparative advantage relative to other Federal entities in the management of information technology or contractual services. Also, in selling human resources and IT products to those agencies whose personnel practices it monitors, OPM is in a position that can lend the appearance of a conflict of interest.
Achieving the End-State Vision

Achieving this vision may entail both legislation and administrative actions to transfer and/or delegate certain basic OPM functions, resources, and authorities. This includes moving peripheral functions to other agencies, and moving core policy units into the EOP. There would also be a change-management and capacity-building process, led by the Director of the Office of Management and Budget and the Director of OPM, to transform and elevate the organization. Fully and effectively achieving the end-state vision presented here would necessarily require a partnership with the Congress, including the granting of statutory authorities as necessary.
A New Approach is Needed to Transform the Workforce

**Status Quo**
- Focus on administering and protecting Title V, excluding other 1/3 of workforce
- Responsibilities for developing policy and selling services to agencies are under same organization
- Federal personnel policy and strategy is only management function located outside the Executive Office of the President
- Human Resource IT is held back by legacy IT systems and customized to Federal standards.

**Future State Vision**
- Focus on workforce strategy for whole of government
- Responsibilities for policy and strategy development would be separated from service offerings to agencies
- Integrate responsibilities for policy and strategy into the Executive Office of the President, similar to other functions like IT, procurement, financial management
- Human Resource IT is moved into cloud architecture and aligned with private sector standards

Enable effective strategy and workforce alignment through effective policy oversight and spreading adoption of leading practices.

**New Organizational Structure**

**Organizational Roles**
- Plan for the Future of Government’s Work: mission, needs, critical skills, assessment of current resources, learning management, diversity and inclusion
- Create a Culture Paced on Mission Delivery and Performance: customer service metrics, organizational health and performance metrics, employ employee engagement
- Focus on the Top Career Leaders: identify top ~100-150 positions and develop leadership and executive competencies and strategies for preparing managers and leaders
- Modernize Compensation to Recruit and Retain: play, benefits, training, leave, disability based on skills needed and market dynamics

Align Federal SITS standards to Private Sector: enable agencies to leverage private sector solutions wherever possible
Use “Data” to Inform Strategy and Actions: perform comparative analyses internal to Government, including market research, identify leading practices, and sustain for agencies.
Consolidation of Federal Veterans Cemeteries

Department of Veterans Affairs

Summary of Proposal: This proposal would transfer responsibility for perpetual care and operation of select military and veterans cemeteries located on Department of Defense (DOD) installations to the Department of Veterans Affairs (VA) - National Cemetery Administration. This transfer would increase efficiency, limit mission overlap, and ensure that these cemeteries are maintained to national shrine standards to continue the recognition of service of those interred therein.

THE CHALLENGE

Currently, mission overlap exists in the oversight and operations of Federal military and veterans cemeteries. Specifically, VA maintains and operates 135 national cemeteries and 33 cemetery installations, DOD is responsible for approximately 43 cemeteries located on active and inactive installations, the Department of the Interior (DOI) is responsible for 14 situated within national parks, and the Department of Agriculture (USDA) is responsible for one. In most cases, this mission overlap is inconsequential as the responsible agency has adequate infrastructure and support in place at each location, making each a suitable caretaker. However, at some facilities responsible agencies no longer maintain an active presence, presenting unique challenges for efficient oversight and warranting reconsideration of the status quo.

This proposal recognizes an opportunity to transfer responsibility for the operation and care of select post cemeteries, 10 of which are located on inactive facilities formerly occupied by the Department of the Army (Army) and one on a re-missioned open garrison (Fort Devens), to VA by leveraging the expertise and capabilities of the National Cemetery Administration (NCA). This consolidation will enable the Army to utilize Operations and Maintenance resources for other critical mission needs while reducing duplication of effort across Government.

THE OPPORTUNITY

For several decades, DOD has maintained "post cemeteries" on inactive bases shuttered as a result of various closure and re-missioning decisions - specifically, 10 former active Army facilities. In these cases, lack of an active Army presence makes efficient operations and maintenance challenging. The National Cemetery Administration (NCA), established by the Congress in the National Cemeteries Act of 1973 and one of the three administrations that make up VA, operates a large network of veterans cemeteries, making it better suited for this mission. In addition, one open garrison - Fort Devens, Massachusetts - has been re-missioned as an Army Reserve Forces Training Area and is included in this proposal.

In addition to serving as the interface for the public in the delivery of VA burial benefits, NCA operates and maintains the network of national cemeteries to "national shrine" standards. These standards include headstone realignment, irrigation and grounds improvements, and other facility upgrades to improve accessibility and visitors' experience. NCA's performance is substantiated by consistently high customer satisfaction ratings from veterans, family members, and visitors.

Consolidation will alleviate duplicative mission requirements and entrust operational control to an agency with more expertise in running cemeteries. This will allow more burial options for veterans and dependents at some of the transferred cemeteries by taking advantage of NCA's operational experience in maximizing the use of available space.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

VA, DOD, DOI, and USDA maintain approximately 226 Federal cemeteries where the remains of veterans and dependents from various eras and conflicts are interred. The NCA is responsible for 135 national cemeteries and 33 other cemetery installations.

The remaining 58 cemeteries fall under the collective responsibility of DOD, DOI, and USDA as listed below. Not listed are numerous other State and/or tribal veterans cemeteries. Further, this inventory does not include American Battle Monuments Commission installations as nearly all are overseas and currently maintained to guidelines commensurate with "national shrine" standards.

<table>
<thead>
<tr>
<th>Department of the Army (post cemeteries proposed for transfer)</th>
<th>Department of the Army</th>
<th>Department of the Interior National Park Service</th>
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<tbody>
<tr>
<td>• Vancouver Barracks Cemetery, WA</td>
<td>• Arlington National Cemetery, VA</td>
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<tr>
<td>• Fort McPherson Post Cemetery, AL</td>
<td>• U.S. Soldier's and Airman's Home National Cemetery, Washington, DC</td>
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<tr>
<td>• Fort McPherson Prisoner of War Cemetery, AL</td>
<td>• Aberdeen Proving Ground, MD</td>
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<td>• Fort Lawton Cemetery, WA</td>
<td>• Fort Meade, MD</td>
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<td>• Fort Douglas Cemetery, UT</td>
<td>• Fort Irwin, CA</td>
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<td>• Fort Worden Cemetery, WA</td>
<td>• Califia Barracks, PA</td>
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<td>• Fort Missoula Cemetery, MT</td>
<td>• Edgewood Arsenal, MD</td>
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<td>• Fort Stevens Cemetery, OR</td>
<td>• Fort Huachuca, AZ</td>
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<td>• Fort Bliss Cemetery, TX</td>
<td>• Fort Knox, KY</td>
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<td>• Fort Leonard Wood, MO</td>
<td>• Joint Base Lewis-McChord, WA</td>
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<td>• Fort Meade, MD</td>
<td>• Presidio of Monterey, CA</td>
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<td>• Fort Riley, KS</td>
<td>• Fort Riley, KS</td>
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<td>• Fort Sill, OK</td>
<td>• Fort Sill, OK</td>
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<td>• U.S. Military Academy, NY</td>
<td>• Watervliet Arsenal, NY</td>
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<td>• Fort Campbell FPO Cemetery, KY</td>
<td>• Fort Campbell, KY</td>
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<td>• Fort Drum FPO Cemetery, NY</td>
<td>• Fort Drum FPO Cemetery, NY</td>
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<td>• Fort Gordon German Holz Cemetery, GA</td>
<td>• Schofield Barracks, HI</td>
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<tr>
<td>• Fort Hood FPO Cemetery, TX</td>
<td>• Gettysburg, PA</td>
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<tr>
<td>• Fort Warren AFB, OK</td>
<td>• Antietam, MD</td>
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<tr>
<td>• Fort Eustis, VA</td>
<td>• Battleground, VA</td>
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<td>• Fort Monroe, VA</td>
<td>• Fredericksburg, VA</td>
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<td>• Fort Myer, VA</td>
<td>• Yorktown, VA</td>
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<tr>
<td>• Fort Drum, NY</td>
<td>• Poplar Grove, VA</td>
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<tr>
<td>• Fort Drum POW Cemetery, NY</td>
<td>• Fort Donelson, TN</td>
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<tr>
<td>• U.S. Naval Academy, NY</td>
<td>• Andrew Johnson, TN</td>
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<tr>
<td>• Watervliet Arsenal, NY</td>
<td>• Stones River, TN</td>
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<td>• Fort Riley, KS</td>
<td>• Shiloh, TN</td>
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<tr>
<td>• Fort Drum POW Cemetery, NY</td>
<td>• Andersonville, GA</td>
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<td>• Schofield Barracks, HI</td>
<td>• Vicksburg, MS</td>
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<tr>
<td>• Camp Drum, Camp Drum, NY</td>
<td>• Chalmers, LA</td>
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<td>• Camp McClellan, Camp McClellan, WA</td>
<td>• Custis, VA</td>
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<thead>
<tr>
<th>Department of the Air Force</th>
<th>Department of the Navy</th>
<th>Department of Agriculture</th>
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<tbody>
<tr>
<td>• Fort George Wright Cemetery, Fairchild Air Force Base, WA</td>
<td>• Marine Memorial, FL</td>
<td>• Fort Knox Cemetery, POW Annex, OK</td>
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<tr>
<td>• U.S. Air Force Academy, CD</td>
<td>• Captain Ted Carson Memorial Navy Cemetery, VA</td>
<td></td>
</tr>
<tr>
<td>• F.E. Warren AFB, WY</td>
<td>• B.S. Naval Cemetery, Great Lakes Naval Base, IL</td>
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<tr>
<td>• Fort Eustis, VA</td>
<td>• Guantánamo Bay Naval Cemetery, U.S. Naval Base, Cuba</td>
<td></td>
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<tr>
<td>• Volk Field, Camp Douglas, WY</td>
<td>• B.S. Naval Academy, MD</td>
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</table>
Transfer of the 11 cemeteries italicized above from Army to NCA makes progress towards several Administration priorities, including, but not limited to: reducing redundancies and mission duplication across Government; streamlining operations and achieving efficiencies; increasing access to burial options for veterans and eligible dependents; and, providing veterans with benefits they have earned in service to the Nation.

This consolidation will constitute the largest transfer of cemeteries to VA since the National Cemeteries Act of 1973 (P.L. 93-43) established the system in place today. The proposal is limited to base cemeteries located on installations that no longer maintain an active personnel presence, as well as one re-missioned base (Fort Devens) where transfer would realize efficiencies. Although the effort is not conceived as a pilot, it will enable VA to develop and execute an implementation plan that could also inform future transfers. This proposal would not transfer cemeteries on other active DoD installations or those located within DoI national parks where support infrastructure and presence exists.

Transferring these facilities to NCA is the optimal good-government strategy, and is consistent with the National Cemeteries Act of 1973. NCA leads the way in providing a variety of world-class burial and memorial benefits for veterans and their families and has received the highest customer satisfaction rating among the public and private sector from the American Customer Satisfaction Index (ACSI) for six consecutive years. Upon transfer, these facilities will be maintained to the same high standards as other NCA cemeteries, which have garnered public praise. VA does anticipate that each of the 11 transferred cemeteries will need to undergo some minor infrastructure improvements (e.g., roads, irrigation and drainage, marker alignment, turf renovation, etc.).
Reorganizing Economic Statistical Agencies
Departments of Commerce and Labor

Summary of Proposal: The U.S. Statistical System is composed of 13 principal statistical agencies across the Federal Government. Three of these agencies—the U.S. Census Bureau (Census), the Bureau of Economic Analysis (BEA), and the Bureau of Labor Statistics (BLS)—account for 53 percent of the System's annual budget of $2.26 billion, and share unique synergies in their collection of economic and demographic data and analysis of key national indicators. Reorganizing these agencies under the Department of Commerce (DOC) would increase cost-effectiveness and improve data quality, while simultaneously reducing respondent burden on businesses and the public.

THE CHALLENGE
Census, BEA, and BLS are the three statistical agencies responsible for the vast majority of the economic and demographic statistics produced by the Federal Government. However, as separate agencies across multiple departments, current duplications in data collection efforts yield increased burdens on businesses and the public. For example, Census and BLS separately collect data on, and maintain different lists of, business establishments to support their statistical activities. Such duplication creates unnecessary burden on respondents, which only impedes the timely production and analysis of vital U.S. data that the public rely on to make everyday household, business, and policy decisions. Further, because these three agencies already work in close coordination with each other, their reorganization under one department would bring about efficiencies through the integration of not only data products, but staff services and IT systems, achieving cost savings while improving data security.

Reorganizing these agencies under the direction of DOC's Undersecretary for Economic Affairs will provide the policy and management oversight necessary to coordinate and streamline the production of Federal economic statistics. To achieve this goal, planning would begin in 2019 with implementation in 2020, after the peak operations of the 2020 Decennial Census are complete.

THE OPPORTUNITY
This proposal would support three key opportunities for improvement:

- Reorganizing Census, BEA, and BLS within DOC would reduce redundancy by utilizing shared infrastructure—including modernized IT and human resource systems—resulting in more efficient collection and production of national data.
- Integrating survey operations, such as survey sample designs and respondent lists, would reduce respondent burden for businesses and the public by decreasing redundant survey questions and consolidating existing surveys.
- Reorganization could also improve data quality by streamlining the approaches used to measure U.S. economic statistics, including capital investment, productivity, trade, and service industries.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

Reorganizing Census, BEA, and BLS is logical because all three produce national-level economic and demographic indicators whose value extends far beyond the scope of their respective departments and programs. There is general agreement within the statistical community, the Administration, and among private stakeholders that consolidating these three agencies would reduce public burden and end duplicative practices, while simultaneously enabling a more coherent approach to developing the Nation's principal statistics. Numerous presidential, congressional, and other studies have recommended consolidation and coordination. In addition, many other nations with high statistical capacity, including Canada, the U.K., Australia, and New Zealand, have a much greater degree of centralization of statistical functions than the United States.

While there is a sound case for reorganization, the Administration acknowledges that there are risks. Maintaining trust in the accuracy, objectivity, reliability, and integrity of Census, BEA, and BLS products is essential to meeting the needs of a wide range of end users and other stakeholders. The reorganization will provide the opportunity to move to an open-source environment that will improve transparency and confidence in statistical products. Reorganizing these agencies under DOC's Under Secretary for Economic Affairs provides the best opportunity to preserve the quality and integrity of these products while also creating the greatest opportunity to improve the efficiency of the agencies. The Under Secretary already leads oversight activities of both BEA and the Census Bureau on high management, budget, employment, and risk management issues; advises Government officials on economic policy; and participates in interagency policy councils. Folding BLS into DOC would only strengthen the Under Secretary's ability to coordinate and integrate current work with the priorities and requirements of the Department and other Government entities. To mitigate any possibility of impacts to high priority programs, such as the decennial census, reorganization would not occur until late 2020 after nationwide field operations for the 2020 Census have been completed. The Administration will continue to study this proposal to ensure that a combined agency will not be less accountable or transparent to the American people than the current division of responsibility among multiple agencies.

Reorganization would focus on the following goals: achieving increases in operational efficiencies; reductions in respondent burden; enhancements in privacy protections; and improvements in data quality and availability.

Achieving Increases in Operational Efficiencies

The integration of data products and sharing of administrative services and IT systems could yield greater economies of scale, resulting in substantial increases in operational efficiencies. For example, BLS's headquarters lease is ending in Fiscal Year 2022. Rather than develop and finalize independent plans for relocation, BLS will explore options with Census and BEA to leverage office space as well as unique assets necessary to complete their mission, such as lock-up production facilities. In addition, Census has invested heavily in its IT infrastructure ahead of the 2020 Census and intends to expand that investment to the rest of the Bureau following its completion. Starting to plan for consolidation now would allow Census to integrate the operational requirements of BLS and BEA so that the planned expansion of their infrastructure could address the needs of all three agencies. This would also provide the most cost-effective opportunity to modernize older systems at BLS and BEA.
Reductions in Respondent Burden

The potential to consolidate duplicative survey data collections and eliminate some collections and survey questions would produce tangible efficiencies for the public and the Federal Government. For example, BLS and Census currently conduct separate surveys on U.S. businesses and their activities, and because current law does not permit consolidation of the lists of business establishments, BLS and Census maintain separate lists of business establishments to support statistical activities. Consolidation of these agencies could allow for combining these surveys into a single data collection. Reorganizing these agencies within one department would also provide them with access to existing administrative data in a more efficient manner, which could lead to the elimination of certain collections while producing higher quality and more timely data. For example, current agreements between outside partners and Census, BEA, or BLS only permit the agency in the agreement to use the administrative data. Through a reorganization, the administrative data agreements with outside partners could be leveraged for use across a larger suite of programs and would reduce public burden and costs.

Enhancements in Privacy Protections

Privacy risks and concerns over the safeguard of information could also be optimally mitigated by consolidating these agencies. The proliferation of information about people and businesses online increases the risk of unintended respondent re-identification. Currently, BLS and Census each release numerous business data products, including data on employment and wages of industries and occupations, values of sales and inventories, and prices received by producers and paid by consumers, with each release adding incremental risk to this re-identification issue. Current law does not permit consolidation of the administrative source data used by each agency, and each set of data products provide unique functionality such that data users would be harmed by ceasing one of the products. Consolidating these products while maintaining the best features of both could reduce privacy risks while ensuring data users' needs are still met. Further, housing these agencies at DOC would increase collaboration and allow each agency to seamlessly develop, apply, and promulgate disclosure avoidance techniques across the suite of statistical data products.

Improvements in Data Quality and Availability

Consolidation would also allow each of the three agencies to access the source data utilized by the agencies in constructing their statistics. This could result in improvements to existing products as well as the production of new statistical products. If all source data resided in a single Department, more granular data would be made available for input into key economic indicators, and could improve the timeliness of their releases. For example, GDP estimates could see reductions to the size of GDP revisions, and the Producer Price Index—released by BLS using Census inputs—could incorporate more current data and economic patterns in its estimates. Reorganization would also allow for production of new statistical estimates that would have been difficult to produce before, such as fully integrated statistics on goods and services, trade, and inbound and outbound foreign direct investment.
Consolidation of the Department of Energy's Applied Energy Offices and Mission Refocus

Summary of Proposal: This proposal would consolidate the Department of Energy's (DOE) applied energy programs into a new Office of Energy Innovation in order to maximize the benefits of energy research and development and to enable quicker adaptation to the Nation's changing energy technology needs. It would also establish a parallel Office of Energy Resources and Economic Strategy, which would focus on strategic delivery of solutions that support U.S. energy dominance in access to resources and infrastructure. Finally, it would maintain the Office of Cybersecurity, Energy Security, and Emergency Response, which would protect energy infrastructure from increasingly sophisticated threats and ensure energy restoration following disasters.

THE CHALLENGE

DOE's core applied energy research and development (R&D) offices are currently organized by major energy technology or primary energy source, such as nuclear, fossil, and renewables. This structure emphasizes siloed, fuel type-driven R&D that can hinder the development of integrated solutions, inhibit effective collaboration, and impede the best possible research outcomes. DOE's current, entrenched applied energy program organizational structure parallels the stakeholder community, and thus the programs can be influenced by the strongly held beliefs of the technology and fuel champions of their respective areas, which have biases that are often counter to identifying solutions that are good for the Nation as a whole.

DOE also maintains a separate program called the Advanced Research Projects Agency-Energy (ARPA-E) that conducts applied research. While the program features positive aspects, such as coordination with industry and cross-cutting research, it makes little strategic sense that this entity exists independent of DOE's main applied research programs. Achieving energy dominance requires an integrated national energy strategy and scarce resources must be directed to address national concerns.

This proposal would consolidate DOE's applied energy research programs into a single Office of Energy Innovation that would take a holistic view of energy innovation to ensure Federal research keeps pace with the changing needs of the Nation's energy system while maximizing the value to the taxpayer. In parallel, an Office of Energy Resources and Economic Strategy would be established to capture the Department's expertise in monitoring, analyzing, and administering the Nation's physical energy assets and the Office of Cybersecurity, Energy Security, and Emergency Response established in 2018 would be maintained to address emerging threats to U.S. energy security from cyber, natural, or other sources.
THE OPPORTUNITY

Organizing applied energy research under one unified office has the potential to reduce a practice of picking energy technology winners and losers and pitting fuel types against one another for Government funding and attention. Breaking down the rooted R&D silos could enable greater flexibility and efficiency in decision-making and enhance the Department’s ability to set and achieve big goals. Revitalizing DOE’s applied energy R&D in this manner also provides the opportunity to integrate the positive attributes of ARPA-E into DOE’s core energy research rather than it being a wholly independent program. Many fields of research, such as materials, energy storage, and the overall enhancement of the grid’s stability and baseload capabilities, span today’s applied energy offices and would especially benefit from a fuel and technology-neutral program structure. With a unified Office of Energy Innovation, applied energy research could be directed to achieving nationally significant outcomes and breakthroughs, rather than incremental changes for individual fuel types that may have limited if any strategic connection to one another.

In addition, maintaining the Office of Cybersecurity, Energy Security, and Emergency Response and establishing the Office of Energy Resources and Economic Strategy in parallel with the new Office of Energy Innovation ensures that key missions of the Department are adequately addressed and prioritized.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

Under this proposal, DOE would create a single Office of Energy Innovation to tackle all applied R&D to further the Nation’s energy dominance. The merger would include both the operational components and programmatic R&D activities of each applied energy office to maximize savings. The new office would emphasize sector and system-level outcomes and ensure a robust, systemic focus on early-stage R&D, where the Federal role is strongest. The proposal would also integrate into the blended organization some positive elements of the ARPA-E model, such as coordination with industry and ability to incorporate cross-cutting research into program outcomes.

To minimize the potential for simply creating new silos with different foci and to move away from the risk-averse tendencies of the long-standing programs, the new office would include an energy technology and fuel source-agnostic front-end program that invests in revolutionizing energy concepts, materials, and processes, as well as incremental improvements in existing technologies across energy sectors. It would also incorporate a mechanism to translate results to either longer-term integrated R&D programs within DOE or to the private sector. Projects could be initially short-term with defined milestones and priority could be given to crosscutting technologies or solutions that demonstrate a multi-dimensional approach or that otherwise maximize public benefit.

Rather than presupposing the fraction of the budget necessary for certain energy technologies or sources, the office would undertake a broader review of energy system needs and opportunities. All R&D would be required to compete for resources in the new environment, which would drive the best projects to the top of the list for limited resources, weeding out activities that are less efficient, duplicative, and do not adequately consider the crosscutting and diverse nature of the Nation’s energy requirements.
By elevating R&D decision-making to a system-wide, cross-sector level and implementing multi-disciplinary, multi-dimensional R&D programs, this proposal would not only make effective use of Federal funding but would also facilitate new technological advancements, some of which potentially would never be envisioned or achieved in a siloed environment.

By establishing a parallel Office of Energy Resources and Economic Strategy, the Department’s expertise in monitoring, analyzing, and administering the Nation’s physical energy assets capacity can be enhanced and streamlined to more effectively enable energy dominance. Through improved oversight and solution development for both the physical and market aspects of the nation’s energy system, this office would promote multi-dimensional decision-making to better support resiliency, infrastructure improvement, and economic growth. Further, we cannot ignore emerging threats to U.S. energy security whether it be from cyber, natural, or other sources. To address this important issue, DOE established the Office of Cybersecurity, Energy Security, and Emergency Response (CESER) in 2018. In this proposal, CESER would be maintained to address this critical mission. While separate offices, both ERES and CESER would be tied to the Office of Energy Innovation and the three would work synergistically to achieve the system-wide, interdisciplinary vision and strategy.

This proposal seeks to take the action needed to break down existing stovepipes in the applied energy landscape and reap the benefits of that fundamental change, while protecting and enhancing other key energy mission priorities within the Department.
Divesting Federal Transmission Assets
Department of Energy and Tennessee Valley Authority

Summary of Proposal: This proposal would sell the transmission assets owned and operated by the Tennessee Valley Authority (TVA) and the Power Marketing Administrations (PMAs) within the Department of Energy, including those of Southwestern Power Administration, Western Area Power Administration, and Bonneville Power Administration. Eliminating or reducing the Federal Government's role in owning and operating transmission assets, and increasing the private sector's role, would encourage a more efficient allocation of economic resources and mitigate unnecessary risk to taxpayers.

THE CHALLENGE
The Federal Government owns, operates, and maintains over 50,000 miles of electricity transmission lines and related assets (substations, switchyards, etc.). The Federal Government's role in owning and operating transmission assets creates unnecessary risk for taxpayers and distorts private markets that are better equipped to carry-out this function.

The vast majority of the Nation's electricity needs are met through for-profit investor-owned utilities. Ownership of transmission assets is best carried out by the private sector, where there are appropriate market and regulatory incentives.

THE OPPORTUNITY
Reducing or eliminating the Federal Government's role in transmission infrastructure ownership would encourage a more efficient allocation of economic resources and mitigates risk to taxpayers.

The Fiscal Year (FY) 2019 Budget estimates that selling Federal transmission assets would result in net budgetary savings of $9.5 billion, in total, over the 10-year window.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO
Federal transmission assets account for roughly 14 percent of the Nation's transmission lines. Collectively, TVA, Southwestern Power Administration, Western Area Power Administration, and Bonneville Power Administration own, operate, and maintain over 50,000 miles of transmission lines and related assets. By contrast, the vast majority of the Nation's electricity needs are met through for-profit investor-owned utilities. The Federal Government's role in electricity production and marketing dates largely to the New Deal. Since then, the Federal Government has expanded its involvement to include owning and operating electric transmission assets. Today, a strong justification no longer exists for the Federal Government to own and operate these systems. The private sector already meets the vast majority of

2See, for example, Congressional Budget Office study, "Should the Federal Government Sell Electricity?" November 1997, p. 13.
the Nation's electricity needs. Private ownership of transmission assets could result in more efficient operations and capital improvements while reducing the subsidies (both implicit and explicit) that the Federal Government now provides to the respective regions' ratepayers.

Federal transmission infrastructure assets (lines, towers, substations, and/or right of ways) could be broken off from the generation assets and sold separately, and the private sector and/or State and local entities could carry out the transmission functions now provided by TVA and the PMAs. The Federal entities that would result after such sales could contract with other utilities to provide transmission service for the delivery of Federal power just as the Southeastern Power Administration, which does not own transmission lines, already does.

The private sector is best suited to own and operate electricity transmission assets. Private ownership of Federal transmission assets could result in more efficient operation, greater innovation, stronger regulatory oversight, and direct and/or greater access to private capital markets. Further, selling these transmission assets could encourage market efficiency resulting from competition and impose market discipline resulting from both shareholder and greater regulatory scrutiny. The sale of Federal transmission assets would result in more efficient allocation of economic resources and help relieve long-term pressures on the Federal deficit related to future Federal capital investment and spending on transmission.

Prior administrations also have recognized the policy merits of divestiture and have proposed to privatize the Federal electricity infrastructure a number of times. For example, in the FY 1987 Budget, President Reagan proposed privatizing the PMAs, stating, "Utilities are not normally a Federal responsibility." In the FY 1996 Budget, President Clinton also proposed to sell four out of five existing PMAs, and successfully sold the Alaska Power Administration in 1996. In the FY 2014 Budget, the Obama Administration announced it was undertaking a strategic review of options for addressing financial challenges at TVA, including a possible divestiture of TVA, in part or as a whole.
Restructure the Postal Service

United States Postal Service

Summary of Proposal: This proposal would restructure the United States Postal System to return it to a sustainable business model or prepare it for future conversion from a Government agency into a privately-held corporation. Like many European nations, the United States could privatize its postal operator while maintaining strong regulatory oversight to ensure fair competition and reasonable prices for customers. The President’s Task Force on the United States Postal System will make recommendations on reforms towards this goal in August 2018.

THE CHALLENGE

When the United States Postal Service (USPS) was created out of the Post Office Department in 1970, the Congress tasked it with binding the Nation together through correspondence; half a century later, that role has been increasingly supplanted by less expensive digital alternatives. USPS has extremely high fixed costs as a result of relatively generous employee benefits combined with a universal service obligation that is understood to require mail carriers to visit over 150 million addresses six days per week. Historically, this level of service was supported by a high volume of mail. Despite significant decline in volume in the internet age, the size of the delivery network has continued to grow to meet expectations of the current operating structure. USPS can no longer support the obligations created by its enormous infrastructure and personnel requirements. USPS already has over $100 billion in unfunded liabilities, a substantial capital investment backlog, has posted losses for over a decade, and has no clear path to profitability without reform. A new model that adequately finances USPS while meeting the needs of rural and urban communities, large mailers, and small businesses is needed.

THE OPPORTUNITY

A privatized Postal Service would have a substantially lower cost structure, be able to adapt to changing customer needs and make business decisions free from political interference, and have access to private capital markets to fund operational improvements without burdening taxpayers. The private operation would be incentivized to innovate and improve services to Americans in every community.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

This proposal would restructure USPS by aligning revenues and expenses to restore a sustainable business model and possibly prepare it for future conversion from a Government agency into a privately-held corporation. Like many European nations, the United States could privatize its postal operator while maintaining strong regulatory oversight to ensure fair competition and reasonable prices for customers. A private Postal Service with independence from congressional mandates could more flexibly manage the decline of First-Class mail while continuing to provide needed services to American communities.
Profitability and Privatization: Considerations for the Future of USPS

In 2017, USPS experienced faster than expected declines in both First-Class Mail and Marketing Mail. First-Class Mail has declined 44 percent since 2001. Marketing mail is more stable, down only 20 percent since 2001, but is incredibly sensitive to price and market downturns. At the same time, USPS has continued to grow its package delivery business, particularly the last-mile delivery that is relatively cheaper for them because of the huge fixed network they must maintain to support mail delivery. However, the revenues from lower-margin package delivery and other competitive products cannot replace declining revenue from the market-dominant (monopoly) products in the long run. This year, USPS continued its six-year string of defaults and for the first time defaulted on pension-related payments rather than just health benefits prepayments. USPS’s current model is unsustainable. Major changes are needed in how the Postal Service is financed and the level of service Americans should expect from their universal service operator.

One successful model of Postal reform internationally has been to transition to a model of private management and private or shared ownership. USPS is caught between a mandate to operate like a business but with the expenses and political oversight of a public agency. A private postal operator that delivers mail fewer days per week and to more central locations (not door delivery) would operate at substantially lower costs. A private entity would also have greater ability to adjust product pricing in response to changes in demand or operating costs. Freeing USPS to more fully negotiate pay and benefits rather than subscribing participation in costly federal personnel benefits programs, and allowing it to follow private sector practices in compensation and labor relations, could further reduce costs. A privatized Postal Service could be structured like an investor-owned utility and continue to be regulated by the Postal Regulatory Commission (PRC), a successor agency, or another Federal regulator such as the Federal Trade Commission, consistent with the existing models of privatization in Europe. Even with continued regulation, a privatized Postal Service would be more insulated from politics and more likely to succeed as a financially-viable business. A private entity would also have access to private capital markets to raise money for needed improvements like new vehicles without burdening taxpayers with additional liabilities.

USPS privatization through an initial public offering (IPO) or sale to another entity would require the implementation of significant reforms prior to sale to show a possible path to profitability. Most foreign posts that have been privatized have been profitable at the time of the sale. In contrast, USPS has lost over $65 billion since the last recession and recorded a $2.7 billion loss last fiscal year. To reach profitability, most international postal operations have gone through significant restructuring, including shrinking their physical and personnel footprints. In some cases, foreign governments have had to absorb legacy retirement liabilities in order to prepare a postal operator for sale. The existing unfunded liabilities in USPS’s retirement programs total more than $100 billion. USPS owes an additional $15 billion to Treasury’s Federal Financing Bank and has further liabilities to the Department of Labor’s Workers Compensation program. According to the Postal Service’s own estimates, the Agency is insolvent, with liabilities exceeding assets by more than $120 billion.²

¹ UK National Audit Office, The Privatization of Royal Mail, April 2014, Pg. 16: https://www.nao.org.uk/report/ privatisation-of-royal-mail-pic/
² 2013 Report on Form 10-K United States Postal Service, Balance Sheet, CSRS and FERS Unfunded Retirement Benefits, and PSRS/F Funded Status
Forthcoming Recommendations by the Task Force on the United States Postal System

To address these major issues and identify solutions, possibly including private ownership, the President has issued Executive Order 13829: Task Force on the United States Postal System. The Task Force will conduct a thorough evaluation of the operations and finances of the Postal Service and make recommendations for reform consistent with this reorganization proposal. The Task Force will examine:

1. The expansion and pricing of the package delivery market and the USPS's role in competitive markets;
2. The decline in mail volume and its implications for USPS self-financing and the USPS monopoly over letter delivery and mailboxes;
3. The definition of the "universal service obligation" in light of changes in technology, e-commerce, marketing practices, and customer needs;
4. The USPS role in the U.S. economy and in rural areas, communities, and small towns; and
5. The state of the USPS business model, workforce, operations, costs, and pricing.

The recommendations will include administrative and legislative reforms to the United States postal system that promote our nation's commerce and communication without shifting additional costs to taxpayers. The report will be available by August 10, 2018.
DOT Mission Adjustments
Department of Transportation

Summary of Proposal: This proposal would reorganize the Department of Transportation (DOT) to better align the agency’s core missions and programmatic responsibilities, reduce transportation program fragmentation across the Government, and improve outcomes. The proposal would spin-off Federal responsibility for operating air traffic control services and locks along the Saint Lawrence Seaway, integrate into DOT certain coastal and inland waterways commercial navigation activities and transportation security programs, and reassess the structure and responsibilities of DOT’s Office of the Secretary.

THE CHALLENGE

While DOT is not in need of wholesale reorganization, the Department does administer several programs that do not fit neatly within its core missions of financial assistance and safety oversight. The most significant misalignment is where DOT still has operational responsibilities, principally the Federal Aviation Administration’s (FAA) air traffic control services, and to a much smaller degree, the Saint Lawrence Seaway. DOT also administers two defense-related sealift programs that are outside of its core missions. In addition, there is unnecessary fragmentation in transportation programs across the Executive Branch. For example, the U.S. Army Corps of Engineers (Corps) is responsible for coastal and inland waterways navigation, while the Department of Homeland Security (DHS) manages certain surface transportation security programs. This proposal addresses these challenges. The proposal would spin off FAA’s air traffic control services and the Saint Lawrence Seaway from the Government; transfer to DOT responsibilities for coastal and inland waterways navigation from the Corps; and integrate into DOT certain DHS programs related to surface transportation security, including transit security grants.

THE OPPORTUNITY

Spinning off Federal responsibility for air traffic control services to a non-profit entity would better enable our aviation system to respond to consumer needs and modernize services. Having DOT take over responsibility for coastal and inland waterway navigational development would take advantage of DOT’s strengths in infrastructure finance and would make DOT’s maritime responsibilities analogous to DOT’s role in other transportation sectors. Shifting commercial navigation to DOT would also create long-term opportunities to adjust ownership and financial relationships between the States and the Federal Government, resulting in more efficient project delivery outcomes. Consolidating within DOT surface transportation security programs would streamline the Federal Government’s interaction with surface transportation agencies and operators, clarify the Federal Government’s role in surface transportation, consolidate planning and grant processes for both safety and security investments, and facilitate more effective Federal inspections and interactions with relevant surface transportation agencies and operators.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

DOT, created in 1967, has one of the largest discretionary budgets (in terms of outlays) of any domestic Cabinet-level agency. It has a decentralized management structure in which the Office of the Secretary of Transportation (OST) coordinates the programs, regulatory activity, and research and development of nine operating administrations, or "modes." In 2017, the Department had total budgetary resources of $76 billion and employed 54,676 full time equivalents. DOT's modes generally focus on three primary missions:

1. Financial Assistance. Approximately 70 percent of DOT obligations in any given year are in the form of grants to States and localities, primarily for highway, transit, and airport infrastructure, though DOT has smaller grant programs for passenger rail and multi-modal projects (e.g., BUILD grants).

2. Safety Regulation. DOT ensures the safety of the aviation system (including aircraft, air traffic control, and emerging technology, such as drones or commercial space), motor vehicles, motor carriers, railroads, transit systems, pipelines, and the movement of hazardous materials.

3. Operations. Air traffic control operations constitute the single largest operational budget item, and also comprise a majority of DOT's workforce. DOT also operates a lock on the Saint Lawrence Seaway.

This proposal recognizes that most of DOT's activities are oriented around financial assistance to States and localities and safety oversight, that there are several programs within DOT that do not align with those two focus areas, and that several programs outside of DOT should be merged into the Department.

Air Traffic Control and Saint Lawrence Seaway

The most significant misalignment is in areas where DOT operates transportation systems, principally the FAA's air traffic control services, and to a much smaller degree, the Saint Lawrence Seaway. Both of these components could be spun off from the Government, which would allow them to have better governance structures and insulation from the political system, and allow them to better assess fees based on actual usage of their systems. Spinning FAA air traffic control services out of the Government, to a non-profit entity, similar to the Canadian system, has strong policy merits, evidenced by the approximately 60 countries that have shifted air traffic control responsibilities to non-governmental providers.

Maritime Consolidation

Unlike all other modes of transportation, DOT has a very limited role in the Nation's commercial maritime systems. The Maritime Administration (MARAD) is DOT's operating administration engaged in the promotion of the U.S. maritime sector, yet its mission is dominated by educating cadets at the U.S. Merchant Marine Academy and carrying out two defense-related programs designed to meet the Department of Defense's military sealift needs in a time of crisis. In contrast to DOT's other operating administrations, MARAD has no safety regulatory function and limited financial assistance activities, which leaves DOT under-represented in commercial maritime issues.

There are opportunities to add to DOT's responsibilities for coastal ports, inland waterways, and navigation permitting activities. Under this proposal, responsibility for coastal port dredging and operation of the inland waterway system, currently carried out by the Corps, would be shifted to DOT, which already has some limited expertise in the port and inland waterway sectors. Shifting these programs to DOT would also be an opportunity to reassess the type of Federal involvement in both sectors. Given DOT's
extensive experience in providing financial assistance to major infrastructure projects, a new model of Federal financial assistance to ports may be a more efficient project delivery mechanism than direct Federal control, construction, and ongoing maintenance. A similar financial assistance model could be applied to the inland waterway system, though some portions may require continued Federal ownership, control and operation. In addition, transferring current U.S. Coast Guard responsibilities for permitting alterations to bridges and aids to coastal navigation to DOT would better align these functions with similar functions already carried out by DOT's.

Surface Transportation Security
DHS has two security-related surface transportation functions that would be transferred to DOT under this proposal: transit security grants currently administered by the Federal Emergency Management Agency (FEMA) and Transportation Security Administration (TSA) surface transportation inspection and guidance activities.

FEMA currently provides security grants to transit and rail operators. The Federal Transit Administration, which manages much larger financial assistance programs aimed at these same agencies and operators, could integrate FEMA's programs into its existing industry relationship. In fact, security and emergency preparedness are already eligible expenses in FTA's programs, highlighting the duplicative nature of the separate FEMA grants. Consolidating transit and rail grant funding within DOT would eliminate confusion among transit agencies about which agency funds their emergent needs.

More generally, DOT has a strong focus on the safety of our Nation's transportation networks, while DHS is responsible for the security of those assets. However, both agencies have programs for the same non-Federal agencies, operators, and companies that own and manage surface transportation assets. Furthermore, the Federal Government traditionally provides guidance, financial assistance, technical assistance, and in certain cases, oversight and regulation for the surface transportation sector. The Federal Government has no operational role in managing or securing surface transportation assets, nor should it. That is clear in DOT's mission and history, however since its creation, TSA has been pressured to expand its operational programs for surface transportation. Despite the compelling case for Federal aviation security operations, establishing a corresponding Federal role in surface transportation would be duplicative of non-Federal efforts, cost-prohibitive, and impractical to manage.

Currently, TSA has a small component ($129 million enacted in Fiscal Year (FY) 2018) dedicated to assessing threats to surface transportation facilities, encouraging security planning and threat reporting, overseeing compliance with certain rail security regulations, and disseminating best practice guidance to transportation companies and government agencies. Under this proposal, TSA’s surface-related programs would be incorporated into DOT, which interfaces directly and regularly on safety matters, ensuring that both safety and security are addressed appropriately. While DHS receives useful intelligence reporting from current TSA programs and outreach, many other Sector Specific Agencies who lead the collaborative process for other critical infrastructure security have shown they can collaborate to share intelligence as effectively as a DHS component. As part of this proposal, the Administration will ensure any reorganization does not degrade security.
OST Organizational Structure

OST has traditionally focused on formulating national transportation policy and overseeing and supporting the Department’s operating administrations. More recently, however, the scope of activities performed by OST has broadened significantly. Now, OST has programmatic responsibilities that have traditionally been carried out by operating administrations. For example, OST houses the Build America Bureau, which, among other responsibilities, administers transportation credit programs, awards INFRA grants, allocates private activity bonds, and communicates best practices and funding opportunities to project sponsors. OST also administers the BUILD grant program, which received a large increase in funds in the agency’s FY 2018 appropriation.

Executing these programmatic responsibilities while simultaneously performing its more traditional oversight and management functions has been challenging and has stressed OST’s organizational structure. Now that OST has performed these dual roles for several years, it is time to consider whether OST’s organizational design is optimal for allowing it to most effectively carry out its statutory responsibilities. This proposal would include an assessment by the Administration and the Department of OST’s organizational structure and programmatic responsibilities, including potential alternative structures.
Reform Federal Role in Mortgage Finance

Summary of Proposal:
This proposal would transform the way the Federal Government delivers support for the U.S. housing finance system to ensure more transparency and accountability to taxpayers, and to minimize the risk of taxpayer-funded bailouts, while maintaining responsible and sustainable support for homeowners. Proposed changes, which would require broader policy and legislative reforms beyond restructuring Federal agencies and programs, include ending the conservatorship of Fannie Mae and Freddie Mac, reducing their role in the housing market, and providing an explicit, limited Federal backstop that is on-budget and apart from the Federal support for low- and moderate-income homebuyers.

THE CHALLENGE
The U.S. housing market is supported by a complex system of Federal subsidies and programs intended to make mortgage financing accessible to a wide range of homebuyers. However, this system is challenged by the operation of two privately-owned Government sponsored-enterprises (GSEs), Fannie Mae and Freddie Mac, in conservatorship, a condition that has been maintained since 2008, in addition to overlapping and sometimes conflicting Federal goals. The Federal role in support of housing finance is not effectively targeted to households in need of assistance or sufficiently accountable to taxpayers, as the costs and benefits of that support are unclear.

In response, this proposal would end the conservatorship of Fannie Mae and Freddie Mac and propose better tailoring of delivery of Federal programs. Policy makers should also pursue an approach that would level the playing field with the private sector to decrease the Federal subsidies supporting housing.

THE OPPORTUNITY
This proposal would reorganize the way the Federal Government delivers mortgage assistance and go beyond restructuring Federal agencies and programs by transitioning Fannie Mae and Freddie Mac to fully private entities. Competition to the duopolistic role played by the two privately-owned GSEs would be an essential element of reform to decrease moral hazard and risk to the taxpayer. Both Fannie Mae and Freddie Mac, as well as other competitive entrants, would have access to an explicit Federal guarantee for mortgage-backed securities (MBS) that they issue that is only exposed in limited, exigent circumstances. Such a guarantee would be on-budget and fully paid-for. This would also ensure that the Government’s role is more transparent and accountable to taxpayers, minimize the risk of taxpayer-funded bailouts, and ensure that mortgage credit continues to be available in times of market stress for creditworthy borrowers.

1In order to propose changes in the Federal Government’s role in housing finance, this proposal outlines policies related to the privately owned GSEs and ending their conservatorship. Nothing in this paper should be construed as implying that the GSEs or agencies or instrumentalities of the Government nor that FHFA as conservator is operating as an agency of the United States.
WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

Under the current system, Fannie Mae and Freddie Mac, two privately-owned GSEs, buy and guarantee mortgages from lenders and sell them to investors as MBS. Although they are private companies, they are congressionally chartered, a unique status that has been viewed as conveying an implicit Federal backstop that has in turn lowered their cost of capital relative to similarly-sized institutions. In 2008, Fannie Mae and Freddie Mac were taken into conservatorship and received (and continue to receive) an explicit but limited backing from the Treasury under a Preferred Stock Purchase Agreement (PSPA), which gives access to capital funding that covers any loss the enterprises may incur. In their Federal charters and by action of their primary regulator, the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac have goals of providing a certain amount of financing to low- and moderate-income borrowers. However, these affordable housing activities are not clearly accounted for on the Federal balance sheet.

In addition to the GSEs, other Federal programs provide mortgage support, contributing to a large Federal footprint in the housing market. The Department of Housing and Urban Development (HUD) Federal Housing Administration (FHA) provides mortgage insurance intended to aid borrowers traditionally underserved by the conventional mortgage market, including lower-wealth households, minorities, and first-time homebuyers. The Departments of Veterans Affairs (VA) and Agriculture (USDA) also administer mortgage insurance programs targeted to veterans and lower-income rural households, respectively. The loans guaranteed by FHA, VA, and USDA are in turn packaged into MBS that are guaranteed by Ginnie Mae, a Federal entity operated by HUD. Together, loans backed by the GSEs and Ginnie Mae comprised about 70 percent of mortgages originated in 2017. All these entities, taken as a whole, form a complex and overlapping network of cross-subsidization, without clear accountability as to who is paying for, and who is receiving, housing subsidies. Although the Federal role in the housing market has helped to facilitate the availability of the 30-year fixed-rate mortgage, the current system has structural flaws that have also created distortions in home pricing that may actually hinder the goal of homeownership. This reorganization proposal, which includes broad policy and legislative reforms beyond restructuring Federal agencies and programs, would:

- **Increase competition.** The proposal would remove the Federal charter from statute and fully privatize the GSEs. A Federal entity with secondary mortgage market experience would be charged with regulatory oversight of the fully privatized GSEs, have the authority to approve guarantors, and develop a regulatory environment that is conducive to developing competition amongst new private guarantors and the incumbent GSEs, ensuring they would all be adequately capitalized and competing on a level playing field. If the GSEs lost some of the benefits that have led them to dominate the market, this would enable other private companies to begin competing in this space. The regulator would also ensure fair access to the secondary market for all market participants, including community financial institutions and small lenders.

- **Increase transparency and accountability.** Under this proposal, which would also involve entities outside the Executive Branch of the Federal Government, guarantors would have access to an explicit guarantee on the MBS that they issue that is only exposed in limited, exigent circumstances. Taxpayers would be protected by virtue of the capital requirements imposed on the guarantors, maintenance of responsible loan underwriting standards, and other protections deemed appropriate.
by their primary regulator. The regulator would set fees to create an insurance fund designed to take effect only after substantial losses are incurred by the private market, including the guarantors, in order to ensure the continued availability of mortgage financing through shifting economic cycles.

The projected cost of this guarantee and other fees charged would be on-budget and accountable, resulting in reduced implicit taxpayer exposure.

- **Align incentives and reduce overages.** Under this reform proposal, which would also require legislative and policy changes affecting the mandates of entities that are not part of the United States Government, the GSEs would focus on secondary market liquidity for mortgage loans to qualified borrowers, while HUD would assume primary responsibility for affordable housing objectives by providing support to low- and moderate-income families that cannot be fulfilled through traditional underwriting and other housing assistance grants and subsidies. To effectuate this, the newly fully-privatized GSEs would have mandates focused on defining the appropriate lending markets served in order to level the playing field with the private sector and avoid unnecessary cross-subsidization. A separate fee on the outstanding volume of the MBS issued by guarantors would be used specifically for affordable housing purposes, and would be transferred through congressional appropriations to, and administered by, HUD.

- **Provide more targeted assistance to those in need.** The proposal would be designed so that the affordable housing fees transferred to HUD would enable FHA to provide more targeted subsidies to low- and moderate-income homebuyers while maintaining responsible and sustainable support for homeownership and wealth-building. Some of the fees could potentially be used to support affordable multifamily housing or other HUD activities. All of this support would be on-budget and accountable.
Create the Bureau of Economic Growth
Department of Commerce

Summary of Proposal: This proposal rethinks how the Federal Government can drive economic growth in concert with private sector investments in communities across the country. By coordinating and consolidating Federal economic assistance resources at the Department of Commerce (DOC), taxpayer dollars will receive a higher return on investment on projects that are transparent and accountable.

THE CHALLENGE

Federal economic assistance programs that serve States, localities, and Tribes are broadly dispersed among Federal agencies with different purposes, eligibility criteria, time horizons, and reporting requirements. As a result, communities must navigate a complicated web of rules and regulations to determine which programs they might be eligible for, comply with different application requirements on a variety of timelines, and report on performance measures that differ in definition and reporting periods.

Consolidating these programs within DOC provides an opportunity to streamline and consolidate standards and processes for eligibility and participation, including planning and reporting requirements.

THE OPPORTUNITY

This proposal establishes a Bureau of Economic Growth in DOC, consolidating existing economic development programs to provide a central place for grants and technical assistance to communities and entrepreneurs focused on job creation, business growth, and strengthening local economies. The new Bureau will better support and empower State, local, and tribal governments to spur their economies through locally planned development projects. The streamlined Bureau will also increase transparency in regional and local Federal spending, as well as encourage and facilitate complementary private-sector spending.

Some of the programs that will be consolidated include the Department of Housing and Urban Development’s Community Development Block Grant program, the Economic Development Administration’s Economic Development Assistance Programs, and rural business and community facility grants from the Department of Agriculture. As part of the Bureau’s focus on creating job opportunities and supporting the local business community, it would absorb the economic development functions of the Delta Regional Authority, Denali Commission, and Northern Border Regional Commission. The new Bureau would also oversee technical assistance programs. These programs provide training, planning, and other business development assistance to help businesses succeed no matter where they are in their lifecycle, whether they are just starting out, looking to expand, or trying to access new domestic and international markets.
WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

The Federal Government can play an important role in bolstering economic growth, with its ability to undertake large-scale economic development projects and holistically analyze their impacts. It is uniquely positioned to help mitigate market failures, and can leverage resources in distressed communities when local/regional entities cannot. Unfortunately, the current Federal economic development model is fragmented, resulting in fractured regulatory requirements and jurisdictions, overlapping programs, redundancy, and waste. Many programs and projects are unable to clearly demonstrate their impacts on measures of economic growth.

The Bureau of Economic Growth reorganizes several Federal economic development programs into discrete functions based on mission, capabilities, and delivery method – with the intent of increasing efficiency and accountability, and improving outcomes and services to citizens, business owners, and communities. Consolidating this assistance within DOC provides a real opportunity to streamline and consolidate standards and processes for eligibility and participation, including planning and reporting requirements.

The new Bureau will accomplish its mission via three operational arms – planning, grant-making, and technical assistance – as well as an office of bureau-wide administration. The Planning Office will engage State, local, and tribal community development agencies/authorities, in addition to regional consortia of these entities. Its primary function will be to leverage these agencies' internal planning capabilities to identify each community's unique barriers to economic growth and set community goals that are specific, measurable, actionable, relevant, and time-bound. Through this planning process, these State, local, tribal, and regional agencies can establish the criteria and milestones by which to measure the effectiveness of any subsequently awarded grants.

After completing the planning process, applicants can apply to the Bureau's Office of Grant-Making for the funds to implement their plans in a manner consistent with their established goals. The Office of Grant-Making will craft criteria to assure that the implementation activities are sufficiently comprehensive, actionable, and consistent with the applicant's plan.

The Office of Technical Assistance will work directly with non-profit and educational organizations operating within the State, local, tribal, or regional areas to build capacity through strategic and operational training and dissemination of best practices in economic development to local businesses and practitioners. These non-profits will apply directly to the Office of Technical Assistance for funding for technical assistance activities that support the community economic development plan. In addition to providing funding, the Office of Technical Assistance could provide access to assets that support the non-profit's implementation. This direct engagement with non-profits will allow the Office of Technical Assistance to function in an efficient and scalable manner, without duplicating staff or other resources that already exist in the local community. Recognizing the unique challenges faced by small businesses, this proposal does not include the Small Business Administration’s Office of Entrepreneurial Development, which provides planning and educational services exclusively to small businesses, within the new bureau.

Centralizing these economic development programs and activities under DOC is advantageous for several reasons. DOC is already tasked with the mission of "promoting job creation and economic growth" and "leading the Federal economic development agenda by promoting innovation and competitiveness, and preparing American regions for growth and success in the worldwide economy." As such, Commerce is well equipped with resources and expertise to support the proposed economic development consolidation and advance economic growth.

Through its Bureaus of Economic Analysis and the Census, DOC has access to comprehensive economic data which can be used to inform economic development strategies, measure outcomes, and improve accountability. Additionally, DOC has wide-ranging capabilities within its offices and Bureaus which make it uniquely suited to address the intrinsically multi-faceted nature of economic development. For example, it can leverage technical expertise to assist businesses with existing international footprints, or those looking to export through trade functions like export assistance and attracting foreign direct investment; facilitate technological innovation and commercialization; and help businesses register and protect their intellectual property.
U.S. Public Health Service Commissioned Corps
Department of Health and Human Services

Summary of Proposal: This proposal would transform the Commissioned Corps (Corps) into a leaner and more efficient organization that would be better prepared to respond to public health emergencies and provide vital health services. It would do this through a series of management improvements, including reducing the size of the Corps and building up a Reserve Corps for response in public health emergencies.

THE CHALLENGE

The Corps consists of approximately 6,500 uniformed public health professionals, who work alongside their civilian counterparts performing the same jobs but often receive higher total compensation. Corps officers receive military-like benefits, even though they have not been incorporated into the Armed Forces since 1952, and generally do not meet the Department of Defense’s criteria for the military compensation system. Further, the Corps’s mission assignments and functions have not evolved in step with the public health needs of the Nation.

The Fiscal Year 2019 Budget raised questions about the value of having Corps officers in roles that civilians can fill, given they are more expensive than equivalent civilians. Only a small percentage of Corps officers deploy for public health emergencies, and many officers encounter positions that could be filled by civilians. In addition, a 1996 Government Accountability Office (GAO) Report1 raised questions about the need for Corps officers in positions that did not provide direct health services.

THE OPPORTUNITY

This proposal would reduce the Corps force from approximately 6,500 officers to no more than 4,000 officers, and create a Reserve Corps that can provide additional surge capacity during public health emergencies. These reforms would result in a Corps that is more appropriately equipped to provide critical public health services and support in public health emergencies.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

Reduce the Size of the Corps

This proposal would reorganize the Corps through a number of administrative and legislative reforms that would reduce unnecessary positions within the Corps and utilize Federal funds more effectively. The Department of Health and Human Services (HHS) would hold the Corps to a new standard, and require that officers fill critical public health roles and/or respond to public health emergencies.

1 Issues on the Need for the Public Health Service’s Commissioned Corps. GGD-96-53: Published: May 1, 1996. Publicly Released: May 15, 1996
Under this proposal, HHS would reduce the size of the Corps to no more than 4,000 officers. Specifically, the agency would: 1) civilianize officers who do not provide critical public health services or support in public health emergencies; 2) require that Corps officers initially work in a hard-to-fill area and continue to serve there, or deploy as needed in a public health emergency at least once every three years; and 3) enforce standards for Corps eligibility and readiness.

Create a Reserve Corps

This proposal would also create a Reserve Corps—similar to those used by other uniformed service programs—that would deploy either in a public health emergency or to backfill critical positions left vacant during Regular Corps deployments. The Reserve Corps would consist of Government employees and private citizens who agree to be deployed and serve in times of national need. The Reserve Corps would be an integrated part of the HHS response to public health emergencies.

Budgetary Reforms

In addition to restructuring the Corps workforce, this proposal would more appropriately allocate the cost of Corps officers to ensure each agency pays its fair share for Corps officers moving forward. Currently, if an agency employs a Corps officer the agency does not pay the accruing retirement costs for that officer, even though it pays the accruing retirement costs of civilian employees. This can result in an agency employing a Corps officer instead of a civilian because the Corps officer appears less costly than is actually the case. This proposal would require agencies to pay the accruing retirement costs for Corps officers moving forward.

Under this proposal, the Corps would deliver on its mission in a more efficient and effective manner and spend taxpayer dollars more effectively. At the end of this transformation, the Corps would be leaner and have an improved ability to provide public health services and respond to public health emergencies.
Improving NASA's Agility through Increased Use of Federally Funded Research and Development Centers

National Aeronautics and Space Administration

Summary of Proposal: This proposal would establish an accelerated process for determining whether one or more of the National Aeronautics and Space Administration's (NASA) Centers should be converted to, or host, a Federally Funded Research and Development Center (FFRDC). FFRDCs can potentially allow the agency to be more agile in rapidly responding to changing needs and in recruiting and retaining scientific and technical expertise.

THE CHALLENGE

The missions and programs of NASA are conducted across 10 geographically-dispersed Centers, augmented by several testing and support facilities. While nine of the Centers are Government-owned and operated, the Jet Propulsion Laboratory is operated by the California Institute of Technology as an FFRDC.

In 2004, the President's Commission on Implementation of United States Space Exploration Policy found that NASA Centers: 1) needed to modernize their infrastructure; 2) lacked institutional incentives to align them with new policy; and 3) utilized often ossified personnel practices. The Commission recommended that NASA Centers be reconfigured as FFRDCs to enable innovation, work more effectively with the private sector, and stimulate economic development. With the advent of the President's National Space Strategy, a renewed look at the FFRDC operating model is warranted as part of NASA's broader strategy to meet the Administration's ambitious space objectives. This proposal would establish a process for determining whether one or more of NASA's other Centers should be converted to, or host, an FFRDC.

THE OPPORTUNITY

The new National Space Strategy and National Space Policy Directive 1 require the full agility of NASA, in concert with its commercial and international partners, in order to realize the President's goals to return American astronauts to the moon and follow with human missions to Mars. In order to bolster NASA's agility, increased use of FFRDCs could provide greater flexibility than civil servant organizations, potentially allowing them to better meet the agency's evolving needs.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

Background on FFRDCs

FFRDCs are research institutions that are owned by the Federal Government, but operated by contractors. They are intended to provide Federal Agencies with Research and Development (R&D) capabilities that cannot be effectively met by the Federal Government or the private sector alone, and can convey a number of benefits, including the ability to recruit and retain scientific and technical expertise, and to more rapidly respond to the R&D needs of a Federal agency than would be possible with a civil servant workforce.
The new National Space Strategy and National Space Policy Directive 1 make examining the potential advantages of an FFRDC model at NASA particularly timely. FFRDCs may offer a powerful approach to enable NASA to better align its workforce skillsets with Agency priorities, while simultaneously engendering an entrepreneurial spirit that better allows NASA to infuse talent from industry and commercial partners.

FFRDCs offer a number of advantages over traditional NASA Centers in terms of their competitive compensation to employees, flexibility, and technical skills available to the Agency. They occupy a unique position in the Nation's R&D base: they are free from many of the outdated mechanisms inherent in the civil service, and can also perform work for non-Government customers. As a result, FFRDCs are noted for their technical excellence, strong integration with the U.S. industrial base, and agility. All of these are essential as NASA works to meet the bold objectives laid out in the National Space Strategy and National Space Policy Directive 1.

Process to Determine Best Role for FFRDCs

This proposal lays a process to determine if one or more of NASA's other Centers should be converted to, or host, an FFRDC. NASA would oversee this process and provide an analysis, including recommendations, to the White House by the end of August 2018 so that the outcome can be reflected in future budget and policy plans and proposals. NASA's analysis would draw from prior studies of this topic and evaluate the potential of an FFRDC to further the Administration's policy goals more effectively. In addition to studying whether one or more Centers could potentially be converted to an FFRDC in whole or in part, NASA would also establish whether it may be effective to perform new programs and projects using an FFRDC structure.

The additional analysis needed before increasing the use of FFRDCs will address the following:

- Although FFRDCs have several advantages over Government-owned and operated facilities, they can also have drawbacks. A 2017 report by the Congressional Research Service, for example, noted concerns with FFRDCs including mission creep, ineffective Federal agency oversight, and competition between FFRDCs and the private sector for Federal R&D funding. The analysis will weigh the specific costs and benefits of establishing an FFRDC for particular NASA Centers.

- It is possible that a new FFRDC hosted at a Center may be effective in running new programs or projects that are part of the Administration's space policy but are not yet underway. The analysis will examine whether these programs could more effectively be run by establishing a new FFRDC.

Conversion of a Center, or parts of a Center's operation, to an FFRDC would require several steps related to developing the sponsoring agreement with the organization managing the FFRDC, and addressing human capital issues. The analysis will examine these steps and estimate their feasibility.

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Management Consolidation of Federal Graduate Research Fellowships
National Science Foundation

Summary of Proposal: This proposal would consolidate the administration of graduate fellowships for multiple Federal agencies under the National Science Foundation (NSF) in order to reduce the total cost of administering those fellowships.

THE CHALLENGE

Multiple agencies are administering many different graduate research fellowships across the Federal Government. Some of the larger programs fund over a thousand fellowships annually while smaller programs support only a handful of fellowships each year. Each awarding agency devotes resources to administering these fellowships, but some are similar enough that their management could be consolidated at one agency, potentially resulting in lower costs.

This proposal would consolidate the administration of Federal graduate research fellowships for smaller fellowship programs at NSF. NSF would leverage the efficiency of its existing graduate fellowship program to coordinate the fellowship application, selection, and award processes for other agencies, and be reimbursed by the other agencies for this work.

THE OPPORTUNITY

Consolidating the management/administration of graduate fellowships for smaller agencies at NSF could lead to reduction of duplicative administrative efforts and yield savings across the Federal Government.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

Graduate fellowships provide one or several years of funding support for students pursuing a Masters or Ph.D. degree. Awarders are selected based on a range of criteria, from their academic accomplishments to the broader societal impacts of their research work. Fellowships are a source of funding for student researchers in addition to research grants obtained by university faculty, and because fellowships tend to be highly competitive, they are viewed as prestigious in the scientific community. The Federal Government is by far the largest funder of graduate fellowships in the United States, but fellowships are also offered by foundations and private companies.

NSF awards the highest number of graduate fellowships of all Federal agencies (more than 1,000 new fellows every year), and has an efficient system in place to do so. For agencies with much smaller fellowship programs, using NSF’s fellowship process instead of their own could be more efficient and produce savings if fellowship offices at other agencies can be downsized or eliminated. Even if NSF requires additional resources to process the increased workload, the Government-wide resources spent on administering graduate fellowships would be reduced compared to the status quo.
An initial step to implement this proposal would be to take a thorough inventory of existing graduate fellowship programs across the Federal Government. At the same time, NSF would evaluate which types of programs and associated tasks would benefit from using NSF's expertise and grants management infrastructure. Depending on the number and size of other agencies' fellowship programs identified in the inventory, a phased approach could be implemented where less complex programs are the first to move under NSF management.
Rationalize the Federal Real Property Approach
Government-wide Application

Summary of Proposal: The Federal Government is the largest single employer and owner of real property in the United States, and as such, has a huge impact on the Nation's communities. Despite these far-reaching implications, its management of that real property is a mixed bag of smart space use, underutilized assets, liabilities, and leases. The Federal Government can do a better job strategically managing these assets, including utilizing private sector best practices, to improve our communities, right-size the Federal real property portfolio, and provide better value and services to the taxpayer. This proposal encompasses moving Federal offices and jobs for better quality of life and a more capable workforce; a new budgetary mechanism for capital projects; better incentives for agencies to divest unnecessary assets; and smarter leasing practices.

THE CHALLENGE

Since 2004, the Federal Government has improved its real property management and has disposed of many properties that were no longer needed. These actions have addressed low-hanging fruit, but many opportunities remain for agencies to improve their decision-making and identify transactions that provide greater value for the Government. Unlike the private sector, federal agencies sometimes lack incentives to think strategically about their workforce and shifting mission needs, and how those factors influence where they are located. Without transformative real property-related authorities, the Federal Government’s ability to meet its mission needs and make smart real estate decisions will continue to stagnate and fall behind the private sector.

THE OPPORTUNITY

A combination of administrative and statutory changes would provide opportunities to optimize the Federal footprint by making smart investments in renovations and new facilities, driving down lease costs, and disposing of unneeded real estate through a streamlined process that results in the greatest return to the taxpayer. Together, these reforms would allow agencies to have the facilities they need to fulfill their missions and serve the American people, while at the same time freeing up unused or underutilized properties to generate a return for taxpayers and spur local economic development.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

Title 40 Disposal Process Improvements

Title 40 of the U.S. Code governs the process by which most agencies seek to dispose of unneeded Federal real property. The Title 40 process is complex, with many required steps prior to the disposal of real property: vetoing for surplus, excess, public benefit conveyance, and finally sale. GAO has highlighted that the complexity of disposal under Title 40 impacts the decisions that agencies make and can lead to decisions and outcomes that are not economically rational. In response, prior Administrations have proposed modest disposal reforms, but those proposals did not advance in the Congress. In December 2016, the Congress enacted legislation, the Federal Assets Sale Transfer Act (FASTA), which created a new Public Buildings Reform Board to review agency submissions for disposal, and also included some limited disposal process streamlining. While FASTA is a substantial step forward—and the enhanced visibility
from the Board will generate additional interest—the legislation did not tackle the major impediments to accelerating and expanding agency disposals.

The Administration believes major new authorities are necessary to fully utilize the disposal process to return unnecessary Federal property back to productive non-Federal use. As part of its Infrastructure Initiative, the Administration proposed a series of improvements to streamline, accelerate, and incentivize the Title 40 disposal process. These improvements include: eliminating the public benefit conveyance authorities, allowing agencies to take unneeded Federal property directly to sale; retention of net proceeds of sale dedicated to real property use without further appropriation; and expansion of the allowable uses of the Government Services Administration (GSA) Disposal Fund to support agencies with the upfront costs of disposition in advance of making a report of excess. The Administration is proposing the elimination of all conveyance provisions, allowing surplus properties to go straight to market, maximizing the return to the taxpayer. Several Government Accountability Office (GAO) engagements since 2004 have highlighted the benefit of allowing agencies to retain some or all of sales proceeds associated with the disposition of Federal real property. Without this reform, agencies currently incur substantial work and costs to dispose of properties, with little to no financial upside for them, reducing their incentive to pursue such disposals.

Federal Capital Revolving Fund (FCRF)

The Administration recognizes that the Federal Government must have modern facilities to carry out agency missions and serve the American people. However, over the last decade, it has been difficult to secure the necessary appropriations to renovate existing buildings and construct major new Federal facilities, such as the replacement of the Federal Bureau of Investigation Headquarters facility in Washington, D.C. This inability to secure sufficient, timely funding to execute capital transactions often results in project cost escalation and costly lease extensions. To address this, in the Infrastructure Initiative and the Fiscal Year (FY) 2019 Budget, the Administration has proposed creating a new funding mechanism for large, civilian real property projects that is similar to the capital budgets that States employ. The proposal would establish a mandatory revolving fund for the construction or renovation of Federally-owned civilian real property, thus allowing agencies to budget for acquiring major assets incrementally while operating within the established, transparent Federal budget rules. This proposal is supported within the FY 2019 Budget, providing $10 billion for the corpus of the Fund. GAO has conducted frequent reviews of real property acquisition methodologies and challenges encountered with funding large projects. In 2014, GAO supported a similar approach to this proposal; however, the Administration’s proposal provides even more flexibility and cost savings opportunities that those identified by GAO.

Relocation Analytics

Due to mission and cost considerations, agencies are considering opportunities to reposition their real property footprints, including relocating staff and offices to locations outside of the National Capital Region. Unlike the private sector, which has considerable flexibility and often takes a holistic approach to real estate and corporate mission requirements, agencies do not do a good job thinking holistically about their missions, physical location, and how they could deliver services differently. The Administration believes there are many lessons that can be drawn from the private sector on how to assess changing
GSA Leasing Improvements

In addition to managing federal buildings, GSA also engages in extensive leasing with private sector lessors, who provide office and other space to federal agency tenants. GSA's lease portfolio includes approximately 180 million rentable square feet in more than 8,000 separate leases. In any given fiscal year, GSA executes an average of 25 prospectus-level lease transactions, defined as lease awards where the annual cost of the lease payments exceed more than approximately $3.1 million.

GSA has seen considerable improvement in their leasing practices in recent years, demonstrating significant reductions in the number of holdover leases and reductions in the size of the lease portfolio. However, more can be done to ensure that GSA makes smart leasing decisions, particularly when running lease replacement competitions. GSA will be undertaking two policy changes: executing longer, non-cancelable lease terms to secure lower rates, and undertaking a more rigorous cost analysis before executing space reductions to ensure cost-effective decisions. GSA continues to assist other federal agencies in making the most cost-effective decisions under the Administration's Reduce the Footprint policy. Agencies are looking to reduce square footage and GSA helps to ensure that any reduction leads to a cost-effective solution.
Consolidate and Streamline Financial Literacy Efforts

Summary of Proposal: More than 20 Federal agencies have some form of financial education or literacy program. To ensure effective allocation of Federal financial literacy resources and avoid unneeded overlap and duplication, this proposal consolidates and streamlines these programs.

THE CHALLENGE

The Federal Government spends an estimated $250 million annually on financial literacy and education programs and activities across more than 20 Federal agencies to educate Americans about a wide array of financial literacy and education topics. These programs lack meaningful coordination, clear measures of effectiveness, and are oftentimes overlapping or duplicative. Furthermore, very few agencies appear to monitor the effectiveness of their programs and only a handful of these programs have been formally assessed or evaluated for impact.

In addition to Federal programming, many non-federal organizations provide financial literacy services and resources, including nonprofit organizations, consumer advocacy organizations, financial services companies, employers, and State and local governments. Given the large number of participants served by Federal financial literacy and education programs, the Federal Government should consider the most effective ways to deliver these services while maximizing limited Federal resources and supporting the efforts of other public and private participants in this field.

The Financial Literacy and Education Commission (FLEC) was established by law in 2003 and is made up of the heads of 22 Federal agencies and the White House Domestic Policy Council. Chaired by the Secretary of the Treasury, FLEC is tasked to improve "the financial literacy and education of persons in the United States through the development of a national strategy." However, the FLEC has had limited success rationalizing Federal efforts to promote access to quality financial literacy and education tools for all Americans.

THE OPPORTUNITY

Consolidating and streamlining financial literacy efforts will increase Government efficiencies and reduce fragmentation among Federal programs. Reform would also improve coordination with entities outside of the Federal Government and develop a data-driven approach to financial education that will increase the impact of the programs and make financial literacy information more accessible.

WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

This proposal would require the Department of the Treasury (Treasury) to develop recommendations for Federal financial literacy and education activities that will be shared with the Office of Management and Budget before October 1, 2018.
The Administration will consider streamlining and consolidation proposals as part of the Fiscal Year 2020 budget, including but not limited to:

- Using an evidence-based approach to articulate a national vision that outlines the appropriate role for the Federal Government and leverages the current work of non-profit organizations, the private sector, and State and local governments.
- Elimination and development of programs based on how much knowledge participants are acquiring from the financial literacy and education program, as well as how likely the program is to result in behavior that leads to greater financial capability.
- Consolidation of financial literacy programs into fewer agencies, with a mandate that they consult with relevant experts in other agencies.
- Consolidation of financial literacy policy and research into a single agency or commission that would evaluate both existing programs and proposals for future programs.

Challenges Posed by Status Quo

In addition to the $250 million that the Federal Government spends annually on financial literacy and education programs and activities, $170 million is spent on technical assistance and education for entrepreneurs by the Small Business Administration, one component of which addresses financial literacy. Six of the more than 20 Federal agencies that administer financial literacy programs account for almost 90 percent of the Federal funds expended on financial literacy for individuals and households. Some areas of potential overlap and duplication among Federal financial education activities include:

- Financial Counseling: The Bureau of Consumer Financial Protection (BCFP), the Department of Defense (DOD), the Department of Housing and Urban Development (HUD), the Department of the Interior, and the Department of Veterans Affairs all fund or provide general or topic-specific financial counseling.
- Retirement planning: BCFP, DOD, the Department of Labor (DOL), the Department of Health and Human Services (HHS), the Office of Personnel Management, the Social Security Administration, and Treasury all support activities that address retirement planning and decision-making.
- Research: BCFP, DOL, the Department of Education (ED), the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, HHS, HUD, and Treasury are supporting (or have recently supported) research and evaluation of financial literacy and education.
- Financial Literacy for youth: BCFP, ED, FDIC, and Treasury all support initiatives that address financial literacy for youth.
- Websites with financial education content: Many Federal agencies manage duplicative web content on financial education (e.g., BCFP, FTC, the National Credit Union Administration, and Treasury).

However, limited evaluation is performed by Federal agencies on the effectiveness and impact of their financial literacy programs. For example, only three agencies have recently evaluated their programs using outcomes that measure changes in behavior. Most agencies only measure accessibility and utilization of their activities.
Scope of Treasury’s Planned Review of Status Quo

Currently, the FLEC is assessing the landscape of Federal financial literacy and education activities, with the goals of:

- Determining the appropriate Federal role and effective methods to support programs administered by non-profit organizations, the private sector, State and local governments, and others.
- Consolidating Federal financial literacy and education efforts, including streamlining overlapping or duplicative programs.
- Identifying best practices and eliminating ineffective programs, activities, or practices.
- Developing high-quality, consistent Federal financial literacy and education curriculum and resources.
- Developing an effective mechanism for oversight and governance of Federal financial education programs to strengthen effectiveness and minimize the risk of future overlap, duplication, and ineffectiveness.
- Establishing governance and oversight to ensure that any new programs are aligned with the Government-wide vision.
Streamline Small Business Programs
Small Business Administration and the Departments of Agriculture, Transportation, Treasury, & Veterans Affairs

Summary of Proposal: This proposal consolidates the various Federal programs that assist small business owners secure access to capital and Federal Government contracts into the Small Business Administration (SBA). In instances where a Federal lending or contracting certificate program is highly specialized or industry-specific, SBA's duplicative authority would be eliminated.

THE CHALLENGE
Small businesses play a critical role in our Nation's economic growth. Approximately half of the U.S. private-sector labor force – nearly 58 million Americans – are employed by our Nation's 33 million small businesses. Communities across the country rely heavily on the products, services, and jobs created by these Main Street businesses. Two of the most important ways the Federal Government supports small business creation and growth are by working with private lenders to provide capital access, and making Government contracting opportunities available to small businesses.

Unfortunately, the GAO has repeatedly identified the Federal Government's current model for operating these programs as needing increased coordination and harmonization, citing duplicative programs at SBA and the U.S. Departments of Agriculture, Transportation, Treasury, and Veterans Affairs. Examples of issues that arise from duplicative programs include: inconsistent standards and participation; lack of consistent reciprocity between agencies and programs; and failure to realize efficiencies and economies of scale. Addressing these issues is critical for providing better service to America's small businesses, creating jobs, and maximizing the Federal Government's investments in communities.

THE OPPORTUNITY
The various Federal small business lending and Government contracting programs represent ideal candidates for consolidation, given the overlap in their mission and delivery method. Centralizing these programs would provide an opportunity to assess and streamline participation requirements such as eligibility criteria, application processes, and reporting. It would also help ensure consistency in the application of small business certification criteria and reciprocal recognition across Federal agencies. Furthermore, it would optimize the value of the Federal Government's small business programs by achieving long-term cost efficiencies through centralized operations and oversight functions. Streamlining these programs and making them less burdensome would ultimately enable America’s entrepreneurs to invest more of their time and hard-earned profits in operating and growing their businesses.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

This consolidation will improve services to three major stakeholders: 1) business owners seeking financing or contracting certifications, 2) lenders that service Government guaranteed loans, and 3) the Federal agencies that contract with certified small businesses. It would help strengthen and streamline SBA's operations across two of its primary program areas: 1) capital access; and 2) Government contracting support.

Capital Access

Financing is a key component of starting, operating, and expanding a business. However, access to capital continues to be a hurdle for many entrepreneurs. Small business owners often do not have the same access to credit as larger businesses that can more readily take on a traditional loan from a bank. New entrepreneurs may not have a credit score that can guarantee them a loan, especially on a new or innovative product. Entrepreneurs in emerging markets are more likely to be denied credit and often rely on personal savings or credit cards to sustain their business. Furthermore, access to capital can be especially problematic for groups historically underrepresented in traditional commercial lending. The Federal Government helps mitigate these market failures through programs designed to offer creditworthy businesses the ability to obtain financing.

Through its Office of Capital Access, SBA fills gaps in the commercial lending market and ensures that small businesses are well positioned to access credit. It supports strategies that focus on providing reasonable credit terms and access to credit for minority-owned, woman-owned, and veteran-owned small businesses and entrepreneurs. Where appropriate, other small business loan and loan guarantee programs would be folded into the SBA’s Office of Capital Access. SBA’s existing expertise in providing capital access to small businesses makes it the best agency to oversee this combined lending portfolio. In addition to streamlining assistance, this proposal would create the opportunity for more comprehensive and cost-effective program oversight and Federal credit risk management, including loan and lender monitoring, predictive risk assessments and mitigation activities, real-time reporting, and enforcement activities.

Government Contracting Support

The Federal Government is the largest procurer of goods and services in the world, spending hundreds of billions of dollars annually and averaging nearly $90 billion in contracts to certified small businesses each year. Contracting with the U.S. Government presents a large opportunity for small businesses, and the Congress has recognized its importance by establishing a minimum Federal contracts set-aside of 23 percent for small businesses. In addition, as a subset of this overall small business goal, the Government strives to award no less than 5 percent of contracts to small disadvantaged businesses and women-owned small businesses, and 3 percent to service-disabled veteran-owned small businesses and those in HUBZone locations. These purchasing decisions result in high-impact investments that help grow small businesses and stimulate local economies.

Duplicative programs that support small business contracting would be consolidated into the SBA’s Office of Government Contracting and Business Development. In the event that any overlapping programs require industry-specific economic expertise, these programs would remain at their respective agencies, and the SBA would eliminate its duplicative authority. This proposal would create a “one-stop shop” within SBA for all Federal contracting certifications for both the participating small businesses and the Federal agencies seeking to meet their contracting requirements. This would result in reciprocal recognition of small business contracting certifications across all Federal agencies and make consistent standards and processes for eligibility and participation across programs targeting similar constituencies.
The SBA currently provides expertise in this area, serving in an oversight role to ensure that the Government's contracting goals are achieved each year. It also reports on Federal efforts to stimulate technological innovation and commercialization through small businesses, and provides unique services like the surety bond guarantee to support contractors who need bonds to access contracting markets.
Consolidation of Certain Protective Details
U.S. Marshals Service

Summary of Proposal: This proposal would consolidate protective details at certain civilian Executive Branch agencies under the U.S. Marshals Service (USMS) in order to more effectively and efficiently monitor, assess, and respond to potential threats. Threat assessments would be conducted by the USMS with support from the U.S. Secret Service (USSS). Determinations as to whether protection would be provided and its size and scope would be made by the USMS in consultation with affected agency heads.

THE CHALLENGE

The protective details of Government officials, including cabinet officials and some sub-cabinet officials, vary widely in size, scope, budget, training, and statutory authorization. To provide more effective and necessary security overall, this proposal would authorize USMS to manage protective details involving specified civilian Executive Branch agencies. Threat assessments would be conducted by the USMS with support from USSS and affected agencies upon request by the USMS. This proposal would not affect law enforcement or military agencies with explicit statutory authority to protect Executive Branch officials, including the Departments of Justice, State, Homeland Security, or Defense, USSS, or other non-civilian agencies. Instead, it would focus on standardizing protective details at civilian Executive Branch agencies that currently derive protection from a USMS deputation or other source, and assuring that a uniform and criteria-based determination of threat level and security need is centrally made.

THE OPPORTUNITY

The USMS currently provides for the protection of judicial and designated Federal Government officials by providing Deputy U.S. Marshals (DUSM) to serve in a protective capacity, and assists in the protection of other officials by deputizing Government employees of other agencies to perform this function. Currently, the USMS provides Deputy U.S. Marshals for the Secretary of Education and the Deputy Attorney General's protective details. In addition, the agency deputizes Government employees of the Departments of Labor, Energy, Commerce, Veterans Affairs, Agriculture, Transportation, Housing and Urban Development, the Interior, and the Environmental Protection Agency to assist in the protection of their cabinet- and sub-cabinet officials. While the USMS requires certain baseline training and law enforcement requirements in order to approve a deputation, individuals serving on protective details vary in background, training, and experience. Furthermore, these agencies have full autonomy in determining the size and scope of their details' activities, which vary based on a perceived threat and willingness to pay for protective services rather than the detection or assessment of existing threats.

The USMS currently exercises threat assessment responsibility for all matters related to members of the judiciary, court family, and other designated protectees through its Office of Protective Intelligence. The USSS currently exercises expertise in threat assessments through its National Threat Assessment Center (NTAC). NTAC provides guidance on threat assessment and training, both within the USSS and to law enforcement, public safety, and academic partners. Specifically, the Presidential Threat Protection Act of 2000 authorizes the NTAC to provide consultation on complex threat assessment cases or plans, provide training in the area of threat assessments, and implement programs to promote the standardization of
Federal threat assessments, among other activities. The USSS is therefore well-positioned to support the USMS on best practices in protection and threat assessment, as needed. Based on these resources, a centralized analysis can be performed to determine the necessity for and extent of any protective detail.

Consolidation of resources related to certain protective details under one agency would leverage expertise of Government agencies trained in protective missions and threat analysis, ensure more efficient use of Government resources, and provide designated Government officials with appropriate protection tailored to their individual circumstances.

**WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO**

Under this proposal, the USMS would be granted authority over designated protective details and provide its own personnel for the purposes of threat assessment and protection. Determinations as to whether protection would be provided and its size and scope would be made by the USMS, as delegated by the Attorney General in consultation with affected agency heads. The number of Deputy U.S. Marshals provided for any approved protection of an official would vary based on the individual's threat assessment and risk. This proposal would be phased in as necessary in order to avoid disruptive impacts to both USMS and protected officials. The Administration will consult with the Congress regarding any need for additional legislative authority. Further, the Office of Management and Budget will coordinate with the Department of Justice and affected agencies on budgetary implications and necessary implementation guidance.

Consolidation of certain protective details under USMS offers Government-wide benefits including, but not limited to:

**Standardization of Protective Service Levels**

Consolidating resources and authority for certain protective details under the purview of the USMS would standardize those protective details Government-wide. USMS would work with USSS as necessary to determine threat levels for covered Federal officials in a consistent manner across all agencies. Protectees would benefit from standard, high-quality training, as well as the USMS' ability to set priorities and broader strategy across the force, an advantage over the current decentralized model. Operational de-confliction and coordinated processes would be easier and more efficient with fewer agencies providing protection for designated cabinet and sub-cabinet officials. Additionally, while the USMS requires general law enforcement training in order to approve a deputation, agency employees serving on protective details vary in background, capabilities, and experience. Providing DUSMs would ensure that every protective has access to well-trained Federal law enforcement officials with appropriate experience and oversight.

**New Efficiencies**

Rather than employing separate protective details with separate resources and authorities, the USMS would professionalize and standardize this mission across multiple Executive Branch agencies.
Small Grants Consolidation

Summary of Proposal: The President's Budget proposes to consolidate the small grants functions, expertise, and grantmaking from the Inter-American Foundation (IAF) and U.S. African Development Foundation (ADF) into the U.S. Agency for International Development (USAID) beginning in Fiscal Year (FY) 2019. The consolidation would be a significant step to reduce the proliferation of Federal international affairs agencies that are operating today, while also elevating community-led, "local works" small grants as a development and diplomacy tool for the U.S. Government.

THE CHALLENGE

As a development and diplomacy tool, small grants allow the U.S. Government to engage directly with local organizations in poor and remote communities to support lives and livelihoods and build goodwill among local populations, often within foreign policy priority countries that the United States seeks to stabilize and/or assist in their journey to self-reliance. At present, multiple U.S. Government agencies provide small grants assistance; however, each faces unique challenges in doing so. Authorizations for carrying out small grants work are also long outdated or provided in annual appropriations only.

As the U.S. Government's lead development agency, USAID has experience in implementing small grants in political transitions, but its efforts to do so in long-term development contexts are more nascent, and often more labor-intensive per assistance dollar than traditional aid mechanisms. Meanwhile, IAF and ADF face the fixed overhead costs associated with running small independent agencies, which continue to comprise a share of their overall budgets, even as they have managed to keep variable costs per grant low.

THE OPPORTUNITY

This proposal would support the USAID Redesign's goal of helping countries on their journey to self-reliance, while also furthering the core mission of the foundations to support livelihoods in poor and remote communities across Latin America, the Caribbean, and Sub-Saharan Africa, leading to an aligned and enhanced approach to small grants for the U.S. Government. It would consolidate IAF and ADF's deep expertise, relationships, and functions into USAID, thereby enhancing USAID's capabilities while also reducing the duplication and overhead costs associated with having three agencies carry out small grants work. The proposal would better align the two foundations with U.S. foreign policy objectives and global development programs, while elevating community-led, "local works" small grants as a development and diplomacy tool and allowing for the sharing of best practices across USAID.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

This proposal is consistent with the Center for Global Development's report entitled A Practical Vision for U.S. Development Reform (2017), which advised revisiting the role of the foundations, in light of their overlap in mission and function with USAID. The Center advised considering the transfer of the certain elements of the foundations' operating models into USAID, "potentially including outside advisory boards and flexible tools for grant-making to local civil society groups in developing countries." The Congress has long recognized the value in small grants as an assistance-delivery mechanism, from establishing IAF and ADF in the late 1960s and early 1980s, respectively, to introducing a directive in annual appropriations over the past decade to enhance USAID's capabilities in this area. This proposal would enable USAID to better achieve the intent of that directive.

Through the consolidation, USAID would capitalize on the existing expertise, capacity, relationships, and tools that IAF and IAF provide, including their regional and market segment emphases, in order to reinforce the U.S. Government's bilateral development efforts. In return, USAID would offer these programs a platform that would better integrate them with the Agency's existing global development programs, more cohesively serve U.S. foreign policy objectives, and increase organizational efficiencies through reducing duplication and overhead. The consolidation would also serve to elevate community-led, "local works" small grants as a development and diplomacy tool for the U.S. Government, and it would allow for the sharing and integrating of best practices across USAID through the proposed Development, Democracy, and Innovation Bureau. As part of the proposal, IAF and ADF would begin to wind down as independent foundations in FY 2019, and would transfer their grants and select programmatic staff to USAID.

In support of this consolidation proposal, the FY 2019 Budget requests a total of $55 million, across the following accounts:

- $40 million in State/USAID's Economic Support and Development Fund to support IAF and ADF's grantmaking via USAID, beginning in FY 2019 (with $20 million per region);
- $1 million in USAID's Operating Expenses account, to support the absorption of select programmatic staff from IAF and ADF in FY 2019; and
- $8 million for one-time costs to support the foundations' orderly closeouts in FY 2019, in ADF's ($5 million) and IAF's ($3 million) direct appropriations.

In recognition of the foundations' regional expertise, the FY 2019 Budget proposes merging IAF's grants and select personnel into USAID's Latin America and Caribbean Bureau, and ADF's grants and select personnel into USAID's Africa Bureau. The work previously performed by the foundations would be initially programmed out of stand-alone offices within the regional Bureaus, but would be further integrated into the regional Bureaus over time. Overseas, IAF and ADF's work would be fully integrated with USAID Missions. Certain cross-cutting functions (such as the monitoring and evaluation of small grants) would be housed centrally at USAID within the proposed Development, Democracy, and Innovation Bureau, so that such technical expertise and best practices could be leveraged for other regions and the Agency as a whole.

The proposal would also entail establishing a subcommittee under USAID's Advisory Committee on Voluntary Foreign Aid for IAF and ADF's former boards to remain involved with the foundations' work going forward and to advise the Administrator on small grant activities generally, and on the smooth transition of the foundations' functions.
Transition to Electronic Government
National Archives and Records Administration (with the Department of Homeland Security and Social Security Administration)

Summary of Proposal: This proposal would transition Federal agencies’ business processes and record keeping to a fully electronic environment, and end the National Archives and Records Administration's (NARA) acceptance of paper records by December 31, 2022. This would improve agencies’ efficiency, effectiveness, and responsiveness to citizens by converting paper-based processes to electronic workflows, expanding online services, and enhancing management of Government records, data, and information.

THE CHALLENGE
Federal agencies collectively spend billions of dollars on paper and paper-based records management practices. Even after decades of effort, too many Federal Government services are still primarily paper-based. This forces NARA and Federal agencies to devote resources to actively processing, moving, and maintaining large volumes of paper records (requiring facilities, staff, and support contracts), even as electronic communication and systems have dramatically increased the volume of information agencies must manage. To date, efforts to address this issue have been inconsistent and ineffective across agencies.

The Federal Government must confront this challenge by taking a comprehensive, lifecycle approach to records management. On the front end, it must cease paper processes to the extent possible, which will enable more efficient and effective delivery of services. Then, on the back end, it must support streamlined and secure electronic records management. These actions will facilitate citizen services and benefit the taxpayer by creating efficiencies and preserving public access to Federal records.

THE OPPORTUNITY
As agencies implement electronic processes in place of paper, it will be easier for the public to connect with the Federal Government, and apply for and receive services, improving customer satisfaction. Electronic records will reduce processing times and decrease the probability of lost or missing information. For example, the Department of Homeland Security’s (DHS) U.S. Citizenship and Immigration Services (USCIS) currently ships most immigration applications among multiple facilities, such as lockbox and pre-processing centers, prior to adjudication, which is both costly and time consuming.

Electronic records will greatly improve agencies’ ability to provide public access to Federal records, promoting transparency and accountability. Over the long term, this also will reduce agencies’ records management and storage costs and streamline the records management process, freeing resources for other high-priority activities. This will also allow agencies to provide more timely and accurate assistance to their customers.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

The Federal Records Act (FRA) authorizes NARA to issue Government-wide guidance to agencies on how to preserve their records and directs NARA to maintain a permanent archive of Government records that will be preserved indefinitely. NARA policies and regulations cover the entire lifecycle of records, from creation to use to storage or disposal. This proposal would use these authorities to drive agencies to reassess and modernize their paper-based processes Government-wide.

Currently, NARA holds more than 5 million cubic feet (equivalent to 12.5 billion pages) of archival records, and anticipates that an additional 3 million cubic feet of permanent records will be transferred by Fiscal Year (FY) 2030. Additionally, NARA’s Federal Records Centers Program stores over 26 million cubic feet of Federal Government records on a temporary basis for other Federal agencies, costing agencies approximately $200 million annually in payments to NARA. Agencies also acquire records management and storage services from commercial providers. At the same time, agencies are trying to manage a surge in their electronic records. NARA managed archival electronic records equivalent to 12 billion pages in 2005, which grew to 34 billion in 2017.

However, the continuing need to support paper-based processes diverts resources away from investments in a modernized electronic records management system. Without focused attention to this challenge, NARA and agencies will face inadequate electronic records systems and protocols, leading to higher costs and lost records, as well as deficient practices and services for paper records.

This proposal would transition Federal agencies’ business processes and recordkeeping to a fully electronic environment, and end NARA’s acceptance of paper records by December 31, 2022. Establishing a deadline by which NARA will no longer accept paper records will force agencies to direct attention and resources to this issue in a way that has not occurred previously. To ensure this necessary transformation away from paper-based processes would occur across all of the Executive Branch, NARA will coordinate with Federal agencies to develop and provide the guidance, technical assistance, and services they will need to implement this proposal. The General Services Administration would play a supporting role by connecting agencies with commercial digitization services available in the private sector. This will allow agencies to more efficiently procure needed services, helping expedite the electronic records process.

U.S. Citizenship and Immigration Services Efforts to Expand Electronic Records

Even as the Administration moves toward electronic records management across the entire Federal Government, some individual agencies have already started to take critical steps toward this goal. For example, the USCIS National Records Center has centralized millions of paper records into a single facility, dramatically improving the integrity of USCIS’ recordkeeping and cutting the time spent on file retrieval—a vital component of application processing—from weeks and even months to only a few days.

USCIS already offers electronic filing capability for a replacement green card (I-90) and application for naturalization (N-400). It also plans to achieve end-to-end digital processing for all of the immigration benefits it adjudicates by the end of 2020. This will include the ingestion of all applications and evidence through adjudication, decision making, and communication with applicants. USCIS will create digital immigration records at the point of receipt that serve as the official record throughout the immigration process.
lifecycle. This will increase efficiency and reduce risk to the immigration system. To further eliminate paper, USCIS is moving to a fully automated Freedom of Information Act processing system. A subset of this electronic capability will be released to the public in summer 2018, and full deployment is scheduled to be complete by the end of 2018. Requesters will be able to file requests and receive responses online. These efforts also build on other important work USCIS has already done that uses electronic records to improve applicant services and increase efficiency, such as with its E-Verify system which electronically compares information from an employee's Form I-9, Employment Eligibility Verification, to data from DHS and the Social Security Administration to confirm employment eligibility.

Social Security Administration Efforts to Expand Electronic Records

The Social Security Administration (SSA) also is reducing paper processes, relying on an expanding suite of automated and online options to conduct business with the public. In FY 2017, the public conducted over 155 million transactions via the SSA website, rather than through paper forms. SSA expects the number of successfully completed transactions in FYs 2018 and 2019 to increase by 35 million each year over the prior year. Additionally, SSA estimates that in FY 2019 about 50 percent of those submitting SSA retirement forms, or about three million people, will use SSA's online services to complete their forms; this used to be a wholly paper-based, in-person transaction.
Customer Experience (CX) Improvement Capability

**Government-wide**

**Summary of Proposal:** This proposal would transform the way Americans interact with the Federal Government by providing a modern, streamlined, and customer-centric experience for citizens, businesses, and other customers, comparable to leading private-sector organizations. The Office of Management and Budget (OMB) will provide leadership and establish a Government-wide capability to partner with Federal agencies to identify key customer groups (e.g., farmers, veterans), map their journeys from end-to-end and across agencies and programs, and improve their experience across delivery channels and organizational silos. This will be done in partnership with the U.S. Digital Service and the General Services Administration (GSA) Technology Transformation Service with contributions from specific involved agencies. This capability will also serve as a central resource to better manage organizational change and ensure reform proposals achieve mission, service, and stewardship objectives.

**THE CHALLENGE**

Americans expect well-designed, efficient Government services that are generally comparable in quality to that of leading private-sector organizations. Unfortunately, customer satisfaction with Federal services lags behind every other industry, as measured by the American Customer Satisfaction Index (ACSI), causing frustration for customers and higher costs for the Federal Government. While many agencies are taking action to improve their services, customer experience can lag when customer needs and journeys cross organizational silos. Whereas Government agencies execute their missions based on their specific authorities and responsibilities, customers tend to experience Government across silos. For example, while the Federal Government strives to support small business growth and competitiveness, duplicative and inconsistent programs spread across five different Federal agencies have sometimes created confusion and extra work for the small businesses they mean to serve.

As individual agencies make investments—particularly information technology investments—that capability to improve customer experience across agency silos will help the Government meet 21st Century needs and expectations. At the same time, improving customer focus can lead to greater efficiency and effectiveness in agency operations. This will require technical expertise, enhanced business processes, management support, and new Government authorities to create cross-agency, Government-wide solutions.

**THE OPPORTUNITY**

Establishing a Government-wide customer experience improvement capability would support existing agency efforts and create new Government-wide approaches to improve the way the public interacts with the Federal Government. In partnership with agencies, this new function would identify key Federal customers (e.g., veterans, students, farmers, retirees), map their journeys as they interact with Federal agencies, and work to streamline those interactions across delivery channels and organizational silos. It would work with Federal
organizations that control resources and services and convene partner agencies and programs to harmonize business processes with a more holistic, customer-centric model. In many cases, Federal agencies already devote considerable resources to customer experience, and these existing efforts will benefit from more end-to-end visibility into customer needs and access to broader perspectives and tool sets. Further, this capability will support the U.S. Digital Service (USDS) and other information technology modernization efforts by evaluating how Federal services are delivered and identifying priority opportunities to leverage technology to make service delivery more customer-centric and efficient. Not only has this approach been proven to improve services in the private sector, but it also offers opportunities to reduce overlap and fragmentation and reduce costs.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

The application of these tools and approaches has been proven in the private sector. Leading practice in the private sector now trends to having an individual Customer Experience Officer reporting directly to the CEO, supported by teams that both advocate for customer needs at an enterprise level as well as embed practices into individual business units across the organization. These CX organizations have developed a clear set of standards, tools, and capabilities—such as the use of personas and customer journey maps—and have demonstrated their utility across diverse organizations and industries.

Applying these tools and capabilities to the Government has also been proven to work. Through USDS and GSA’s Office of 18F, the Government has recruited top-tier talent in information technology and business process re-engineering. These individuals are helping the agencies that serve customers incorporate user-centered design into plans to modernize digital services—and demonstrating those investments yield a high return. For example, for many years small business owners have been extremely frustrated by slow, bureaucratic, paper-based processes at the Small Business Administration (SBA) that were not responsive to their needs. Due to the USDS team at the SBA, small businesses can now apply for Government Contracting Programs online in about 1 hour instead of days. They can also secure key information on locating their business by using a mapping application that updates in near real-time.

Further, individual agencies have developed enterprise-level customer experience capabilities that are delivering direct results to citizens, such as the Journeys of Veterans Map, which has become the centerpiece of the Department of Veterans Affairs’ (VA) success in presenting one face to veterans. For example, veterans have historically had a frustrating experience navigating over 1,000 VA phone numbers and more than 1,700 contact centers across its many lines of business. To address this challenge, VA is now in the process of integrating backend data systems and providing veterans a single front door. It estimates that these efforts will produce a cost avoidance of approximately $2 billion dollars over five years while also improving veterans’ experiences.

This proposal envisions building on these individual efforts by adding the capability to tackle customer experience challenges throughout the Government. To get started, this capability and relevant agencies will conduct research to identify the most significant opportunities for customer-centric change, develop customer journey maps which cross organizational silos, and then develop action plans to execute service improvements. As needed, agencies would partner with USDS and GSA’s Technology Transformation Service to enhance their digital services. One particular area of focus would likely be the creation of user-focused Digital Front doors—rebuilding Government web properties to focus less on Government structure and more on user experience. For example, Farmers.gov, designed by the U.S. Department of Agriculture, delivers the information, tools, and first-hand advice built around the needs of the people who produce our food, fibers, flora, and fuel.
This capability will also serve as a central resource to better manage organizational change. Managing process improvements across organizations is complex, especially given the legal structures, size, and cultures of Federal agencies. It will partner with agency leadership to support interagency change management, including project planning, convening interagency meetings and facilitating collaboration, and sharing best practices on change management.
Next Generation Federal Student Aid
Processing & Servicing Environment
Department of Education

Summary of Proposal: The Next Generation (Next Gen) Financial Services Environment that will benefit Federal Student Aid's (FSA) customers and save taxpayer millions of dollars, will create an improved, world-class customer experience for FSA's more than 42 million customers, while creating a more agile and streamlined operating model. FSA's initial focus will be on modernizing capabilities related to the Free Application for Federal Student Aid (FAFSA) form and the servicing and repayment of student loans, with additional work to come to improve the experience throughout the student aid life cycle.

THE CHALLENGE
FSA helps provide educational opportunity for more than 42 million students pursuing higher education. It manages one of the largest consumer loan portfolios in the country, rivaling those of major financial institutions. FSA's customers deserve a world-class experience, but they do not consistently receive one today. Currently, customers interface with multiple brands and vendors throughout the student aid life cycle, creating a disjointed experience. Further, customers want additional capabilities and functionalities to enable them to make more informed decisions and make their loan experience easier and more accessible. The current student loan servicing environment is a major barrier to FSA's ability to provide outstanding service to borrowers and taxpayers.

THE OPPORTUNITY
The Department of Education is pursuing a new approach to FSA processing and servicing with a modernized, innovative, and integrated architecture that will benefit FSA's customers and save taxpayers millions of dollars. The Next Gen Financial Services Environment will create an improved, world-class customer experience for FSA's more than 42 million customers, while creating a more agile and streamlined operating model.

WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO
The Next Generation Processing and Servicing Environment is being designed to meet customer expectations, improve how customers consume services and utilize different technology and media platforms, and further enhance borrower protections. The new system requires the separation of database housing, system processing, and customer account servicing so that cost efficiencies can be achieved and current state-of-the-art technologies can be deployed and evolve in the future. Through this market research, FSA has refined its strategy to implement the Next Generation Processing and Servicing Environment.
Based on this research and discussions with a broad range of internal and external experts in student loan finance and information technology services, the Department has developed a plan for a Next Generation Financial Services Environment that will leverage best-in-business technology to improve customer experience and outcomes and drive savings for taxpayers by reducing FSA administrative costs. The key to this transformation will be a comprehensive, Department of Education-branded customer engagement layer that will create an environment through which the Department's customers will receive clear, consistent information and readily accessible self-service options at every stage of the student aid lifecycle. FSA will emphasize a mobile-first, mobile-complete strategy — enabling and encouraging customers to fulfill all their needs on mobile devices — complemented by web, phone, chat, and in-person capabilities.

This engagement layer will foster a life-long relationship with customers, from before they apply for aid at high school students through when they plan for their children and grandchildren's education. It will transform FSA into a trusted source of information and greatly simplify the process of helping customers choose the best options to help them manage their student debt. In addition, the creation of standardized systems, processes, and procedures — combined with the inclusion of clear performance expectations tied wherever possible to explicit contract incentives and disincentives — is expected to simplify oversight of vendor performance and better ensure compliance with consumer protection and customer service standards.

The Next Generation Financial Services Environment would provide customers a seamless, world-class experience with FSA from application through repayment, a mobile-first, mobile-complete experience that allows customers to seamlessly interact with FSA to make informed decisions about their educational experience, and improved back-end technology and operations, to allow FSA to innovate how it interacts with customers and the types of products and services it can offer.

FSA plans to leverage the latest in middleware, processing, data storage, and security to create a more efficient, cost-effective, and secure technical infrastructure. While Federal student loans are uniquely complex, the Department believes that leveraging modern commercial engagement and technical capabilities is likely to reduce FSA's operating costs over the long-term, once the solution is fully implemented.

FSA has issued and will continue to issue solicitations focused on account processing and loan servicing in 2018. Significant customer-facing milestones will be realized throughout 2019. The Department plans to have significant elements of the Next Generation Financial Services Environment in place prior to the expiration of the current servicing contracts in 2019.
Solving the Federal Cybersecurity Workforce Shortage

Department of Homeland Security and the Office of Management and Budget

Summary of Proposal: The Federal Government struggles to recruit and retain cybersecurity professionals due to a shortage of talent along with growing demand for these employees across the public and private sectors. The Department of Homeland Security (DHS) and the Office of Management and Budget (OMB), working in coordination with all Federal departments and agencies, will establish a unified cyber workforce capability across the civilian enterprise. This Administration will work towards a standardized approach to Federal cybersecurity personnel, ensuring Government-wide visibility into talent gaps, as well as unified solutions to fill those gaps in a timely and prioritized manner.

THE CHALLENGE

The Federal Government struggles to recruit and retain cybersecurity professionals due to a shortage of talent and growing demand for cybersecurity talent across the public and private sectors. The workforce shortage compounds the Government's challenges in responding to a constantly evolving threat environment and achieving its many IT-dependent missions.

In the past, each Federal department and agency was responsible for addressing its own cybersecurity workforce gaps independently, which has led to disaggregated and redundant Federal programs. The workforce shortage compounded the Government's challenges in responding to a constantly evolving threat environment and achieving its many IT-dependent missions.

Moreover, the manner in which departments and agencies recruit, hire, train, retain, and compensate cybersecurity personnel varies by agency. This uneven approach has created internal competition for talent, which in turn creates disparities and discontinuities that degrade agencies' ability to defend networks from malicious actors and respond to cyber incidents. A unified approach to attracting and retaining cybersecurity talent within the Federal Government would better support the Government's cybersecurity enterprise.

Finally, there have not been continuous, strategic investments made in U.S. education programs to strengthen a pipeline for future cybersecurity talent. The abundance of redundant Federal programs focused on strengthening cybersecurity education illustrates how the Government's role building the cybersecurity talent pipeline remains ill-defined.

THE OPPORTUNITY

This Administration can strengthen Federal cybersecurity and improve agencies' ability to carry out their missions by identifying and closing workforce gaps in the near term, and can ensure long-term viability by building the cybersecurity talent pipeline.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

To improve recruitment and retention of highly qualified cybersecurity professionals to the Federal Government, this Administration will develop a standardized approach to identifying, hiring, developing, and retaining a talented cybersecurity workforce in a timely and prioritized manner.

In the near term, this Administration will prioritize and accelerate ongoing efforts to reform the way that the Federal Government recruits, evaluates, selects, pays, and places cyber talent across the enterprise.

Taking Stock of the Current Cybersecurity Workforce and Identifying Gaps

Human capital personnel from across the Executive Branch are currently working with the Office of Personnel Management (OPM) to categorize the Federal cybersecurity workforce, using the National Initiative for Cybersecurity Education Cybersecurity Workforce Framework (NICE Framework, as required by the Cybersecurity Workforce Assessment Act of 2015). By Fall 2018, the Federal Government will have catalogued the entire cybersecurity workforce to better understand our current set of knowledge, skills, abilities, and identify any gaps; this catalog will give us Government-wide insight into where our most pressing needs are, and, for the first time, enable the development of an enterprise-wide approach to the recruitment, placement, and training of cybersecurity talent.

Using the NICE Framework analysis, the Federal Government will be able to determine which workforce gaps are most critical to address the current cybersecurity threat landscape. DHS, as the lead agency for the protection of Federal IT networks, is best positioned to drive this prioritization with Federal agencies and OMB. By the first quarter of Fiscal Year (FY) 2019, all CFO Act agencies, in coordination with DHS and OMB, will develop a list of critical vacancies across their organizations. By the end of FY 2019, all CFO and non-CFO Act agencies will have a prioritized list of critical vacancies. OMB and DHS will analyze these lists and work with OPM to develop a whole-of-government approach to identifying or recruiting new employees or reskilling existing employees in FY 2019.

Developing Innovative Recruitment, Retention, and Mobility Strategies

As agencies prioritize their cybersecurity workforce needs, they will likely need to adopt innovative hiring techniques to ensure the best and brightest cyber talent can seamlessly enter the Federal Government. To address this challenge, the Department of Homeland Security received authority, through the 2014 Border Patrol Pay Reform Act, to modernize the traditional personnel system. With this new authority, DHS is working to create a new Federal hiring system called the Cyber Talent Management System (CTMS), exempting DHS from many of the requirements and restrictions in existing law under Title 5 for hiring and compensation of cybersecurity professionals. With an agile and innovative personnel system, DHS will be better equipped to compete for cyber talent with the private sector—speeding up the hiring process, attracting talent from non-traditional educational backgrounds, using innovative tools to assess applicants, and offering more flexible performance-based compensation. DHS will also be able to align prospective cybersecurity talent to the most pressing cybersecurity needs and will allow these technical professionals to accelerate their careers as rapidly as their aptitudes allow. In order to implement CTMS, by the first quarter of FY 2019 OMB, through its Office of Information and Regulatory Affairs (OIRA), will work with DHS to promulgate the necessary regulatory notices. By the end of FY 2019, DHS will work...
with OMB and all Federal agencies to measure the performance of CTMS and determine how to expand the system so that all departments and agencies can leverage it to address their personnel gaps.

One of the main hindrances to a seamless entry into the Federal Government is the security clearance process. The success of this initiative partly hinges on the success of the Government’s security clearance reform initiative, as discussed in a separate Executive Branch reorganization proposal in this volume. In addition to the Government-wide security clearance solution, OMB, DHS, and OPM will work with agencies to review workforce characteristics to rationalize security clearance requirements in order to expedite the vetting and onboarding process.

The NICE Framework Federal workforce assessment is expected to confirm what has been known for some time that cybersecurity employees’ skills and competencies vary across the Government. OMB will consult with DHS to standardize training for cybersecurity employees, and will work to develop an enterprise-wide training process for Government cybersecurity employees.

As part of creating a modern hiring and compensation system that rewards cyber expertise, the Executive Branch should also evaluate opportunities to make cybersecurity positions more mobile than traditional Government jobs. Flexibilities that allow workers to easily move from one position to another, or from one agency to another, would appeal to cyber talent in the agile and fast-paced cybersecurity industry. This mobility is also useful during a major cybersecurity incident, allowing agencies to surge capacity for incident response activities. OMB, in coordination with departments and agencies, will develop a work plan to implement this initiative by the end of FY 2018. Departments and agencies will begin to exercise these authorities by the end of FY 2019.

As an alternative or supplement to surge capacity, a mobile workforce will allow agencies to surge capacity for incident response activities. OMB, DHS, and DOD will evaluate what workforce gaps might exist that would be needed during a major Federal cybersecurity incident to determine the requirements for a Federal cybersecurity reservist program. As part of this analysis, OMB, DHS, and DOD will evaluate the existing authorities of Federal agencies to rapidly mobilize talent, including those of the U.S. Digital Service, which recruits talent from the private sector. These organizations will also evaluate the feasibility of extending the reservist program to support non-Federal major cybersecurity incidents within the United States, such as those affecting critical infrastructure. These programs will be coordinated with existing cyber services, including those in the National Guard.

**Reskilling Employees to Fill High-Value Cybersecurity Roles**

In addition to hiring new cybersecurity talent, the Government must look for opportunities to maximize the potential of its existing workforce. This includes efforts to reskill employees whose skills have become less relevant due to automation. OMB, DHS, and OPM will build aptitude and skills assessments to identify and select current Government staff who can be reskilled to fill critically-needed cybersecurity jobs. By reskilling the current workforce, agencies will be able to quickly shift its workforce into the highest priority vacancy gaps. OMB and DHS will establish a job reskilling work plan by the first quarter of FY 2018. OMB and DHS will then update the CIO Council on a quarterly basis on the implementation of the reskilling work plan.
Building a Pipeline of Cybersecurity Talent

While solving the immediate needs of the Federal workforce is a major challenge, the Administration will also work to educate America's youth to build an enduring cybersecurity talent pipeline. As part of the FY 2020 Budget development process, OMB will evaluate options to rationalize the size and scope of current Federal cybersecurity education programs, including the National Science Foundation (NSF)’s CyberCorps, the Scholarship for Service program, the National Security Agency (NSA)/DHS Centers for Academic Excellence program, NSF and NSA’s GenCyber program, the Department of Labor’s apprenticeship program, DHS’s Cybersecurity Education and Training Assistance Program, the U.S. Army Cyber Center of Excellence, and the U.S. Navy Information Operations Command program, among others.

While the cybersecurity workforce shortage has been a known challenge for Federal agencies, no other Administration has taken a whole-of-Government approach to fixing it. OMB and DHS look forward to solving this major challenge through smart analysis and creative solutions.
The GEAR Center
Government-wide

Summary of Proposal: This proposal would establish a public-private partnership to help the Government respond to innovative technologies, business practices, and research findings that present opportunities to improve mission delivery, services to citizens, and stewardship of public resources. The GEAR Center would be a non-governmental public-private partnership that would engage researchers, academics, non-profits, and private industry from disciplines ranging from behavioral economics, to computer science, to design thinking to use creative, data-driven, and interdisciplinary approaches to re-imagine and realize new possibilities in how citizens and government interact.

THE CHALLENGE

Most Federal Government entities and programs were designed many decades ago, while still others have their organizational roots aligned to the missions of the 19th Century. Their designers could not have anticipated how technology and society would evolve or how the mission demands on the Federal Government would evolve in the 21st Century. Government has also been slower than the private sector to adapt operations to new realities. The bottom line is that the Government has fallen behind the curve, with reported decreases in trust and lower customer satisfaction. The inability to keep pace with the private sector on adoption of technology has likely contributed to these failures to meet expectations as well as inefficient use of resources. This proposal makes progress toward a future vision of a more efficient and effective Government that provides a level of service that citizens deserve.

Although disparate research is available in the public and private sector, there is little work directed toward providing a forward-looking view on how the operating entities of Executive Branch should evolve management practices for the 21st Century. The Executive Branch currently lacks the capability to work with State and local governments, businesses, and institutions of higher education to assess the long-term strategic needs of the Government enterprise, and to "test and learn" how to apply innovative approaches to meeting the mission, service and stewardship needs of the 21st Century. This capability is needed to effectively apply theory to practice in a low-risk environment.

THE OPPORTUNITY

The GEAR Center would be a public-private partnership bringing together experts from disciplines ranging from behavioral economics, to computer science, to design thinking, in order to take a creative, data-driven, and interdisciplinary approach to imagining and realizing new possibilities in how citizens and government interact.

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WHAT WE’RE PROPOSING AND WHY IT’S THE RIGHT THING TO DO

To establish the GEAR Center, the General Services Administration (GSA) could, for example, issue a new Challenge under the America COMPETES Act, and as a parallel effort, issue a Request for Information (not leading to a traditional contract but to get more information on the art of the possible) to maximize input from the public, universities, and industry to show transparency while promoting innovation from the largest group possible.

New “Challenges” under the America COMPETES Act provide agencies with the authority to conduct prize competitions to spur innovation, solve tough problems, and advance their core mission. Prize competitions under this new statute may be funded jointly by more than one agency and by the private sector. These challenges can be monetary or non-monetary, and they allow for multiple phases of engagements, ideations, and competitions. The America COMPETES Act authority offers a flexible and fast method to obtain input from a wide swath of the public, including industry, non-profits, universities, and other entities.

Based on the results of the Challenge, the GEAR Center could be established at a university, think tank, or other prominent research institution as a public-private partnership to inform critical areas for programs and services to meet the needs of the American public. The GEAR Center would call upon researchers, academics, non-profits, and private industry to help test hypotheses, rapidly prototype new strategies and models, and help the Government anticipate and respond to changes in technology with implications for service to citizens and Government mission.

The Center would provide the Federal Government with the opportunity to not only catch up to where the private sector services and capabilities are today, but to lay the groundwork for where Government operations and services need to be in five, 10, or 20 years or more by bringing together researchers, academics, non-profits, and private industry to inform leaders in the Federal Government of the future delivery models for programs and services that meet the needs of the American public. This Center will enable testing of hypotheses and shape future direction in order to help the Government anticipate and respond to changes in technology and society with implications for how the Government can better serve its citizens. For example, the GEAR Center could examine the impacts to Government that are likely to occur due to broader economic forces (e.g., self-driving cars, automation), improving service in programs that rate the worst in terms of public feedback (e.g., immigration system, farmers), and exploring strategies to leverage Big Data and manage data as an asset across Government silos.

Developing this capacity supports innovation as an engine to transform the public’s experience with Government. Researchers will validate and/or develop improved ways to serve the needs and desires of the customers of Government services, and rethink the experience of Government-public interactions.

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"The America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science Act of 2007 or America COMPETES Act was signed by President George W. Bush and became law on August 9, 2007. This was an Act, "To invest in innovation through research and development, and to improve the competitiveness of the United States." On January 4, 2011, President Barack Obama signed into law the America COMPETES Reauthorization Act of 2010."
Further, the GEAR Center would provide capacity to explore questions concerning how Government can best harness technological advances to address evolving challenges concerning citizen interactions with the Government, Federal workforce skill/reskilling requirements, the leveraging of Big Data, and collaboration with the private sector via grant-making, procurement and public-private partnerships. In addition, it would explore opportunities to better integrate public and private sector innovative fee for service and co-investment models to ensure that infrastructure for the digital age receives appropriate investments and attention.
Transfer of Background Investigations from the Office of Personnel Management to the Department of Defense

U.S. Office of Personnel Management and Department of Defense

Summary of Proposal: That the National Background Investigations Bureau (NBIB), currently under the Office of Personnel Management (OPM), be transferred to the Department of Defense (DOD).

THE CHALLENGE

The placement and performance of background investigations for the Executive Branch has been an evolving and open issue for years.

- In October 2016, the National Background Investigations Bureau (NBIB) was established to succeed the Office of Personnel Management’s (OPM) Federal Investigative Services (FIS). The NBIB absorbed the FIS’s background investigation capabilities, inventory, and operational challenges, and began the conduct of background investigations for 95 percent of Executive Branch agencies.
- In August 2017, an implementation plan was provided to the Congress for DOD to conduct background investigations for DOD personnel, pursuant to the National Defense Authorization Act (NDAA) for Fiscal Year 2017 (P.L. 114-328).
- In December 2017, the NDAA for Fiscal Year 2018 (§925(b) of P.L. 115-91) was enacted into law, legislatively authorizing a phased transfer of DOD background investigations conducted by NBIB from NBIB to DOD.

The pending transfer of DOD Investigations from NBIB comprises 70 percent of NBIB’s background investigation volume and raises questions with Government-wide implications regarding the remaining 30 percent. With no easy or obvious answers regarding the placement of the 30 percent, the Security, Suitability, and Credentialing Performance Accountability Council (PAC) principal agencies (OPM, DOD, the Office of Management and Budget, and the Office of the Director of National Intelligence) initiated an interagency review to determine a path forward.

THE OPPORTUNITY

This proposal would transfer the NBIB background investigation program, currently under OPM, to DOD. The transfer provides the opportunity to achieve an efficient, effective, fiscally viable, and secure operation that meets all agencies’ needs. It avoids a variety of potential problems inherent in splitting the existing program into two pieces, and provides the means to achieve bold, transformative reform in the manner in which background investigations are conducted. The opportunity exists to improve timeliness, strengthen management of sensitive information and ensure a more trusted workforce.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

The Administration recognizes that background investigations are critical to enabling national security missions and ensuring public trust in the workforce across the Government. The congressionally mandated transfer of 70 percent of NBIB’s background investigation caseload has significant implications for the conduct of background investigations Government-wide. Additionally, the mandate comes at a time when significant challenges in security, suitability, and credentialing processing continue to adversely affect Government operations. The background investigation inventory has risen to approximately 725,000; the average Top Secret background investigation takes four times longer than the target completion date; and costs have risen more than 40 percent since Fiscal Year 2014. This is an unsustainable way to do business.

Now is the time for bold, transformational change in how we vet our workforce. To that end, the Administration has concluded that to achieve an efficient, effective, fiscally viable, and secure operation that meets the needs of the Executive Branch, it is necessary for the background investigation program to remain consolidated through a complete transfer of NBIB to DOD. Given the urgency and complexity of the issue, the Administration believes this transfer is the right thing to do because:

- **Consolidation retains “economies of scale”.** Keeping the program together prevents unnecessary duplication of functions (e.g. headquarters, back office, etc.), removes operational complexity, and provides increased opportunities for centralization and specialization that will increase continuous process improvement benefits.

- **Exploiting within DOD facilitates better leveraging of DOD’s existing enterprise capabilities.** DOD already provides capabilities to the enterprise by servicing industrial security clearances for 31 agencies through the National Industrial Security Program, and manages adjudications for four agencies through the DOD Consolidated Adjudications Facility. DOD already has strong, established research and training programs under the Personnel and Security Research Center and the Center for Development of Security Excellence, is developing continuous evaluation capabilities that will benefit non-DOD agencies, and has a global footprint that is well-suited to the increased need for international contact and employment investigations. Drawing on significant national security, IT, and cybersecurity expertise, DOD is also responsible for designing, building, securing, and operating a suite of end-to-end vetting shared services to be made available to all Executive Branch agencies.

- **Only bold and transformational reforms are more achievable through consolidation.** Despite improvements, the Federal government’s vetting policies, processes, and tools, have failed to keep pace with converging technological capabilities and opportunities to continuously identify, assess, and integrate key sources of information. Reform initiatives chartered by the Security and Suitability/Credentialing Executive Agent are underway to revamp the fundamental approach and supporting policy frameworks, overhaul the business process, and modernize the information technology architecture. Implementation of these reforms across a single, consolidated provider can best serve the sustainment of a trusted workforce for the Nation.
The Administration will take the requisite executive actions to ensure the background investigation program remains consolidated within DOD. Transition planning and implementation over the next several years will be critical to success and will involve interagency cooperation and coordination. The PAC will provide oversight of that transition, and will continue to be accountable for ongoing reform of the broader Executive Branch vetting program, including background investigations. The existing Security Executive Agent (the Director of National Intelligence) and Suitability and Credentialing Executive Agent (the Director of OPM) will continue to fulfill their respective policy and oversight roles for the security, suitability, and credentialing enterprise.
Strengthening Federal Evaluation

Government-wide

Summary of Proposal: Bringing evidence to bear in decision-making is a critical component of good government. However, there are large gaps and inconsistencies across Federal agencies in their ability to formally evaluate their programs. These reforms would expand upon existing capabilities and push agencies to adopt stronger practices that would generate more evidence about what works and what needs improvement in order to inform mission-critical decisions and policies.

THE CHALLENGE

Decisions about how best to allocate taxpayer dollars and improve government services involve a complex set of factors, including political priorities, resistance to change, and the availability of credible evidence. In many policy domains, however, we lack key information on program effectiveness that could help the Congress and the President make better decisions. Program evaluation is a valuable tool that can help us learn what works in order to focus limited funding on effective programs, discontinue programs that fall short of desired results, and identify ways to improve continually funded programs. For example, a decade of rigorous evaluations of the Maternal, Infant, and Early Childhood Home Visiting Program demonstrated positive impacts and future savings that warranted scaling up the program. In contrast, Project D.A.R.E., a substance abuse prevention program for adolescents, lost all Federal funding following several high-quality evaluations that determined the program was ineffective and in some cases had negative effects.

These examples illustrate how, absent program evaluation, we would not know whether what we think works, does in fact work. Yet, building evaluation into program design so that we can learn and improve is currently the exception rather than the rule, and there are no formal Government-wide incentives, expectations, or guidance to Federal agencies regarding program evaluation. We must increase the capacity of Federal agencies to conduct evaluation and fill a critical gap in the Federal government’s ability to generate evidence about what works and how we can improve programs. This will lead to more and better information that the Congress and the President can use to make decisions about how to best spend taxpayer dollars and provide services for our citizens.

THE OPPORTUNITY

Passage of the Foreign Aid Transparency and Accountability Act of 2016 set an important precedent that our Nation must have expectations for monitoring and evaluating foreign assistance programs. OMB’s guidance for these programs (see M-15-04) was a first step, but there is much more that can be done across Government. We must set standards for evaluation across all program activities and agencies so that Federal agencies, OMB, the Congress, and taxpayers have critical information about the effectiveness of Government programs and policies, which will lead to improved services, increased efficiencies, and a greater return on investment.
WHAT WE'RE PROPOSING AND WHY IT'S THE RIGHT THING TO DO

The Congress is increasingly compelling agencies to focus funding on evidence-based programs that we know work. Executing this vision requires evaluation to answer essential questions regarding program effectiveness and cost-efficiency that cannot be answered through performance measurement, statistics, or data analytics alone. Unlike Federal statistical and performance functions, there is currently no formal Federal system or underlying infrastructure to support evaluation. As a result, there are many programs and policies across the Government for which we have no evidence on program effectiveness, thus making evidence-based policymaking difficult.

If we expect agencies to test innovative strategies and execute effective programs, we must enhance Federal agencies' ability to conduct program evaluation and other evidence-building activities. The bipartisan Commission on Evidence-Based Policymaking's recommendations and subsequent draft legislation would further these goals. However, many of the necessary improvements can be accomplished administratively. Doing so will require a change in Federal agencies' cultures and standard operating procedures so that program evaluation is integrated into program design, and evaluation experts are part of decision-making processes.

We must strengthen the role of program evaluation and better understand how we are investing in evaluation across the government. At minimum, OMB intends to ask Federal agencies to:

- Designate a senior official responsible for coordinating the agency's evaluation activities, building evaluation agenda, and information reported to OMB on evidence. This official must have expertise and experience in program evaluation, which is a different skill set than performance, statistics, and other agency functions. One approach that has worked well in some agencies is to create a centralized independent evaluation office and designate a senior career official to lead this office who is given lead responsibility for evaluation at the agency. Other agencies have multiple sophisticated evaluation offices serving different components.

- Document the resources dedicated to program evaluation. If taxpayers, the Congress, or the Administration were to ask how much is currently spent on program evaluation, we would not be able to state an amount nor easily calculate a reasonable estimate. Absent this information, we cannot know where our investments in evaluation are adequate and where we are under- or over-investing.

We must also strengthen the Government's ability to build and use a portfolio of evidence, including results from program evaluations, to inform decision-making. To do this, OMB will provide direction and set expectations that encourage agencies to:

- Strengthen the quality of the information provided to OMB on evidence-building activities, including program evaluation, as part of the annual budget process. Currently, agency submissions vary greatly in quality and completeness. If improved, however, they could be a useful way for OMB to understand agencies' current and planned evidence-building activities, the evidence base behind key priorities, and evidence gaps that should be addressed. By designating a senior official at agencies with relevant experience responsible for this submission, OMB expects the quality and breadth of submitted information will improve and better inform the budget and policymaking processes.
Learning agendas are a powerful tool that allow Federal agencies to strategically plan evaluation and other evidence-building activities over a multi-year period. The structured agenda setting process requires coordination within an agency to identify priority research questions and knowledge gaps. Learning agendas should be informed by key stakeholders and the public, and the resulting documents should be made available to the public to promote transparency and accountability. The studies, evaluations, and other learning that results from these agendas should be shared within the agency and with other stakeholders, OMB, the Congress, and the public in order to facilitate policy and program improvement.

A broad consensus has emerged regarding the importance of evaluation as a key part of evidence-based policymaking. We acknowledge the potential risk that establishing a more formal structure for Federal evaluation could introduce administrative rigidity and complexity in ways that may detract from innovation in the small number of agencies already excelling in this area. During implementation, however, we could mitigate this risk by allowing appropriate flexibility, recognizing the unique circumstances and capacities of various agencies, and soliciting input from stakeholders both inside and outside of the Federal Government.
“Let President Trump reorganize the government like a business.”

– Michelle
Delaware
APPENDIX: AGENCY-SPECIFIC REFORM PROPOSALS
DEPARTMENT OF AGRICULTURE

Reorganizing the Agricultural Marketing Service

As part of the U.S. Department of Agriculture’s (USDA) internal reorganization effort, it has undertaken significant changes to the Agricultural Marketing Service (AMS) to improve customer engagement, maximize efficiency, and improve agency collaboration. The Packers and Stockyards Program, Federal Grain Inspection Service, U.S. Warehouse Act Program, and International Community Purchasing were transferred to the Agricultural Marketing Service as new program areas in FY 2018.

Realigning USDA’s Mission Areas

The USDA has been realigning and consolidating certain offices into more logical organizational reporting structures. The realignment has included the creation of an Assistant Secretary for Trade and Foreign Agricultural Affairs, an Assistant to the Secretary for Rural Development, and an Under Secretary for Farm Production and Conservation. Additionally, USDA is merging the USDA Seatle Center for Nutrition Policy and Promotion (SNPP) into the Food and Nutrition Service (FNS). These efforts will improve service delivery by providing a simplified one-stop shop for USDA's farmer and rancher customers, advance agricultural trade and address the needs of Rural America.

DEPARTMENT OF ENERGY

Streamline Environmental Management

Headquarters Organization

This effort will review the Environmental Management (EM) organizational structure to identify opportunities to streamline the management of EM, and will specifically review support services, skill gaps, and cost reduction measures such as consolidating facilities and reducing administrative support. This proposal focuses on the complexity of the EM depot mission in an efficient and cost-effective manner.

Consolidate International Staff Under Office of International Affairs

The Department is consolidating international affairs offices from DOE’s applied energy programs into the headquarters Office of International Affairs. This effort centralizes staff and resources with technical expertise and foreign affairs policy knowledge to advise DOE and carry out the Department’s international engagement efforts.

Merge Shared Service Centers and Other Activities

This effort will streamline processes, reduce costs, and improve service.

Office of Science Restructuring

The Department of Energy’s Office of Science is evaluating several proposals to merge and consolidate field and headquarters activities to improve efficiency and reduce costs. Potential options for consideration include merging geographically associated site offices, recognizing the integrated Service Centers, aligning safety and technical services, streamlining the Office of Science organization, and reducing staff and administration support roles.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Optimize National Institutes Health (NIH)

Restructure NIH’s administrative functions to ensure operations are effective and efficient. This initiative represents the largest change management initiative in the history of NIH, and will align management with best practices and break down administrative silos through standardization of structures and processes agency-wide.

Consolidate Health Research Programs into National Institutes of Health (NIH)

Integrate the research of three programs into NIH – the Agency for Healthcare Research and Quality (AHRQ), the National Institute for Occupational Safety and Health (NIOSH), and the National Institute on Disability, Independent Living, and Rehabilitation Research (NIDILRR) – to improve research coordination and outcomes. These efforts would be initially established as three new NIH Institutes: the National Institute for Research on Safety and Quality; the National Institute for Occupational Safety and Health; and the National Institute on Disability, Independent Living, and Rehabilitation Research. NIH will assess the feasibility of integrating health services research activities more fully into existing NIH Institutes and Centers over time.

Reorganize the Strategic National Stockpile (SNS) to the Assistant Secretary for Preparedness and Response (ASPR)

Restructure the SNS from Centers for Disease Control and Prevention to ASPR to consolidate strategic decision-making around the development and procurement of medical countermeasures, and streamline operational decisions during responses to public health and other emergencies and improve responsiveness. This organization is intended to enhance enterprise effectiveness by more fully integrating the Stockpile with ASPR’s preparedness and response capabilities.

DEPARTMENT OF HOMELAND SECURITY

DHS Air and Maritime Programs

This proposal would identify efficiencies and budgetary savings to be achieved by eliminating unnecessary duplication between U.S. Customs and Border Protection and the U.S. Coast Guard air and maritime programs. This could include facilities consolidation, standardized data, enhanced domain awareness and coordination, and common future capability requirements.
Coordinated Operations, Planning & Intelligence

This proposal will evaluate how DHS Headquarters environments can produce information and intelligence that is comprehensive, current, coordinated, operationally focused and analytically defensible, and increase the effectiveness of coordinated operational plans and policies. The Office of Intelligence and Analysis, the Office of Strategy, Policy and Plans, and the Office of Operations Coordination will explore areas such as analysis overlap, duplication and fragmentation, joint and integrated strategies and operations; common operating picture (COP) and alert warning; and operations centers overlap, duplication and/or fragmentation.

National Bio and Agro-Defense Facility (NBADF) Transfer from DHS to USDA

This FY 2019 budget proposal would transfer operational responsibility for the National Bio and Agro-Defense Facility (NBADF) from DHS’s Science and Technology Directorate (S&T) to USDA’s Agricultural Research Service (ARS). In FY 2019, DHS would finish the construction and commissioning of the laboratory facility, while USDA would operate the facility in the future.

Organizing Headquarters Functions

This proposal would identify how DHS Headquarters can more effectively align Business Support and Mission Support functions to support Homeland Security mission delivery by enabling (1) strategic governance, oversight, policy making, and internal and external coordination; and (2) strengthening service and delivery of the business support and mission support functions to the Department. In turn, the DHS Management Advisory Committee is advancing agency-wide initiatives such as field efficiencies, modernizing financial systems and processes, and SOA consolidation.

Delivering Government Solutions in the 21st Century

Department of Housing and Urban Development

Reform Rental Assistance

HUD is seeking legislative reforms to decades-old rent policies that are confusing and costly, and often fail to support HUD-assisted individuals in increasing their earnings. HUD’s Making Affordable Housing Work (MAHW) initiative would offer public housing authorities (PHA’s) property owners, and HUD-assisted families a simpler and more transparent set of rent structures to reduce administrative burden, incentivize work, and align HUD’s rental assistance programs on a more financially sustainable path.

Consolidate Headquarters Offices

HUD owns approximately $53 million per year on four leases with a working distance of its main headquarters at the Robert C. Weaver Federal Building. HUD is in the process of consolidating these satellite offices into one building, reducing its real property footprint and annual leasing costs.

Department of State

Modernizing IT, HR Operations, and Data Analytics

The Department seeks to advance information technology (IT) modernization, including: allowing real-time collaboration; strengthening workforce readiness and performance management; and improving enterprise-wide data availability. This will involve enhancing data analytics to better inform decisions and investing in and implementing cloud technologies to allow employees to work more easily from any location, improve cybersecurity, streamline work processes, and consolidate duplicative systems. Cloud implementation has been underway since the end of 2017. By the end of FY 2018, the Department had already migrated 96 percent of user mailboxes to cloud-based e-mail. This effort will also seek to improve connectivity between the State and United States Agency for International Development (USAID) IT platforms, thus ensuring increased collaboration and information access to improve effectiveness and efficiency.

Leadership Development and Training

The Department seeks to enhance leadership training and development opportunities. To that end, the Foreign Service Institute is working to modernize and expand formal leadership training for all levels of the workforce and implement a program of mid-level leadership projects. The Leadership Advisory Board is revising the Department’s Leadership and Management Principles and enhancing leadership development activities more broadly.

Special Envoy

The Department is integrating selected envoys and special representative offices into the regional and functional bureaus, and eliminating those envoys and representatives that have accomplished their original purpose or have overlapping roles and responsibilities. This effort will empower regional and functional bureau policy direction, provide clarity in representing authority, and strengthen communication channels. In consultation with the Congress, 17 such offices are being realigned as of May 2018.

Enhance Global Presence and Policy Processes

The Department seeks to improve oversight of the U.S. Government’s global presence under Chief of Mission authority, including enhanced interagency coordination to foster increased collaboration and oversight. The goal is to ensure the most efficient allocation of personnel consistent with U.S. interests around the world. State and USAID will work together to advance targeted reforms in this area, where changes are mutually reinforcing and can be effectively synchronized to maximize benefits as appropriate.

Enhance Operational Efficiencies

The Department is examining ways to enhance human resources service delivery in order to simplify processes and reduce wasteful time. Enhancements will also strengthen real property management both domestically and overseas, and advance efficiencies in our acquisition processes to improve service delivery. State and USAID will work together to advance targeted reforms in this area, where changes are mutually reinforcing and can be effectively synchronized to maximize benefits as appropriate.
DEPARTMENT OF THE INTERIOR

Aligning DOI Regions Across Bureaus

The Department of the Interior (DOI) seeks to establish common regional boundaries across its bureaus and offices to provide better coordination across the department, focus resources in the field, and ultimately improve mission delivery. Currently, each DOI bureau manages its responsibilities using regional structures that follow different geographical boundaries. This inconsistency slows coordination between DOI bureaus and offices, other Federal agencies, and the American public that DOI serves.

Improving Efficiency through Shared Services

DOI is working to consolidate bureau offices whenever possible and to emphasize the use of administrative support services across its organizational units. This will drive more efficient use of resources and ensure employees within each region and at the local level receive adequate support. Better utilization of the Interior Business Center (IBC) and DOI’s consolidated Financial and Business Management System (FBMS) will also further these objectives.

DEPARTMENT OF THE TREASURY

Consolidate Alcohol and Tobacco Enforcement at Treasury

The FY 2019 budget proposes to transfer all alcohol and tobacco responsibilities from the Department of Justice’s Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to Treasury’s Alcohol and Tobacco Tax and Trade Bureau (TTB). This transfer would leverage TTB’s resources and expertise relating to the alcohol and tobacco industries and allow ATF to continue to focus on its firearms and explosives mandates, enabling both agencies to more efficiently and effectively carry out their core missions of protecting the public.

DEPARTMENT OF TRANSPORTATION

Shared Services

The Department of Transportation (DOT) is taking a comprehensive look at implementing a shared services model for acquisitions, human resources, information technology, and motor vehicle pools across the Department. DOT is also working to consolidate office space and leases.

OST Streamlining

DOT is committed to streamlining the Office of the Secretary (OST), which plays a critical role overseeing DOT’s Operating Administrations (OAs). To better support the OAs, duties and positions will be consolidated in areas such as research and development.

Workforce Development

DOT’s workforce development grants will be transferred to the new Department of Education and the Workforce to centralize workforce development policy and to deliver more efficient and effective outcomes.

DEPARTMENT OF VETERANS AFFAIRS

Electronic Health Record Modernization

This will transition the Department of Veterans Affairs’ (VA) to a new Electronic Health Records (EHR) system allowing for interoperability between the Department of Defense (DOD) and VA, and other community providers. The new system will permit efficient exchange of patient health information as military service members transition from DOD to VA healthcare and will enhance the coordination of care for veterans. Having a veteran’s complete and accurate health information in a single common health system is critical to that care and to patient safety.

Community Care

Veterans get the right care, at the right place, at the right time, with the right provider, the Trump Administration and VA have worked closely with the Congress and veteran service organizations to create legislation to merge all VA’s community care efforts, including the Choice Program, into a single, streamlined Federal program. The new community care program will improve veterans’ experiences and healthcare outcomes and transform VA into a high-performing and integrated 21st Century healthcare system for more than 22 million veteran enrollees.

Appeals Modernization

VA is undertaking an initiative to replace its current claims appeals process, adapted after World War I, which is slow, complex, and confounding for veterans to navigate. In an effort to enhance veteran’s experience, VA is accelerating implementation of a new system under which veterans have the option to submit appeals using one of three lanes based on their unique circumstances.

Financial Management Business Transformation

This ambitious effort will transform VA’s financial management business processes and systems using an integrated approach. A modern integrated financial management and acquisition solution will enhance transparency, data accuracy, and improve fiscal accountability across the department, and will provide opportunities to improve the care and services provided to veterans.

Legacy IT Systems Modernization

Many of the 330 legacy information technology systems that VA relies upon to administer and deliver veteran benefits are no longer supportable, and do not meet security, compliance standards or support new, more efficient business processes. In addition, the multitude of these systems to interface with one another results in severe redundancies which, in turn, results in inefficient and imposes on the department’s customer service to veterans. Collectively, modernizing legacy IT systems will streamline benefit delivery and appeals processing, ensure compliance with new security and accessibility standards, and expand veteran self-service capabilities while also promoting greater transparency.

REFORM PLAN AND REORGANIZATION RECOMMENDATIONS
Tailoring State Oversight

The Environmental Protection Agency (EPA) will reevaluate resources devoted to oversight of State delegated programs, including the role of EPA Regional Programs and Regions, and their respective levels of effort. EPA will recognize States as the primary implementers and enforcement authorities where States have authorized delegation of Federal environmental programs. With input from the Environmental Council of the States (ECOS) and the States, EPA will streamline, reduce, and tailor its oversight activities to focus on national consistency and technical assistance to States as needed.

Examining EPA Field Presence

After streamlining and tailoring State oversight activities, EPA will assess the best locations from which to provide key functions and services to customers. Some functions may be performed more effectively with enhanced proximity to customers, while others may be more efficient, but equally effective, if consolidated. EPA will assess owned space vs. leasing space for field operations.

Improving Management of EPA Laboratories

EPA will review the current laboratory enterprise in an effort to operate EPA’s labs in a more strategic, corporate, and efficient manner. This project starts with the identification and implementation of an enterprise-wide framework to create a more agile and efficient laboratory and management lab capabilities and capacity to meet the scientific demands associated with achieving the Agency’s mission more efficiently and effectively.

Federal Motor Vehicle Fleet Management

The Federal Government operates more than 400,000 motor vehicles, including cars, SUVs, trucks, and other specialty vehicles. The cost of operating motor vehicles can vary widely among Federal agencies. The President’s Management Agenda initiative on improving mission support services includes consolidating federal fleet management. This will reduce taxpayer costs and introduce efficiencies in Fleet Management. To achieve these objectives, the General Services Administration will conduct studies of agency fleets to identify opportunities for improving fleet management. This study will include analysis of operational, maintenance, and inventory data to assess whether centralizing leasing and managing motor vehicles is more cost-effective than separate agency ownership and management of vehicles. GSA studies will also identify opportunities for reducing the overall size of the Federal fleet through car-sharing or other such shared activities.

Introduce Two Convergence Accelerators to Support Interdisciplinary Research

The National Science Foundation (NSF) will introduce two “Convergence Accelerators” that will facilitate the agency’s funding of interdisciplinary research. The Accelerators will focus on “Harnessing the Data Revolution” and the “Future of Work at the Human Technology Frontier.” Staff, budget, and resources for the Accelerators will be realigned from the current directorates and offices. Accelerator directors will be part of the NSF scientific leadership team. With separate staff, budget, and resources, the Accelerators will be NSF’s primary units for conceiving, funding, and managing NSF-wide interdisciplinary activities in these areas.

Implement a 21st Century Approach to Federal Employee Records and Data Management

The Office of Personnel Management (OPM) seeks to establish a secure employee digital record (EDR), with as close to live updates as technologically feasible. By creating a permanent EDR, OPM can drive a data collection strategy that, among other things, collects employee data once and uses it many times across the employee lifecycle. This will reduce redundancy, inefficient and inaccurate reporting, costly vendor management, and insensitive data that creates challenges in applying modern business processes to core HR functions.

Merge the Office of New Reactors (NRO) and the Office of Nuclear Reactor Regulation (NRR)

The Nuclear Regulatory Commission (NRC) recognizes that a merger of NRO and NRR will provide flexibility and improved agility to manage uncertainties associated with the workflows of both the new and operating nuclear business lines. As part of the merger of NND and NRR, the NRC will conduct an assessment of technical review functions to identify efficiencies and eliminate redundancies.
SOCIAL SECURITY ADMINISTRATION

IT Modernization

The Social Security Administration’s (SSA) IT Modernization Plan is a thoughtful and deliberate multi-year agency initiative to modernize SSA’s major systems using modern architectures, agile software engineering methods, cloud provisioning, and shared services. SSA is embarking on an initiative to transform the way they design and build systems, and ultimately the way they work and serve the public. The IT modernization vision is to establish a fully integrated IT and business team that delivers modern business platforms that improve our ability to respond more rapidly to changing needs at manageable costs. SSA will provide an enhanced customer experience for millions of beneficiaries across an expanded mix of service options in a cost-effective and secure manner.

Eliminate In-Kind Support and Maintenance and the Holding Out Policy for SSI

This proposal simplifies administration of the Supplemental Security Income (SSI) program and reduces improper payments. The proposal eliminates the requirement of in-kind support and maintenance (ISM) and the holding out policy for adults living with other adults. This proposal also ends the intrusive and burdensome “holding out” policy, which currently reduces benefits for couples that provide support to their community.

Eliminate Services to Claimant Representatives

This proposal would eliminate the Federal Government as the intermediary in the relationship between applicants and the representatives they voluntarily hire. It would eliminate administration of fee agreements, fee petition, and claim representative travel. The current workload is excessive, error prone, and costs SSA’s administrative resources. In FY 2016, SSA spent about $122 million on the activity, but collected only about $55 million due to a statutory fee cap to reimburse the trust funds. The $55 million collected is not currently part of SSA’s administrative resources.

Establish a Consistent National State Disability Appeal Process

As stated previously, SSA plans to reinstate the reconsideration process in the disability determination services located in the 10 prototype states. Once fully implemented, SSA can return to a single nationwide appeals process. This change will allow claimants to receive benefits sooner at a lower administrative cost. In addition, it will provide some relief to SSA’s hearings backlog.

Eliminate SSI Dedicated Accounts

This proposal facilitates financial independence by eliminating dedicated accounts the past due benefits to SSI youth recipients. It also reduces the administrative burden of monitoring expenses from dependent estates.

Implement Metrics and Quality

The proposal would implement metrics and quality metrics for employees across SSA. This change will provide several significant benefits, including: improving productivity and accuracy; ensuring that employees are fully engaged in work and can learn from feedback about their work; ensuring efficient and effective use of taxpayer dollars; and enhancing SSA’s ability to address issues of outstanding and poor performance.

Implement Standard Office Design

This proposal would improve facility design to meet business requirements and reduce design and build costs for offices while at the same time evaluating the security of these offices.

Additional Footprint Reduction

This proposal continues to find ways to increase real estate efficiency and reduce the size of its real property portfolio. SSA will continue to co-locate offices, consolidate space while merging components, and ensure space savings when implementing teknikw.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Journey to Self-Reliance

USAID will realign its strategies, policies, and programs to more thoughtfully, strategically, and purposefully assist developing countries in becoming more self-reliant. USAID will redouble its relationship with partner countries by more clearly defining expectations up front, giving more clarity and focus to the objectives of assistance, and establishing tangible and meaningful goals to which partner countries can aspire.

Advance National Security

This USAID effort includes three components: operating more effectively in a new environment; expanding evidence-based approaches; and improving coordination with DOD.

Empower People to Lead

USAID seeks a human capital system that leverages and supports employees, enables a high return on investment, and supports workforce mobility and agility. This effort includes management of human capital, workforce flexibility and mobility, knowledge management, streamlining coordination, improving IT functions, and creating a culture of accountability and learning.

Respecting the Taxpayer’s Investments

USAID will measure how each and every dollar of the taxpayer’s money is spent by developing systems and processes that allow for structuring USAID’s presence domestically and abroad in the most efficient way possible.
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Reform is necessary to create more efficient and effective government.
CONGRESSIONAL
TESTIMONY

STATEMENT FOR THE RECORD

J. DAVID COX, SR.
NATIONAL PRESIDENT
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

BEFORE
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE

ON
REVIEWING THE ADMINISTRATION’S GOVERNMENT REORGANIZATION PROPOSAL

July 18, 2018
Chairman Johnson, Ranking Member McCaskill, and Members of the Homeland Security and Governmental Affairs Committee, on behalf of the more than 700,000 federal and District of Columbia government employees represented by the American Federation of Government Employees, AFL-CIO (AFGE), I submit this statement for the record for the Committee’s hearing to examine the Administration’s government-wide reorganization plan on July 18, 2018.

On June 21, 2018, the Trump Administration issued a document entitled “Delivering Government Solutions in the 21st Century—Reform Plan and Reorganization Recommendations.” The plan outlines the Administration’s recommendations for reorganizing the federal government. AFGE objects to many recommendations of this plan as implementation will result in inefficient allocation of agency resources and workload, and politicization of the civil service.

Background

Prior to public dissemination of the Administration’s reorganization plan, on March 13, 2017, the President issued an Executive Order mandating that the Director of the Office of Management and Budget (OMB) and the heads of executive branch agencies create agency reorganization plans within 180 days. In April 2017, the OMB Director also issued a memorandum with instructions stating what reorganization plans were supposed to include and the policies they were supposed to implement. Although the April OMB memorandum included the following sentence: “When developing their Agency Reform Plan in coordination with OMB, agencies should consult with key stakeholders including their workforce ...,“ very few agencies complied with this direction. With a few rare exceptions, national AFGE bargaining councils and AFGE locals were not consulted or even informed of reorganization plans. The same is true for the Administration’s recent reform plan and reorganization recommendations.

As public servants, federal employees take very seriously their duty to provide vital services to the American public. Federal employees are dedicated to their professions and are experts not only in their field of work, but also, through years of service, many federal employees understand what is needed to improve the internal workings of their agencies far better than private consultants. Federal workers and their representatives should play an important role in the development of organizational changes involving federal agencies and the services they provide. Neglecting to seek input from employee representatives in the development of government-wide reorganization plans is counterproductive to any genuine effort to increase the efficiency and effectiveness of government.

Reformation and Reorganization—Privatization

In introducing its government reorganization plan, the Administration has stated that there are no plans to cut jobs, and that job reductions were not a factor in devising the plan. However, the recommendations of the plan, as outlined, are contrary to the Administration’s statements. The reorganization plan contemplates privatization of the Postal Service, the various Department of Energy Power Marketing Administrations, and the Tennessee Valley Authority,

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1 EO 13781
2 OMB M-17-22, April 12, 2017
to name but a few. In addition, the Administration’s plan constantly uses words such as streamlining, consolidating, restructuring, realigning and transferring. No one opposes these actions in principle. In practice, however, words like “streamlining” often just mean reduction or degradation of service delivery.

The reorganization plan promotes a particularly pernicious governmentwide “consolidation” of so-called “shared services.” The substance of this concept is that all federal administrative service functions should use or will be required to use centralized cross-agency administrative support for these “common functions” of government. The theory behind the “shared services” concept is allegedly based on economies of scale; when multiple federal agencies make use of administrative services functions, centralizing these services in a limited number of providers and requiring that every agency use the centralized source(s) to obtain the services will supposedly reap cost savings. However, AFGE believes that the concept of “shared services” encourages private sector entities to either compete with government-sponsored service providers or to enter into “partnerships” with government agencies to provide the services. It is not efficiencies that drive this quest for consolidation, but rather profits for the private sector.

It must be noted that consolidation of services, “shared services,” is actually at odds with maximizing flexibility and agency responsiveness to the public. Mandatory centralization of administrative services has proven to result in less responsive government and will have a negative impact on agency head accountability for the efficient and effective administration of their own Departments.

While AFGE strongly objects to many of the consolidations and mergers of agencies recommended by the Administration’s reorganization plan, we would like to explicitly object to the following reorganization of agencies:

Consolidation of the Army Corps of Engineers Civil Works with the Department of Transportation and the Department of Interior—The realignment of the Civil Works funded programs of the U.S. Army Corps of Engineers into the Department of Transportation and Department of Interior will significantly weaken a war-fighting capability of the Department of Defense. Specifically, both the military and civilian skill sets and capabilities that are partially funded on a civil basis in the U.S. Army Corps of Engineers provide a reach-back capability for the military during national emergencies and contingency operations. For instance, a civilian employee may be performing civil works functions, but based on that employee’s skill set, he or she may also be regularly called upon to perform military functions when the need arises. Such mission support will not be as readily available if the civil works functions are transferred to the Department of Transportation and the Department of Interior. Transferring this function would weaken the career progression pyramid and rotation base of the uniformed Engineer Branch required by Title 10.

We acknowledge that the Civil Works programs are separate funding streams from the Military funded appropriations in the Defense budget and therefore, on the surface it may seem harmless to simply transfer the civil works functions to other agencies, but such a transfer ignores how the Army Corps of Engineers actually operates in support of the military, and how it manages its human capital planning and workforce development.
**Merge the Department of Education with the Department of Labor**—The missions of the Department of Education and the Department of Labor are distinctly different. The merger of these two agencies would directly undermine the public education system and the opportunity for equal access to a quality education afforded to all Americans. The Administration is misleading the American public by insinuating that merging these two agencies, which both have substantial organizational structures and missions that touch every American, will lead to improved public services as it relates to our nation’s schools and education system, and increasing employment opportunities. In fact, it is more plausible that such a merger will have the exact opposite effect as combining two agencies with such expansive missions will likely result in limited resources, reduction of services to the public, and increased bureaucracy.

**Transfer the Office of Personnel Management (OPM) Policy Functions to the Executive Office of the President**—Moving OPM policy functions into the Executive Office of the President is direct politicization of personnel policy. The Administration’s reorganization plan would designate the Executive Office of the President as responsible for policy decisions in areas such as employee compensation, workforce supply and demand, and employee performance. The Administration’s plan also refers to the existing framework of the civil service as “archaic.” AFGE believes that the current framework of civil service rules and regulations is anything but archaic. Rather, the current civil service is based on merit system principles and focuses on employees’ skills, qualifications and experience instead of discriminating based on race, sex, gender or age. A “merit-based” civil service system is a cornerstone of all modern Western democracies. It ensures that technical expertise is brought to bear on performing agency missions, without the threat of overt partisan agendas driving day-to-day operations. Moving the OPM policy functions to the Executive Office of the President will undermine this system.

These and many other recommendations from the reorganization plan are shortsighted and do not fully take into consideration how such changes will hinder agencies’ mission fulfillment. Many agency leaders have already made the decision to not only consolidate offices, but to close agency offices. These decisions to close offices were made prior to the Administration making the reorganization plan public. Office closures are directly affecting federal employees and their families with many employees forced to relocate or lose their jobs. AFGE urges this Committee to conduct oversight of these office closures and assess the impact that the closures will have on the public’s access to important public services.

**Conclusion**

The Administration’s reorganization plan does not provide any information or indication that an analysis has been conducted to project how employees will be affected by the recommendations of the plan. Without any type of reliable analysis on the impact to the workforce, we can only assume that little analysis has been conducted to determine how the recommendations will affect the services provided to the American public.

AFGE strongly supports examining effective approaches to accomplishing government work. While AFGE supports initiatives to improve delivery of government services, the Administration’s reorganization plan is a thinly veiled attempt to devolve federal involvement in
everything from education to postal delivery, to energy research and development. AFGE would welcome the opportunity to work collaboratively with the Committee and Congress to identify ways in which we can improve the delivery of our important public services.
July 17, 2018

Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Johnson, Ranking Member McCaskill, and members of the Senate Committee on Homeland Security and Governmental Affairs:

In advance of the Senate Committee on Homeland Security and Governmental Affairs’ hearing, titled “Reviewing the Government’s Reorganization Proposal,” I write to share the views and concerns of the National Active and Retired Federal Employees Association (NARFE). NARFE is dedicated to advancing the interests of the more than 5 million federal employees and retirees, as well as their spouses and survivors, and has more than 205,000 dues-paying members across the country and abroad.

NARFE appreciates the swiftness with which HSGAC scheduled a hearing to discuss and debate the president’s reorganization plan. Most of the changes proposed would require action by Congress. As these changes would not only impact the more than 2 million federal employees who carry out the work of our nation, but also the American taxpayers who rely on their services, NARFE commends the Committee for taking the time to give these proposals the thoughtful and deliberative attention they deserve. At this time, I share some initial thoughts on the reorganization proposal by the White House, but NARFE is continuing to evaluate these and other proposals as more details are provided.

First, transferring federal personnel policy to the Executive Office of the President threatens to politicize the federal civil service. While some have expressed support for this move, as it has the potential to elevate the attention the largest workforce in our country receives from the White House, NARFE has serious concerns that this move could prove detrimental to career civil servants. With an administration that has shown disdain at times for a professional, merit-based civil service, this raises red flags that the move is intended to exert undue political influence on non-political hiring and firing decisions. Political influence in civil service hiring and firing allows jobs to be handed out or taken away based on political contributions or affiliations rather than individual capabilities. The history of the spoils system that existed in the 1800s shows that this leads to corruption and incompetence in the civil service. It would also shift substantial power from Congress to the Executive as federal jobs could depend more on allegiance to the President or political party than to the Constitution and laws enacted by Congress. While this element of the reorganization does not achieve this by itself, it removes important safeguards in the process. While the current administration has proposed policies that alarm NARFE, we would express the same concerns with moving policy from the Office of Personnel Management (OPM) to the Executive Office of the President regardless of who holds the White House.
However, we cannot ignore that this Administration has proposed substantial cuts to federal pay and retirement benefits, and therefore elevating federal personnel policy to the White House is troubling. In exchange for hard work and public service, often over long careers, federal employees and retirees earned the retirement benefits they have been promised. Diminishing their value in any way for those who have already earned them— including by eliminating or reducing COLAs, altering how they are calculated, or eliminating an entire element of the pension — fails to honor the basic commitments made to our public servants. While in most cases reorganization proposals should be considered independent of the current administration, policies that would roll back retirement benefits for individuals approaching, and even in, retirement are particularly egregious. Elevating responsibility for these policies to the Executive Office of the President would undoubtedly raise their profile, which is a potential consequence of the reorganization to consider.

Third, eliminating OPM entirely and transferring its remaining programmatic functions to the newly-named Government Services Agency (GSA), or other agencies, raises concerns that OPM’s important functions—such as administering federal retirement and health benefit programs—will not receive the attention and resources that they deserve. Public servants put in hard work often over long careers to serve the needs of the American people. In exchange, they earn both pay and benefits. It is OPM’s job to make sure our government is upholding its end of the bargain. More than eight million people rely on the highly-acclaimed and model Federal Employees Health Benefits (FEHB) Program to meet their health care needs. In terms of federal retirement benefits, while OPM has had its challenges in modernizing retirement processing, we should evaluate whether simply moving this program to another agency will accomplish the modernization it sorely needs. In considering this recommendation, we urge Congress to give careful thought as to whether OPM’s current mission will receive the appropriate prioritization and resources if moved to an entirely new agency with larger responsibilities.

Fourth, privatizing the United States Postal Service (USPS) undermines the provision of universal services that has existed for more than a century and threatens the jobs, pay, health and retirement security of hard-working, middle-class postal employees. NARFE wholeheartedly opposes privatization of the USPS, which is not a privately-owned business because it has a constitutional obligation to provide universal public services. Transforming it into a private entity unnecessarily threatens the continuation of the public services it provides. It also would promote a race to the bottom in terms of basic pay and benefits for postal workers. The timing of this proposal is perplexing given the president has formed a cross-agency task force currently working to provide recommendations on postal reform in mid-August. If the recommendations will be the same— to privatize USPS — what is the point of the task force? If not, why muddy the waters with potentially conflicting administration views? HSGAC has prioritized reforms of USPS operations in the past, and even though NARFE has not always agreed with the path forward the Committee has recommended, we strongly urge the Committee not to abdicate its jurisdiction in this arena.
Finally, in evaluating the reorganization proposals, I urge the continuation of careful, thoughtful deliberation and consideration of how the proposals will affect the public servants within the affected agencies who are tasked with carrying out the important work our country asks of them. Government reorganization aims to improve government efficiency and performance to better carry out the missions directed by Congress and the president. As the individuals who dedicate their work, day-in and day-out, to these goals, federal employees share a desire to align the federal government to best serve the American public. They should be viewed as necessary partners in any reorganization effort. At the end of the day, no reorganization can be successful if agencies, whatever their names and whatever their new structures, are not equipped with a competent and effective federal workforce to carry out their missions.

Thank you for considering NARFE’s views. If you have any questions or comments regarding this request, please contact NARFE Staff Vice President, Advocacy, Jessica Klement at 703-838-7760 or jklement@narfe.org.

Sincerely,

Richard G. Thissen
National President
Statement of
Anthony M. Reardon
National President
National Treasury Employees Union

Senate Committee on Homeland Security and Governmental Affairs

“REVIEWING THE ADMINISTRATION’S GOVERNMENT REORGANIZATION PROPOSAL”

July 18, 2018
Chairman Johnson, Ranking Member McCaskill and members of the Committee, 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 32 agencies and I appreciate the opportunity to discuss this important issue.

As the committee is aware, on June 21st, the White House released a report detailing its plans to reorganize the executive branch entitled, “Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations.” The report is in response to the President’s March 2017 Executive Order directing the Office of Management and Budget (OMB) to propose a comprehensive plan to reorganize federal agencies. The report highlights 32 proposals, which impact the following agencies with employees represented by NTEU: Health and Human Services (HHS), the Department of Energy (DOE), the Department of Agriculture (USDA), the Food and Drug Administration (FDA), and the Consumer Financial Protection Bureau (CFPB).

**Reorganization Proposals**

The Administration proposal would separate Food and Nutrition Service (FNS) voucher programs from the Department of Agriculture’s commodity-based programs. Specifically, the Administration proposes to move the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program (CACFP), and the Farmers’ Market Nutrition Programs into the Department of Health and Human Service’s Administration on Children and Families (HHS-ACF). USDA, whether with a smaller FNS or a different division, would continue to administer the commodity-based programs, including the National School Lunch and School Breakfast Programs, the Emergency Food Assistance Program, the Commodity Supplemental Food Program, and others. The Administration also proposes to rename HHS the Department of Health and Public Welfare. It is unclear from the Administration’s plan what the impact would be on the USDA/HHS workforces, and whether employee reductions and program elimination are in fact the main goals.

A new Federal Food Safety Agency would combine the “food” duties of the Food and Drug Administration (FDA) with the USDA’s Food Safety and Inspection Service. This new Food Safety Agency would become part of USDA. Following the food reorganization, FDA (which would be renamed the “Federal Drug Administration”) would focus on drugs, devices, biologics, tobacco, dietary supplements, and cosmetics. The proposed consolidation would merge approximately 5,000 full-time equivalent (FTE) employees and $1.3 billion from FDA with about 9,200 FTEs and $1 billion in resources in USDA.

The proposal calls for a reorganization within the Department of Energy, with an emphasis on consolidating currently existing applied energy research programs offices and programs including the Advanced Research Projects Agency-Energy (ARPA-E). However, there are few concrete details. It is important to note that Congress has continued to recognize the value of, and the role of ARPA-E, the Office of Energy Efficiency and Renewable Energy (EERE), and the Office of Science in maintaining our nation’s current capabilities and competitiveness in scientific research.
The Administration also proposes to require the Department of the Treasury to develop recommendations for federal financial literacy and education activities that would be shared with OMB before October 1, 2018. The Federal Deposit Insurance Commission (FDIC) and the National Credit Union Administration (NCUA) both perform valuable distinct financial research and education, while the Consumer Financial Protection Bureau (CFPB) performs significant and important work on financial literacy. NTEU is concerned that overall policy differences with the mission of the CFPB could be a reason for its inclusion in this reorganization proposal.

In addition, the report proposes to break apart the Office of Personnel Management (OPM), moving core employee policy divisions to the White House. Additionally, retirement policy and the processing of annuities, as well as the administration of the Federal Employees Health Benefits Program (FEHBP), would move to a renamed GSA, the Government Services Agency, and federal employee background investigations would be transferred to the Department of Defense. While NTEU does not represent OPM employees, we are concerned about the break-up of retirement and health care policy and operations, and the loss of needed independence from all White Houses for federal employee and workforce management policy-making and decisions. The White House’s Office of Presidential Personnel has rightly been responsible for the selection and hiring of presidential appointees; however, OPM’s independent authority over the career civil service—and employing agency human resources’ actions and decisions—must be maintained for our government not to revert to the spoils system.

It is clear the majority of the Administration’s reorganization proposals will require congressional action, and that further details on the impact on the workforce and programs are needed before serious consideration can occur. NTEU has always supported efforts to improve agency performance and eliminate government waste and inefficiencies. However, previous reform and reorganization efforts failed to accomplish these goals. Instead, we’ve seen overly ambitious efforts to reform the civil service that eroded employee rights and employee morale or haphazard efforts to reduce the number of federal workers by cutting an arbitrary number of personnel, implementing a hiring freeze, or failing to replace employees who had retired resulting in gutted agencies and largely contributing to the looming retirement crisis facing the federal government today. In fact, one of the biggest lessons and failures of the Clinton-Gore Administration’s so-called “Reinventing Government” initiative was the hollowing out of positions, leaving agencies unable to conduct proper workforce planning, and without a skilled workforce in place—which devastated agency’s abilities to effectively perform their responsibilities, opening up federal agencies and workers to criticism. Under this Administration, it is unfortunate that there has already been a lost opportunity to improve government by not engaging with, and including, frontline employees in ways to improve agency functions and operations from the very beginning.

**Agencies Consulting with Employee Representatives**

Effective government management does not attempt reform efforts in a vacuum. Senior agency officials and 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 on-the-ground to the American people.

In 2009, President Obama issued Executive Order (EO) 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 instances where PDI and employee engagement efforts have been successful. These examples demonstrate how PDI has increased agency productivity as well as significantly increased employee satisfaction and morale. I see no reason why similar success cannot be had with this new government-wide reform effort.

Suggestions for Agency Reform Plans

The President’s March 13, 2017 EO tasked the Director of OMB, to formulate a proposal to reorganize Executive branch agencies, components, and functions. Notably, the EO also required agencies “to develop a long-term workforce reduction plan.” Additionally, the EO directed OMB to evaluate whether a program is federal in nature, whether programs and functions would be better out-sourced to the private-sector, whether agencies or programs are relevant or duplicative, whether internal, administrative operations are necessary, efficient, and duplicative, and whether the costs to continue current operations, or to close or merge agencies are justified, and in the public interest. The OMB Director was also directed to include any personnel costs associated with the impact on “affected agency staff.”

Following release of the March EO, in May of 2017, I met with then OMB Senior Advisor Linda Springer and discussed our desire to be part of the Administration’s reorganization planning. I also discussed how our chapter leaders were engaged in soliciting reform recommendations from our members. However, we did not hear back from OMB regarding our request to have OMB counsel agencies to reach out and involve front-line 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, and ultimately wasting taxpayer dollars. Not deterred, I then sent a memo to our chapters, asking them to provide ideas I could share with agency heads. I am pleased to say that the response from our members was overwhelming. After collecting these ideas, I then wrote letters to agency heads summarizing our members’ suggestions and offering a meeting to discuss them in depth and answer any questions they might have so that they could fully appreciate how these recommendations would improve Agency and employee performance. Unfortunately, other
than a meeting with Customs and Border Protection (CBP) and a perfunctory response in a few cases, we did not hear back from agencies, nor were we consulted about the proposals they submitted to OMB. While we held no illusions that all of our ideas would be accepted, it is important for agencies, the Administration, Congress and the public to understand that when it comes to meeting the public's expectations for their government, front-line federal employees have much to offer.

In June, I sent letters to CBP, the Internal Revenue Service (IRS), Commodity Futures Trading Commission (CFTC), the Environmental Protection Agency (EPA), the Social Security Administration (SSA), and to HHS, among others, to share our members' recommendations for the agency reform plans. Although the recommendations were specific to each agency, they fell into similar themes.

Increase telework and/or hoteling to reduce real estate costs and wasted travel time

At the IRS, we recommended eliminating the requirement that employees report to their assigned posts-of-duty (POD) at least two days each pay period. Many employees report that they do not have any work-related need for reporting physically to work, and that it is sufficient that the Agency have the ability to direct telework-eligible employees to report to their POD on special circumstances. In addition, it would also include expanding the “Home as POD” program to include any employee who volunteers to telework full-time and is willing to surrender their permanent office space/cubicle. These changes would increase employee morale and reduce Agency rent expenses.

Similarly, at the CFTC we recommended an increase in telework. With increased telework, CFTC could promote office sharing and reduce rented office space. In addition, one additional telework day per week could save up to an estimated $300,000 per year in transit subsidies. We also recommended increased flexibility in work schedules, which would increase productivity and staff retention as well as reduce the amount the Agency spends on transit subsidies.

Consolidate Management Layers

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.

For example, at CBP we continue to see 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 and is something we have routinely raised with CBP leadership.

In another example, units such as the National Case Assistance Centers (NCAC) in the Office of Field Operations (OHO, formerly Office of Disability Adjudication and Review) at the SSA have four layers of management ranging from GS 13s to GS 15s. First line supervisors are GS 13s. They directly interact with and supervise bargaining unit employees. The group supervisor reports to a unit manager, who reports to an associate director, who then reports to the Director. The multiple layers of management in these offices are not only wasteful, but also make communication less effective and efficient.

In addition, the Baltimore NCAC was initially set up to manage approximately 300 employees. Due to transfers and attrition, the Baltimore NCAC employs approximately 181 employees. Despite the reduction in the frontline workforce, NCAC management remains at the same level. The Baltimore NCAC, as well as the St. Louis NCAC, have four levels of management- 1 Director, 1 Deputy Director, 2-3 Unit Managers, and a number of Group Supervisors. NTEU proposes eliminating the NCAC Unit Manager position. These are GS 14 positions and the resulting savings would total $698,495 to $778,338 annually. NTEU also proposes eliminating the two NCAC Deputy Director Positions, which would result in additional saving totaling $208,794 to $271,437 annually.

At OHO, NTEU proposes eliminating the Quality Review Officer (QRO) positions in the Regional Offices and shifting oversight of the quality review specialists to the Regional Attorney. The Regional Attorney position description outlines that one task to be performed is to “coordinate and evaluate the work of Attorney Advisors and other support staff.” Often Regional Attorneys review cases sent to them by hearing offices asking for guidance on issues identified in decisional drafts. They provide guidance and feedback to the hearing offices. These duties go hand in hand with the duties performed by the QRO, which results in duplicative processes. QROs are GS 14 positions. Eliminating the 6 QRO positions would result in savings ranging from $598,710 to $779,338, based on the Rest of the US pay scale.

Furthermore, at the IRS Office of Chief Counsel, we recommend eliminating the approximately 200 non-bargaining unit (NBU) GS-15 905 Senior Technician Reviewer and Special Counsel, and Special Trial Attorney positions in Chief Counsel and converting these positions to bargaining unit (BU) GS-15 Senior Counsel positions. These positions are not used or needed for management functions, but are needed for performing complex legal and review work. The Office has too many GS-15 attorneys designated as NBU who are not really managers. These employees generally do not perform or are not needed to perform managerial functions. They act as reviewers and lead attorneys and work on the more complex matters. Essentially, they perform functions that are substantively indistinguishable from Senior Counsel BU attorneys. All of these positions should be converted to a single Senior Counsel bargaining unit position both in the National Office and the Field offices.
In addition, NTEU recommends reducing the number of front line managers in the Field
Offices, Associate Area Counsel (AAC), and Deputies/Assistants NBU GS-15 905 positions at
the IRS and converting them to BU Senior Counsel positions. Field attorneys should continue to
perform litigation functions and not only administrative managerial tasks. The Assistant Branch
Chief or Assistant to the Branch Chief NBU GS-14 position could be eliminated.

Hire more support staff

For many agencies, we recommended the hiring of additional support staff so that staff
members with more complex work could spend less time performing administrative functions.
At OHO, for example, we believe that by simply focusing on hiring more Administrative Law
Judges (ALJs) without the support staff of Attorney Advisors and Decision Writers is counter­
productive to reducing the backlog.

Empower front-line decision making

We believe that by empowering employees, agencies breed individual and group
confidence, enabling people to work both more efficiently and more effectively. When
employees are confident within their work and with their employer, they are more willing to
identify problems and suggest ways to improve the quality of their work.

Fill existing vacancies

While this recommendation may seem counter to the goals of the agency reorganization
efforts by the Administration, we believe that efficiencies can be achieved by fully staffing
agencies so that agencies can meet their missions. For example, we recommend OHO staff
approximately 200 unfilled Senior Attorney Advisor (SAA) positions via promotion. Filling
these SAA positions with current Attorney Advisors will allow a number of significant tasks to
be performed which will improve case processing.

A Senior Attorney can conduct prehearing conferences with unrepresented claimants just
about anywhere – using the phones or video hearings or other modalities. Feedback indicates
that unrepresented claimants appreciate the opportunity to talk to someone about their appeals
and what to expect. This provides excellent public service and the data we have seen indicates
prehearing conferences reduce the numbers of no shows/continued hearings to obtain
representatives, allowing ALJs to be more efficient. Moreover, rocket dockets for unrepresented
claimants can be set with Senior Attorneys and after a prehearing conference type meeting, could
go to an ALJ hearing when appropriate or possibly an on-the-record (OTR) recommendation.

At the IRS, we recommend increasing the number of Department of the Treasury, Office
of Tax Policy GS-15 docket attorneys to expedite work on published guidance regulations and
legislation. The Office of Tax Policy attorneys in TLC (Tax Legislative Counsel), BTC
(Benefits Tax Counsel) and ITC (International Tax Counsel) work with IRS Office of Chief
Counsel attorneys in publishing tax guidance including regulations, revenue rulings, notices and
announcements. Inadequate staffing in the Office of Tax Policy results in a bottleneck in issuing
tax guidance to the public. Hiring attorneys for very short-term tenures (1 – 2-year stints) further exacerbates the problem.

Another option is to insource work currently being performed by contractors. Contracting companies charge overhead costs while contract employees lack the accountability, expertise, and institutional knowledge of federal employees. Moving these contractor responsibilities in-house would translate into improved productivity, better work product, and savings in overhead costs. The CFTC currently has just under 700 full-time equivalent employees and 400-600 contractors and could realize significant savings by insourcing work.

Concerns Over Outsourcing

Relatedly, one of the major concerns NTEU has with reorganization efforts is that such plans often are intended as a way to increase the outsourcing of government functions. In fact, the 2017 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 lead 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. According to a recent analysis of the program's first year by the National Taxpayer Advocate, these private tax collectors who are collecting tax debts on a commission basis, have been forcing many taxpayers into payment plans they simply cannot afford. The National Taxpayer Advocate's analysis found that of the taxpayers put into payment plans by these private collectors, 43 percent had income lower than their allowable living expenses. The Taxpayer Advocate was so concerned about this finding that it issued a directive on April 23, 2018 that the IRS stop assigning to private collection agents any cases where the taxpayer had income below 250 percent of the federal poverty level. NTEU is pleased with bipartisan legislation that passed the House in April as a first-step to limiting the damage, but continues to believe that Congress must act to allow only fully-trained IRS professionals to handle debt collection and payment duties.

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 Committee 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. NTEU strongly supports both the House Appropriations Committee’s FY 2019 Financial Services and General Government (FSGG) measure, and the Senate Appropriations Committee’s FSGG FY 19 bill, that would maintain the A-76 moratorium.

Conclusion

There are many challenges facing the federal government, including a need to invest wisely in the federal workforce, and to provide agencies with stable, timely, and adequate funding resources. The Administration’s plans to re-shuffle, or to eliminate offices and programs, coupled with previous stated goals of reductions to the overall workforce—without real input from frontline federal employees, require serious congressional review and ultimately approval. We remain deeply concerned with directions to agencies requiring reductions to their workforces, based only on proposed budgets or plans. Overall, we fear the potential for a real opportunity for change will be wasted, along with taxpayer dollars, subjecting federal agencies
and employees to further charges of being a failed bureaucracy, when it will be one of failed leadership. The proposed pay freeze for January 2019 during a time of a robust economy, FY 2019 budget proposals to slash earned retirement, health care, leave benefits and workers’ compensation, the recent May 25th EOs to decimate representation and collective bargaining rights of frontline employees, and the lack of action to invest in training and professional development for federal workers, all serve to demonstrate an Administration that fails to understand that agencies cannot hope to successfully implement federal programs and policies without providing for and valuing a skilled workforce. Thank you again for the opportunity to share NTEU’s views.
At the hearing you testified that 10 to 12 proposals would not require legislative action.

a. Please identify those proposals and the authority or authorities that will be relied on to execute those proposals.

Response: The Administration continues to examine what additional statutory authorities are required to implement elements of the reorganization proposals. We believe that many of the proposals can be implemented in whole or in part through existing administrative authorities.

b. Please provide cost estimates and business cases analyses that have been completed for those proposals, and if those analyses have not been completed an estimated dates of completion.

Response: We recognize that reorganization can have both up-front costs and the potential for long-term savings and efficiencies. As I mentioned during the hearing, proposals included in Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations, reflect a vision for a future 21st Century
Government that reduces redundancy, duplication and inefficiency. Following leading industry practice for reorganization, the next phase of work will drill down into specific operating models and timeline/phasing analysis that provide relevant detail for economic analysis. As such, more detailed articulations of specific costs and savings of any particular proposal will depend on further refinement of implementation plans. Each of the proposals is proceeding according to its own schedule, and will be introduced to the appropriate Congressional Committees of jurisdiction, as the proposals evolve.

As a baseline for the economic rationale for the high level concept, each of the proposals within Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations contains a section titled “What We’re Proposing and Why It’s the Right Thing to Do” that provides a justification for the proposal.

c. Please provide the expected timeline of implementation for each proposal.

Response: While some of the proposals are ready for agency implementation, others establish a vision for the Executive Branch that will require further exploration and partnership with the Congress. Additional analysis of costs, benefits, and phasing bandwidth as well as regulatory and legislative considerations will affect timing. As a result, the paths and timelines for implementation may vary widely across the 34 proposals.

2. In your testimony before this Committee, you stated that in regards to the 32 government-wide proposals in the Administration’s plan that you met with the Comptroller General and agreed that 40% of the proposals “are effectively, if not identical, fairly close to what’s been recommended by GAO.”

a. Please identify, by number in the Administration’s plan, the proposals that were the result of a Government Accountability Office (GAO) recommendation.

See table below showing GAO products that informed government-wide proposals.

<table>
<thead>
<tr>
<th>Proposal</th>
<th>GAO reports</th>
</tr>
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<tbody>
<tr>
<td>Department of Education and the Workforce</td>
<td>* A 2011 GAO report noted the proliferation of workforce programs and their clear overlapping missions, while suggesting that coloating services and consolidating administrative structures may heighten efficiency</td>
</tr>
</tbody>
</table>
3 Consolidate Mission Alignment of Army Corps of Engineers Civil Works with those of other Federal Agencies

- GAO issued a 2010 report entitled, “Organizational Realignment Could Enhance Effectiveness, but Several Challenges would have to be Overcome.”

4 Reorganize Primary Federal Food Safety Functions into a Single Agency, the Federal Food Safety Agency

- This issue has been raised by GAO for several decades and food safety has been on the high risk list since 2007 because of the highly fragmented nature of federal food safety oversight. This issue also appeared in the GAO’s annual duplication report.

  - GAO Annual Report 2018: The duplication report, released April 26, 2018, reiterates previous food safety concerns and highlights a new food safety issue between FSIS and FDA on imported seafood oversight. GAO states that improved coordination between FSIS and FDA would better manage fragmentation and more consistently protect consumers from unsafe drug residues. GAO continues to report “open actions” on food safety.

  - GAO Annual Report 2017: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits recommended

  - Congress should consider commissioning the National Academy of Sciences or a blue ribbon panel to conduct a detailed analysis of alternative food safety organizational structures.

  - OMB and other appropriate entities within the Executive Office of the President, in consultation with relevant federal agencies and other stakeholders, should develop a national strategy that states the purpose of the strategy, establishes high-level sustained leadership, identifies resource requirements, monitors progress, and identifies short- and long-term actions to improve the
food safety oversight system.

• Congress should consider formalizing the Food Safety Working Group through statute to help ensure sustained leadership across food safety agencies over time.

• GAO Food Safety: U.S. Needs a Single Agency to Administer a Unified, Risk-Based Inspection System; T-RCED-99-256: Published: Aug 4, 1999. GAO stated “it is unlikely that fundamental, long-lasting improvements in food safety will occur until food safety activities are consolidated under a single agency and the patchwork of food safety legislation is altered to make it uniform and risk-based.”

• GAO Food Safety: A Unified, Risk-Based System Needed to Enhance Food Safety T-RCED-94-71: Published: Nov 4, 1993. Among many recommendations, GAO included “the creation of a single food safety agency responsible for administering a uniform set of laws is the most effective way to deal with long-standing problems and emerging food safety issues and ensure a safe food supply”. Similar reports in 1992, 1994.

• This proposal is also consistent with findings from GAO. Since 2012, GAO has issued annual reports on opportunities to reduce fragmentation, overlap and duplication, and housing programs at USDA and HUD have routinely been included in that report.

• GAO-16-801: Home Mortgage Guarantees: Issues to Consider in Evaluating Opportunities to Consolidate Two Overlapping Single-Family Programs, September 2016;

• GAO-12-554: Report, Housing Assistance: Opportunities Exist to Increase Collaboration and Consider Consolidation, August 2012.
6 Merge the National Marine Fisheries Service (NMFS) with the U.S. Fish and Wildlife Service (FWS)

• GAO completed a 2013 report looking at the potential benefits and downsides of merging the Services.

7 Consolidation of Environmental Cleanup Programs

• Challenges associated with the cost and cleanup of abandoned mine lands was addressed in the last ten years in the following reports and testimony:


  • GAO-13-633T: Hazardous Waste Cleanup: Observations on States’ Role, Liabilities at DOD Sites and Hardrock Mining Sites, and Litigation Issues (May 2013)

  • GAO-11-834T: Abandoned Mines: Information on the Number of Hardrock Mines, Cost of Cleanup, and Value of Financial Assurances (July 2011)

  • GAO-08-574T: Hardrock Mining: Information on Abandoned Mines and Value and Coverage of Financial Assurances on BLM Land (March 2008)

  • GAO-06-884T: Environmental Liabilities: Hardrock Mining Cleanup Obligations (June 2006)
| 11 | Reorganizing the U.S. Office of Personnel Management | GAO: Strategic human capital management has been listed as a government-wide high risk area since 2001. |
| 12 | Consolidation of Federal Veterans Cemeteries | GAO has reported on the feasibility of transferring DOD veteran cemeteries to VA, as well as on the joint VA-Army working group on this topic. |
|  |  | • September 2014 – GAO-14-537 |
|  |  | • December 2011 – GAO-12-105 |
| 13 | Reorganizing Economic Statistical Agencies | This was recommended by GAO in the 1990s. Increasing access and use of administrative records to reduce costs and improve data accuracy has been recommended by GAO as recently as 2017. |
| 16 | Reform Federal Role in Mortgage Finance | GAO: Objectives Needed for the Future of Fannie Mae and Freddie Mac After Conservatorships. |
| 17 | Create the Bureau of Economic Growth | Duplication in Federal Economic Development Assistance programs has been cited in various GAO reports, including GAO-11-477R: Published: May 19, 2011 |
| 20 | Management Consolidation of Federal Graduate Research Fellowships | The 2018 duplication and overlap report called out the fragmentation of federal STEM education efforts in general, but not graduate research fellowships specifically. |
21 Rationalize the Federal Real Property Approach

- Federal real property is one of the items on the GAO annual high risk list. The annual report highlights the challenges with real property in the following areas – addressed in our proposal:
  - Disposal of unneeded real property: including statutory impediments and the lack of retention of proceeds.
  - Costliness of leasing: GAO focuses predominantly on reducing the use of leases which is addressed via the establishment of the FCRF as a mechanism for acquisition of federally owned space.
  - Reducing costs associated with leasing another area that GAO has written additional reports outside of the high risk series and this issue area is also addressed in this proposal.

22 Consolidate and Streamline Financial Literacy Efforts

- Prior GAO reports on duplication of financial literacy and education:
  - Overlap of Programs Suggests There May Be Opportunities for Consolidation, GAO-12-588, and July 23, 2012.
  - Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue, GAO-12-342SP, Feb 28, 2012.
  - Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue, GAO-11-318SP, Mar 1, 2011.

23 Streamline Small Business Programs

• GAO has identified customer experience as a key issue which cuts across many of the areas in identified in its annual reports, and this proposal would help address a number of the report's recommendations by providing a central capacity to analyze the impact on customers of duplication across agencies. Currently the response to the duplication report has been largely conducted within agency and programmatic silos, and further progress could be made if there was more capacity for cross-cutting analysis.

• GAO identified improvements to student loan servicing as an issue ED should address in GAO-16-523.

• GAO reports: In its 2017 High Risk Report, GAO again included “Ensuring the Security of Federal Information Systems.” The agency noted that of more than 2,500 past recommendations, about 1,000 still needed to be implemented, and listed several Key Reports that touched on workforce issues, including:
  - GAO-16-885T
  - GAO-16-686

• Other relevant reports include GAO-18-520T, which evaluated the DHS cybersecurity workforce as part of its overall cybersecurity program, and GAO-18-466, which evaluated the Federal-wide effort to code cybersecurity positions.

• This proposal has been indirectly addressed since 2012 (Area 11)

• GAO-addressed duplication of case management systems, transparency of costs, and implementation of shared services are part of the report. GAO has not historically addressed the issue of multiple agencies conducting background investigations.
32 Strengthening Federal Evaluation

- Related issues were raised in GAO-17-743 (September 2017), which recommended that the OMB Director should direct each of the 24 CFO Act agencies to prepare an annual agency-wide evaluation plan.

b. Please provide the GAO report number and recommendation that correlates to each of the proposals that were recommended by GAO.

Response: See table above.

3. In your testimony before the House and Senate, you cited several cities and states as examples of successful government reorganizations (cities like Baltimore, Philadelphia, and Detroit, states like Georgia, Arkansas, and North Carolina). Can you please provide additional information about those examples?

a. What specific reorganizations or government innovations are you citing in reference to these cities and states? When did these reorganizations occur, what efforts were executed, and what results, including any quantitative or qualitative data, demonstrated their success?

Response: The Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations document includes a robust bibliography (p. 128) with a range of relevant case studies that informed our thinking about the “art of the possible.” For example, the book Innovations in e-Government: The Thoughts of Governors and Mayors provides insights into “lessons learned” from across the country. In addition, we have engaged on a proactive listening tour with key stakeholders within and outside of government to identify leading players at the state and city levels that might provide us with insights as we seek to transform government in the 21st Century.

b. How do these examples provide insights, as you mentioned in your statement, to the proposals of the Administration’s reorganization plan?

Response: Similar to my testimony, my op-ed noted, “Cities like Pittsburgh, Reno, Provo and Kansas City, and states like Georgia and North Carolina, are evolving from their industrial and agrarian roots to become beacons of digital and technological innovation.” These successes are meant to point to examples of how American communities are adapting to larger changes in our economy and technological capabilities. What is notable about these examples is that in nearly all cases of successful evolution at the State and Local level government leaders helped lead non-partisan transformation efforts that included key roles for both public sector and private sector players. The Federal Government must follow this lead, recognizing that today’s Executive Branch is not organized to meet Americans’ needs in the 21st Century and digital age.

4. You testified before the House that over 106,000 comments were received pursuant to a Federal Register notice.

   a. Was there a System of Records Notice (SORN) that applied to this request for information? If so, please provide a copy. If not, please explain why a SORN was not applicable.

   Response: It is my understanding that under the Privacy Act, agencies publish system of records notices (SORNs) in the Federal Register upon establishment or revision of a “system of records.” However, I understand that the list of comments OMB received was not considered a “system of records” under the Privacy Act.

   b. Did OMB establish any policies regarding the intake of comments? What, if any, information was communicated to potential commenters before or after submission?


   AGENCY:
   Office of Management and Budget (OMB), Executive Office of the President.

   ACTION:
   Notice of request for comment on Government-wide Reform.

   SUMMARY:
   The Executive Office of the President invites the public to suggest improvements to the organization and functioning of the Executive Branch. These suggestions will help
inform the development of the proposed Government-wide Reform Plan, designed to create a leaner, more accountable, and more efficient government that works for the American people.

DATES:
Comments are due by June 12, 2017.

ADDRESSES:
Comments and suggestions on government reforms and improvements must be submitted electronically by June 12, 2017 to https://www.whitehouse.gov/reorganizing-the-executive-branch.

SUPPLEMENTARY INFORMATION:
On March 13, 2017, the President signed Executive Order 13781, Comprehensive Plan for Reorganizing the Executive Branch, which established a public comment requirement for the formulation of a comprehensive plan for reorganizing the Executive Branch. On April 12, 2017, OMB issued Memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce, to chart the course for a restrained, effective, and accountable government to better serve the American people. Pursuant to Executive Order 13781 and Memorandum M-17-22, a White House Web site has been created to facilitate the collection of public comments to inform the development of the Government-wide Reform Plan. The American people are encouraged to provide their input on how the Federal government can best work for them.

Mick Mulvaney,
OMB Director.

[FR Doc. 2017-09702 Filed 5-12-17; 8:45 am]

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c. What process did OMB use to analyze these comments? What methods, in particular, were employed to identify and support the proposals that were included in the Administration’s plan?

Response: OMB received public comments and organized, tallied, and sorted the comments by agency and, in the case of large agencies, by bureaus. Public comment files were then made available to agencies through an internal website in three tranches: May 8, June 2, and June 19, 2017.
d. Did OMB retain the comments that it received pursuant to the Federal Register notice?

Response: Yes, OMB also made the comments available to agencies through an internal web site, where the comments remain.

e. Is OMB able to identify how many comments were submitted by individuals and how many were submitted on behalf of organizations? If so, please provide a breakdown of those submissions.

Response: The comments are not segregated in this manner.

f. Please identify the number of comments forwarded to other federal agencies, categorized by agency and the office or contact at those agencies that received the comments.

Response: Please see the attached document.

g. For those comments that were forwarded to federal agencies, how were agencies instructed to use or respond to those comments in development of the reorganization plans? Were agencies instructed to retain copies of those comments?

Response: OMB guidance to agencies in memorandum M-17-22 states: "OMB will also coordinate public input as required by the Reorganization EO and share the public feedback with agencies as appropriate for their consideration."

h. Were comments from federal employees included in this tabulation, or were those tallied separately? If so, please provide the number of comments received from federal employees by department or agency.

Response: Federal employees may have provided input through the public comment process but were not asked to identify themselves as such. However, each individual agency ultimately determined whether they sought to solicit additional feedback from Federal employees to include in their submission.

i. Please provide copies of the comments that were cited in the published reorganization plan.
Response: OMB is in the process of redacting the comments for personal privacy and plans to make the comments public shortly.

5. In Director Mulvaney’s April 12, 2017, memo to the heads of all U.S. departments and agencies on reorganizing the Executive Branch, he required that all federal agencies submit a plan for proposed reforms that reduced costs and the number of federal workers.
   
a. Please identify which agencies complied with the guidance and provided the information required by the memo and those that did not.

Response: In September 2017, Federal agencies submitted to OMB their proposals for reform along with their FY 2019 budget proposals. The Administration’s final proposals are the outcome of a deliberative process that included discussion with agencies regarding their own and other ideas. OMB does not plan to release this internal, deliberative information.

   
b. Please provide copies of the plans submitted by the agencies to OMB as required by Director Mulvaney’s April 12, 2017, memo.

Response: In September 2017, Federal agencies submitted to OMB their proposals for reform along with their FY 2019 budget proposals. The Administration’s final proposals are the outcome of a deliberative process that included discussion with agencies regarding their own and other ideas. OMB does not plan to release this internal, deliberative information.

6. In your testimony, you stated that OMB planned to follow GAO’s recently issued report entitled “Government Reorganization: Key Questions to Assess Agency Reform Efforts” (GAO-18-427) when carrying out the Administration’s reorganization plan.

   
a. That report identifies the importance of working with stakeholders in any government reorganization. What stakeholders is OMB planning to consult during plan implementation?

Response: OMB will consult with stakeholders as appropriate to specific proposals that move into implementation.

   
b. Please describe in detail how OMB plans to engage Congress during the implementation phase.
Response: Following the hearings with Congress, OMB will continue to work with interested members to provide on-going updates about proposals as they evolve.

7. According to OMB's April 12, 2017, memo, "Once the Government-wide Reform Plan is finalized, OMB, in coordination with the President's Management Council, will establish a mechanism to track the progress of each reform." How does OMB plan to track the status and progress of implementation of these reform proposals?

Response: OMB is in the process of determining the appropriate method to track specific proposals.

8. In your testimony, regarding the federal workforce, you stated that, "although the initial conversation and the initial executive order had a flavor around reduction in force, when we actually did the analysis, and I've shared some of this data publically, the issue we have in government is not that we have too many federal employees, the issue is that we actually have a mass of federal employees set to retire within the next 10 years."

a. Please identify the analysis that you referenced and please provide a copy.

Response: OMB relied on publically available data from both published actuarial reports, and from the Office of Personnel Management’s FedScope database (fedscope.opm.gov) that is updated every quarter using payroll data. Based on OPM actuarial data (from OPM's FY2017 Civil Service Retirement and Disability Fund Annual Report), 63% of Federal employees (FERS and CSRS) as of September 30, 2016 were over the age of 45. Assuming these employees stay in Federal employment and have the requisite years of service, 63% of Feds employed as of September 30, 2016 (most recent published actuarial data) will be eligible to retire by 2028. OPM FedScope data roughly backs up this information, showing that 58% of current Feds (as of March 2018) are over the age of 45, and the average age of a Federal employee is approaching 50. Assuming these 45+ year old employees stay in Federal service and have the requisite years of service, they will be eligible to retire by 2030 (in 12 years) at the latest.

b. What exactly did this analysis show regarding retirement and alignment of skills within the workforce and how was the determination made that the Administration was no longer focused on reducing the federal workforce?

Response: Research and analysis conducted in preparation of the President’s Management Agenda identified “People and the Workforce of the 21st Century” as one of the top 3 drivers of change needed to align Government to support Mission, Service

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and Stewardship needs in the 21st Century. In that context, Federal employees are a critical and foundational component of the Administration’s plan to drive change. Not surprisingly, as in the private sector, analysis suggests that the cost of bringing new employees into a government enterprise almost always exceeds the cost of better utilizing existing human resources, through reskilling or realignment.

As the needed skills of workforces evolve in all sectors, the Federal Government has lagged in large part because of geographical limitations, labor agreements, strict job classification rules, and other factors that make it difficult to easily shift employees to where the work is needed, or to easily upskill and reskill employees to acquire new competencies. One study using Bureau of Labor Statistics data showed that about 5% of current positions could be automated. At the same time, the Government struggles to fill different mission-critical positions. This is why the President’s Management Agenda includes a pillar to reskill the dedicated employees who are already vetted to find new positions. Consequently, M-17-22 explicitly focused on good governance policies and not staffing levels.

c. Have any analyses regarding an increase in the use of service contracts to make up for either attrition or reduction in the federal workforce been completed? If no, please explain how OMB will address this issue. If yes, please provide a copy of the analyses.

Response: No. OMB lifted the hiring freeze in April 2017 without a requirement for reduction in staffing levels. Each agency has the discretion to determine the appropriate staffing balance within its appropriated funding level. As OMB starts preparation for the 2020 President’s Budget Request, agencies will continue to maintain discretion on whether to hire federal employees or contractors. OMB is supportive of new legislative authorities that provide more flexibility in hiring temporary, term, and recent graduates to fill shorter-term opportunities.

9. In your testimony, you pointed to the examples of other countries that have privatized the postal service as a model that the U.S. could follow.

a. How many other postal service organizations around the world are privatized?

See below.

b. What analysis has OMB conducted of these organizations to inform any U.S. proposals?

See below.
c. What has the experience been in terms of price increases, delivery days, and the impact on rural communities for those countries?

See below.

d. Did you discuss the costs, benefits and consequences, both intended and unintended with anyone involved in postal privatization from countries that have undergone such a transition? If so please provide a summary of those conversations.

See below.

e. Did OMB analyze any alternatives to improve the financial condition of the Postal Service other than privatization? If so, what were they and what factors led to the decision to highlight the privatization option?

Response: Many countries in Europe (including Germany, the UK, Belgium, and Austria), and more recently, Japan, have adopted some degree of Postal privatization. The models vary from full privatization with regulatory oversight to publicly traded companies with some form of joint-venture ownership by the government. A universal service obligation and regulation typically exist to ensure that needed postal products are available to all citizens at a reasonable price. Germany, for example, continues a universal service obligation for letters and small parcels. In our view, the dire financial position of the USPS poses the biggest risk to the ability of the Postal Service to meet its obligations to customers over the long-term. Postal reform and restructuring is required to ensure Americans continue to receive needed mail services and we're eager to work with Congress to achieve that.

10. The Department of Defense (DoD) represents approximately 50% of annual discretionary spending and about 35% of the federal civilian workforce, not taking into account the military or postal service.

a. Why didn't OMB include any reorganization proposals for DoD, other than moving OPM's background investigations to DoD?

Response: In recent years, DOD has undertaken numerous efforts to eliminate inefficiencies and reform the Department, including efforts directed by Congress.

Given these ongoing efforts to reform and reorganize the Department, OMB and DOD agreed to focus on implementing existing reorganization initiatives including proposals affecting background investigations, Army Corps, veterans cemeteries and other areas OMB will continue working with the Department and
Congress to ensure that ongoing reorganization, reform, and efficiency efforts are successful and meet the Administration's intent to reform the government.

b. Was DoD exempt from the Executive Order and the reorganization directive?

Response: No. Given these efforts to reform and reorganize the Department, OMB and DoD agreed to focus on implementing existing reorganization initiatives.

c. Did DoD provide OMB with a plan for reorganization? If so, what proposals did that plan include?

Response: Given these efforts to reform and reorganize the Department, OMB and DoD agreed to focus on implementing existing reorganization initiatives.

d. Should Congress and the public expect proposals for DoD separately from the Administration’s plan?

Response: Given these efforts to reform and reorganize the Department, OMB and DoD agreed to focus on implementing existing reorganization initiatives.

11. In 2016, the Director of OMB, Acting Director of OPM, and Federal Chief Information Officer issued a Federal Cybersecurity Workforce Strategy. Congress also passed the Cybersecurity Information Sharing Act (CISA), which gave the Department of Homeland Security (DHS) broad authority to help recruit and retain cybersecurity talent. What is the difference between your proposal (proposal #29 in the plan, "Solving the Federal Cybersecurity Workforce Shortages") and the ongoing efforts to address these issues that were in place before this Administration?

Response: OMB views the Federal Cybersecurity Workforce Strategy, CISA, and the Solving the Federal Cybersecurity Workforce Shortages proposal as a continuum of efforts, rather than divergent activities to strengthen the Federal cybersecurity workforce. Prior efforts relied on agencies to address workforce challenges independently, and led to inconsistent participation in programs that build the talent pipeline and inconsistent use of existing recruitment and retention authorities. The reform and reorganization proposal builds on prior work, while shifting to a whole of government approach that benefits all Federal agencies by streamlining programs the talent pipeline, developing a centralized surge capacity to respond to cyber incidents, and reskilling existing employees.
Post-Hearing Questions for the Record Submitted to Hon. Margaret Weichert From Senator Michael B. Enzi

In the Fiscal Year (FY) 2019 Budget Request and the President’s Reform Plan and Reorganization Recommendations (Plan) issued in June 2018, the Administration proposed a new capital revolving fund for the construction or renovation of federally-owned civilian real property. This proposal intends to implement elements of a capital budget, allowing agencies to access up-front capital that would then be paid back into the fund over a number of years as operating expenditures. The President’s FY 2019 Budget requests $10 billion for the corpus of the fund. As an accountant, a mayor, and a state and federal legislator, I have been a long-time supporter of budgeting for tangible capital like real property. As I continue to review the Administration’s proposal, I request your response to the following questions.

1. How does the Plan differ from or improve upon the approach reported in the General Accountability Office’s (GAO) 2014 report (GAO-14-239) that is referenced in the Plan?

   The Plan incorporates many of the elements included in the GAO approach including the creation of a government-wide fund to finance capital projects. That fund would provide full funding for the up-front acquisition cost, capitalizing the Federal Capital Revolving Fund (FCRF) with mandatory appropriations so that project costs do not score immediately against discretionary appropriations, making repayments over time from agencies to the FCRF using discretionary annual appropriations, and basing resource allocation decisions on information provided in business case analyses. The primary differences are: (1) we include directed scoring that is necessary to make the FCRF work from a budget enforcement standpoint; (2) we propose to capitalize the FCRF by a $10 billion mandatory appropriation instead of by borrowing authority; and (3) we do not factor interest into agencies’ repayments because agencies currently are not charged interest when discretionary appropriations are used to pay for capital purchases.

2. Please provide a detailed estimate of the potential cost savings from the proposed federal capital revolving fund (FCRF), including the source of such savings.

   The FCRF is a budgetary mechanism to address the lumpiness of the full funding requirement for the largest of capital projects. Federal ownership of an asset where the Government has a clear, long term need or where the asset is unique to the Government’s specifications is always the most cost effective solution, e.g. agency Headquarters facilities, complex laboratories. The cost savings will depend on the specific circumstances of each project. Replacing a building that is long past its useful life will save on maintenance and repairs. Replacing several leases by consolidating staff into a single new building with an efficient footprint will save on lease costs. Purchasing a
building instead of acquiring the space via a capital lease will at a minimum save on interest costs and avoid needing to extend the initial lease or move to new space when the term expires. While it is difficult to quantify the cost savings to the FCRF as a whole, savings associated with individual projects will be part of the business analysis. In addition, a classic buy vs. lease analysis may also include an assessment of the potential asset valuation change over time.

3. Is the $10 billion proposed for the corpus of the FCRF sufficient for the entire federal government given the significant costs associated with real property projects? What is the basis for this amount and how was it derived?

The FCRF is proposed as part of the Administration’s larger Infrastructure Initiative. The $10 billion amount seemed like a reasonable starting point to test an entirely new approach to budgeting and financing the most costly of the civilian federally-owned buildings. Obviously the amount can be re-evaluated as we gain experience with this approach.
Post-Hearing Questions for the Record Submitted to the Honorable Margaret Weichert From Senator Heidi Heitkamp

1) Ms. Weichert, I have often said that it’s important for us all to remember the root causes for why the Postal Service is in the financial shape it is in today. The aggressive prefunding schedule that was placed on the Postal Service, coupled with the Great Recession of 2007-2009, and declining mail volumes have all led us to this point. And, that is why both the Senate and the House have been working on legislation to alleviate the Postal Service’s challenges.

There is a reason that the Postal Service is in our Constitution and why it has a wholly unique Universal Service Obligation – it is the only nationwide communications network of its kind that is accessible and affordable to everyone.

- Could rural communities continue to be served in the same way they are today under a privatized Postal Service?
  - How would it be profitable to serve rural areas that are, quite literally, in the middle of nowhere?
  - How do you envision the Universal Service Obligation being impacted?

Response: Ensuring the continuation of needed services to all Americans – including the delivery of important mail to rural customers – is a key part of our vision for the Postal Service. The dire financial position of the USPS poses the biggest risk to the ability of the Postal Service to meet its obligations to customers over the long-term. In almost any model of reform – including our proposal – regulatory oversight of some prices and service standards would be needed to ensure the Postal Service meets the needs of its customers. Postal reform and restructuring is needed to ensure the long-term viability of the organization and we’re eager to work with Congress to achieve that.

- I would like your commitment that you all will take a real look at the legislative solutions in the House and the Senate and work with members on both sides of the aisle constructively to fix the Postal Service in a way that reflects the needs of the American postal customer.
  - Can I have that commitment from you?
Response: I am committed to helping promote a dialogue between Congress and the Executive Branch to ensure that all action to fix the Postal Service incorporates the best thinking from both branches of government.

2) As you know, I have been very interested in the agency reorganization effort since it started last spring and Senator Lankford and I have held two hearings on the subject in our Subcommittee. You also know that I have been waiting to hear from OMB for some time about the reorganization proposals that agencies submitted to OMB. It is important for Congress to see and understand those agency generated plans so we can properly evaluate the Administration’s final proposals.

- One of the proposed reorganization plans includes moving USDA’s food stamp program into HHS. Was this proposal in the plan that USDA submitted to OMB?

Response: OMB worked with many agencies, including USDA, throughout the development of this plan, to refine the ideas presented in initial proposals, and to identify opportunities across agencies that would further the goals of better mission alignment, management improvement and operational efficiencies. Through this collaborative effort, and considering the input from all proposals and sources, it was determined that this proposal would better align the administration of these public assistance programs at the Federal level with how they are often administered at the State and local levels. This will reduce administrative burdens and duplications of effort that currently exist for State and local governments, and ensure that policies are applied consistently across all programs, potentially reducing confusing, complex, and sometimes contradictory requirements across programs that can make it difficult for both States and participants to follow the rules.

- How many of the core 32 reorganization proposals contained in the reorganization proposal that the Administration released on June 21, 2018 were proposed – in part or in whole – by a federal agency in the reorganization plans that were submitted to OMB?

Response: The Administration’s final proposals are the outcome of a deliberative process that included discussion with agencies regarding their own and other ideas. OMB does not plan to release this internal, deliberative information.
Will you release the agency reorganization plans to Congress?
  - If so, when?
  - If not, why not?

Response: The Administration's final proposals are the outcome of a deliberative process that included discussion with agencies regarding their own and other ideas. OMB does not plan to release this internal, deliberative information.

If OMB refuses to release those plans to Congress, what do you think that refusal says to Congress?

Response: OMB's role in coordinating Executive Branch policy, management and budget activities relies heavily on our ability to efficiently and effectively solicit input, analyze input, and ultimately support the President of the United States in his ability to make decisions and recommendations about Executive Branch functions. As with the annual budget process, pre-decisional and deliberative inputs to this process are not broadly shared, since the end product—in this case, the Reform Plan—provides a holistic view of the final perspective of the Administration. Moving forward, OMB hopes to engage in productive conversation with the Congress about the Administration's proposals. I look forward to active and constructive conversations with you on specific proposals.

3) Many of these reorganization proposals provide no specific details about how they are going to impact the day-to-day lives of our citizens and their interactions with the federal government. The plan includes claims that sound good such as "better align the administration of" or "reduce unnecessary bureaucracy," but offer no specifics regarding the actual impact of these proposals. I do not see any analysis of how merging USDA nutrition assistance programs into HHS will make things better for program participants, or how combining the Education and Labor Departments will improve government efficiency. It is not enough to claim something will be better. Congress needs you to show how this program will actually improve government effectiveness.
In your opinion, does Congress have enough analysis to judge these proposals and how they will impact communities and families?

Response: As I outlined in the hearing, the Administration sought to provide a perspective on a vision and a path forward for thinking differently about organization alignment to meet the needs of Mission, Service and Stewardship in the 21st Century. The specific proposals represent the Executive Branch contribution and framing for the on-going policy deliberation that will be required to move forward with the broad transformation that is needed. Each proposal included in the document is at a different stage, and our expectation is that we will proactively engage with Congress as the proposals move forward. Moreover, OMB is glad to engage with the Congress in further discussion on specific proposals as part refining them and moving toward implementation.

What are OMB’s plans to provide additional analysis of these proposals and the specific impacts they will have?

Response: OMB has provided these proposals to begin a constructive dialogue. Specific impacts of individual proposals would be subject to further refinement with stakeholders, including the Congress. Moreover, our expectation is that further analysis of individual proposals will incorporate many of the specific elements outlined by the GAO in the recently published volume: Key Questions to Assess Agency Reform Efforts.3

What type of analysis is OMB planning to produce on its reorganization proposals?

Response: Because specific impacts of individual proposals would be subject to further refinement with stakeholders, including the Congress, OMB plans to produce further analysis as appropriate based on constructive dialogue. Our expectation is that further analysis of individual proposals will incorporate many of the specific elements outlined by the GAO in the recently published volume: Key Questions to Assess Agency Reform Efforts.4

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3 Key Questions to Assess Agency Reform Efforts. Government Accountability Office, June 13, 2018
4 Key Questions to Assess Agency Reform Efforts. Government Accountability Office, June 13, 2018
• When does OMB expect to share additional analysis about the impact of these plans with Congress?

Response: Because specific impacts of individual proposals would be subject to further refinement with stakeholders, including the Congress, OMB plans to produce further analysis as appropriate based on constructive dialogue.

• What factors will OMB use to analyze the impact of these plans?

Response: Factors considered in further analysis would depend on refinement with stakeholders, including the Congress. Our expectation is that further analysis of individual proposals will incorporate many of the specific elements outlined by the GAO in the recently published volume: *Key Questions to Assess Agency Reform Efforts.*

4) One of the Administration’s proposals is to move the human resources policy functions of OPM into the Executive Office of the President, while moving a number of OPM’s operational and service functions, such as retirement services and healthcare and insurance, into a new entity called the Government Services Agency. This new agency would essentially be a combination of the current Government Services Administration (GSA) and OPM’s operational/service units.

• What experience does GSA have with retirement policy, processing, and health care policy and administration?

Response: GSA has substantial experience offering HR services to federal agencies. Before GSA offers new services, the Administration will ensure that it currently has or acquires any relevant expertise to ensure that there are no disruptions in service to federal employees.

• What is the plan to avoid negative impacts to the various groups of employees, retirees and family members that would be affected by these transfers of functions?

Response: Successful delivery against the promises of Reform to enhance Mission, Service and Stewardship requires on-going care to minimize adverse impacts associated with transition to new government operating models. As such, change management and

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5 *Key Questions to Assess Agency Reform Efforts*, Government Accountability Office, June 13, 2018
communications planning will play a core role in the roll out of each plan, to ensure that potential adverse impacts are well understood and considered, and where appropriate, addressed by mitigation plans.

5) One of the reasons given in the June report for the proposal to move OPM’s human resources policy functions to the Executive Office of the President is to “provide it with a whole-of-Government mandate that OPM currently lacks.”

- How will moving these human resources policy functions improve efficiency across the government?

Response: Elevation of core OPM policy and strategy functions into the Executive Office of the President will help provide government-wide clarity and consistency on broad policy frameworks, and provide a centralized perspective to assess when to devolve additional control back to agencies where appropriate.

6) In your opinion, which of these reorganization proposals do you think you have executive authority to implement?

- And, which do you believe you will need legislation to implement?

Response: As I mentioned during the hearing, we are spending the summer engaging with relevant agency representatives to evaluate timing and required vehicles for implementation. As part of this process, we are assessing which functional transfers can occur administratively. As we continue our assessment, we will work with Congress if legislative fixes are found to be necessary.

- At the hearing, you mentioned that there were 10-12 proposals that OMB believed the Executive Branch had authority to execute on without congressional approval.
  - When do you expect to share that list of proposals?
  - For each of those 10-12 proposals, can you provide a specific timeline regarding agency plans to implement them?

Response: Our expectation is that we will have clear timelines and documented approaches for an initial group of those proposals, such as possibly four to five, by the end of October, and would begin to share information about those specific implementation plans as they become finalized. The remaining administrative proposals will likely be evaluated and staged for broader sharing during the fall.
4. The proposed $10 billion in up-front FCRF capitalization is classified as direct spending. How does the Administration propose paying for this initial investment? Does the Administration anticipate future mandatory appropriations to the FCRF?

Response: The proposed mandatory appropriation to the FCRF is part of the overall President's FY 2019 Budget Infrastructure Initiative and thus, like other budget proposals, is offset within the entire President's Budget. We look forward to working with Congress to find a specific offset or to find other ways to capitalize the FCRF.

5. What is the process by which agencies would apply for this funding? What requirements are proposed for agencies to receive the funding from FRCF? How does the Administration propose to prioritize requests?

Response: We envision a process that involves agencies submitting project funding requests as part of their annual budget submissions to OMB, which would include a robust business case analyses, and an OMB comparison and ranking of proposed projects to select projects that will be included in the President's Budget each year.

6. Does the Administration envision an annual limit on FCRF obligations? If so, what is the proposed limit and how did the Administration arrive at that number?

Response: Yes, section 4(t) of the proposed legislation specifies an annual limit of $2.5 billion on newly approved projects, plus any unused annual limitation from previous years. Given the proposed $10 billion capitalization of the FCRF, a $2.5 billion annual limitation on new projects seems sufficient to fund the largest high priority project or projects over several years that will provide us with useful information about how this proposal will work in practice.

7. What accountability mechanisms are proposed for tracking project cost recovery and the return on investments?

Response: Evaluation of the return on investment or cost effectiveness of the project will potentially be an aspect of the initial business case analysis. The draft legislation includes text requiring purchasing agencies to fully repay the FCRF the entire amount transferred to the agency from the Fund ensuring total cost recovery by the Fund.

8. Capital budgets have been the subject of several reports issued by budget concept commissions, GAO, and the Congressional Budget Office (CBO). Capital budgets are common at the state level. What are the challenges associated with adopting capital budgets at the federal level?
Response: One challenge is that a capital budget at the Federal level could become an uncontrolled and unlimited source of financing that greatly expands Federal spending and Federal debt. The conditions differ at the State and local level; they generally are required to balance their operating budgets, and they are subject to market constraints on their ability to borrow, which acts as an external discipline on their capital budgets. In contrast, the Federal Government is running large deficits and would have a large operating deficit if we separated Federal operating and capital spending, and the Federal Government seems to be able to borrow at will with no market penalties. A full-fledged capital budget for the Federal could quickly become a magnet for all kinds of spending that cannot fit in the operating budget, which would greatly reduce budget control and budget enforcement. We address this issue in our proposal by capitalizing the FCRF with a $10 billion appropriation and limiting the use of those funds to $2.5 billion per year.

Another challenge concerns the definition of capital. State and local governments typically use their capital budgets only to fund assets that they own. In contrast, a large percentage of Federal investment is in the form of grants, which are not owned and controlled by the Federal Government, or investment in military hardware. We address this issue by limiting the FCRF to Federal facilities that are owned by non-DOD agencies and that house Federal employees.
Post-Hearing Questions for the Record Submitted to the Honorable Margaret Weichert From Senator Thomas R. Carper

1. What was the process and timeframe for the development of the President’s plan entitled, “Delivering Government Solutions in the 21st Century Reform Plan and Reorganization Recommendations”? Who participated in its development, what groups were consulted and what was the process for collaboration?

Response: This plan shares the Administration’s priority ideas and is meant to open a dialogue. We look forward to engaging very actively with members of Congress and other stakeholders as we move forward. The Administration was pleased to receive more than 106,000 public comments to help inform and guide the development of these proposals.

The graphic below from page 6 of the plan shows the process and timeframe for development:
TIMELINE FOR COMPREHENSIVE REFORM

March 13, 2017
The President issues an Executive Order directing OMB to propose a comprehensive plan to reform and reorganize Executive Branch departments and agencies.

April 12, 2017
- June 12, 2017
OMB accepts public comments, which are shared with agencies.

June 30, 2017
Agencies provide OMB high-level drafts of initial reform ideas.

July 2017
OMB meets with Chief Financial Officers (CFO) Act agencies and a limited number of other agencies to discuss draft plans.

September 11, 2017
Agencies submit reform proposals to OMB with FY 2019 budget requests.

September 12, 2017
- February 2018
OMB analyses reform and reorganization proposals and cross-cutting opportunities along with the FY 2019 President’s Budget.

February 12, 2018
FY 2019 President’s Budget is released and includes select reform and reorganization proposals as a first step in presenting the comprehensive plan to the American people.

March - May 2018
OMB focuses on long-term reform and reorganization opportunities outside the FY 2019 President’s Budget and works with agencies.

June 2018
OMB releases a comprehensive plan to reform and reorganize Executive Branch departments and agencies.

Summer 2018
OMB and agencies begin a dialogue with Congress to prioritize and refine proposals to best serve the American people.
2. I am concerned that this re-organization proposal, the President’s recent Executive Orders targeting federal employee ability to collectively bargain, and his ongoing attacks on federal employees, including the men and women that make up our federal law enforcement, is having a serious effect on morale across government. And not only morale, but the ability of the government to recruit and retain a world class workforce. With that in mind, how were front line federal employees consulted in the drafting of this proposal? Does the Administration have any plans to consult directly with federal employee unions as it continues to develop its re-organization proposal? How does this plan ensure that we are able to recruit and retain a world class workforce?

Response: Frontline Federal employees played a crucial part in the reorganization proposals. Initially, employees were encouraged to submit proposals along with the public. Unions had the opportunity to make proposals during this period too. Moreover, individual agencies had the latitude to conduct additional outreach activities before, during and after the proposal submission process. The Administration will continue to welcome opportunities to engage in constructive dialogue with key stakeholder groups, including Federal employee organizations, unions and public interest groups as we move forward with specific proposals.

The reorganization plans will make agencies more effective and efficient places to work. Employees have also been long frustrated by silos created during the past 100 years in some agencies. The savings from increased efficiency will directly improve the experience for current employees, and as the Government invests in a modern workforce, new employees will be drawn to public service. The Administration will work with Congress on Civil Service Modernization to ensure we have the statutory tools to hire and manage for the 21st century.

Moreover, the Administration will continue to move forward with activities outlined in the President’s Management Agenda,6 which includes a critical focus on people and workforce issues, including performance management, training/reskilling and acquisition of top talent as part of a comprehensive plan for Strategic Workforce Management for the 21st Century.7

3. I always believe that, with any major change, one needs to start by identifying the problem to be solved. During this hearing, I asked what are the specific concerns regarding the Corps’ current structure that the President’s plan, entitled “Delivering Government Solutions in the 21st Century Reform Plan and Reorganization Recommendations,” is intended to fix, and how does the plan address those issues? In your testimony, your response was that multiple agencies operate and overlap, and cause fragmentation, in the Corps’ environmental, flood control and permitting spaces. You

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7 Ibid., p. 19.
also stated that the Corps' civil missions are a small part (22%) of the U.S. Army and are neglected in an Army focused on warfighting. When will the data and analysis to support these claims be provided to this committee? Additionally, the small proportion of the civil works program of the Army mission seems to be an argument for removing the Corps civil works program from the Army umbrella, not disbANDING it altogether and placing this mission with DOT and DOI, where once again it will be a small piece of a much larger program. Please explain the thought and analysis behind placing the civil works mission with DOT and DOI.

Response: The proposal to “Consolidate Mission Alignment of Army Corps of Engineers Civil Works with Those of Other Federal Agencies” is focused, in the case of functions proposed to be moved to the Department of the Interior, at improving land, water, and natural resource management efforts, including infrastructure permitting across government and in the case of moving the coastal navigation function to the Department of Transportation, providing greater consistency in policy and investment decisions by the federal government in the transportation sector.

4. Do you concur that data, cost-benefit and other analysis should serve as the foundation for the 32 proposed solutions within the President’s plan? What is your proposed path forward to gather data, information and recommendations from the Corps of Engineers, and your commitment to share the specific data, analysis and details (including the bodies that are the sources of the ideas) with this committee for the purposes of Congressional oversight prior to the proposals coming before Congress as part of the normal budget process?

Response: The Administration’s Reform Plan and Reorganization Recommendations serves as a cornerstone for productive dialogue to enable the Federal Government to operate more effectively in the 21st Century. Some proposals are ready for implementation, but others will require legislation or longer-term refinement to address all of the specific details for implementation. The Corps proposals falls into this latter category.

5. The Corps of Engineers is primarily a planning, design and construction organization for projects that affect multiple states, as opposed to DOT that is primarily a granting organization. What is the knowledge gap in your assessment? What specific actions would you take to address this knowledge gap?

Response: The proposal to “Consolidate Mission Alignment of Army Corps of Engineers Civil Works with Those of Other Federal Agencies” is focused, in the case of functions proposed to be moved to the Department of the Interior, at improving land, water, and natural resource management efforts, including infrastructure permitting across government and in the case of moving the coastal navigation function to the Department of Transportation, providing greater consistency in policy and investment decisions by the federal government in the transportation sector. Moving the Corps navigation mission to the Department of Transportation would
consolidate federal transportation policy and investment decisions at a single federal agency thereby streamlining and improving federal policy and investment decision making. As we move into implementation of the proposal, we look forward to working with Congress to ensure the best results for the Nation.

6. How would you organize and manage the navigation and the flood control missions between the DOT and DOI? Please be specific.

Response: The Administration’s proposal moves the Army Corps Civil Works commercial navigation mission to the Department of Transportation and the remaining Corps Civil Works missions (flood, and storm damage reduction, aquatic ecosystem restoration, regulatory and all other missions) to the Department of the Interior. The planning, construction, and especially operation of navigable waterway systems frequently involves the management of competing demands for storage or water releases to support navigation, flood risk management, hydropower, municipal or industrial water supply, recreation, and flows to sustain aquatic ecosystems. To guide these operations, plans in the form of Reservoir Operating Plans and Lock and Dam Operating Plans have been created and proven particularly helpful during periods of drought (low flows) or flood (high flows). The effective execution of the navigation and flood control missions, will be dependent on close coordination between the two agencies and frequent collaboration on the operation and maintenance of structures, and review and updating of these plans.

7. The nature of water is that it is a common resource that is essential to life itself, shared by all, and used for competing purposes. There are inherent conflicts and tensions when managing reservoirs for flood control, hydropower generation, water storage, recreation and other purposes; and, optimizing navigation can have environmental impacts and consequences. The Corps often serves as a “referee” to balance competing Federal and state water needs. If DOT is focused on water transportation, but DOI is focused on managing interstate flood control responsibilities, who determines the winner in the event of a conflict? Please describe in detail the process that would resolve this conflict.

Response: The details of how the two agencies would interact will be addressed as the proposal moves into the implementation phase. While there will likely be complex questions that need to be addressed, ultimately when implemented, the proposal will result in more rational public policy outcomes and better Federal investment decisions.

8. The water wars between Georgia/Florida and Alabama involve fundamental disagreements over complex multi-purpose water supply, recreation, hydropower and flood control issues that have ended up in the Supreme Court of the United States multiple times. How do you believe DOT and DOI would manage the reservoirs in light of these competing demands? Please be specific.
Response: The details of how the two agencies would interact will be addressed as the proposal moves into the implementation phase. While there will likely be complex questions that need to be addressed, ultimately when implemented, the proposal will result in more rational public policy outcomes and better Federal investment decisions. I would note, that the Department of the Interior has extensive experience managing water resources, including for water supply, recreation, hydropower, and flood control purposes.

9. The Corps of Engineers is a U.S. federal agency under the Department of Defense and a major Army command made up of some 33,000-37,000 civilian and military personnel, making it one of the world's largest public engineering, design, and construction management agencies. Only around 500-650 of its ranks are soldiers, with the vast majority being civilians. The Corps is the repository for historical information and all sorts of specialized kinds of technical knowledge and expertise — capabilities that can't be economically maintained in the private sector. These skills reside within the Corps' districts, divisions, labs, forward operating sites and deployed throughout the world. Have you explored how to maintain this capability, especially if the Corps structure is dissolved and the current offices are closed? Are you concerned about the sudden upheaval — changes in agency culture and priorities — that may make these jobs less attractive to the best and brightest talent for these specialized skills? What specific actions would you take to overcome these challenges?

Response: The Administration's Reform Plan and Reorganization Recommendations serves as a cornerstone for productive dialogue to enable the Federal Government to operate more effectively in the 21st Century. Some proposals are ready for implementation, but others will require legislation or longer-term refinement to address all of the specific details for implementation. The Corps proposals falls into this latter category. The specific details for staffing and organization structure remain to be worked out, but it isn't anticipated that any personnel will lose their jobs as a result of mission alignment.

10. In 2011, when the Mississippi River was in major flood stage and impacted navigation, flood risk, operating and maintenance of the federal levees, dams, floodways across eight states, the USACE Commander had responsibility across all these functions to communicate with and discuss actions with all the Governors on both sides of the river and up and down from the crest which was moving weekly down river to New Orleans. Under the proposed structure, how would you manage these actions between DOT and DOI? Please be specific.

Response: The federal government has experience in dealing with large multi-state disasters and mechanisms can be adopted in advance to ensure seamless interaction between the two agencies, if needed in future emergency situations. Specific details as to how these mechanisms would work will be worked out in the implementation phase.
II. More than twelve thousand Corps civilian employees volunteered to assist with the rebuilding efforts in Iraq and Afghanistan. All were volunteers. Moreover, the Corps is currently in over 90 other countries worldwide. Corps personnel are also on call to respond to natural disasters, such as restoring 30,000 miles of downed power lines and over 60,000 power poles in hurricane-ravaged Puerto Rico, where much of the work was on nearly inaccessible mountain tops. Has anyone thought about whether thousands of DOT or DOI employees would have the skills, and be willing, to volunteer to deploy to dangerous and difficult locales? How would the new proposed structure ensure that civilians are deployment-ready for these missions for which the nation and the world are counting on us?

Response: As the proposal moves through the implementation phase, there are likely many complex issues that will need to be addressed. This likely includes analysis as to whether or not only civilian federal employees have the necessary expertise to rebuild foreign nations. In the case of federal response to Stafford Act disasters, FEMA is the lead agency for coordinating the Administration’s response efforts. FEMA would continue in this role and the Administration would continue to ensure the federal government maintains its capability to help state, local, and tribal governments respond to disasters.

12. Page 30 of the report, Delivering government Solutions in the 21st Century,” states that “[t]he primary mission of DOD is to provide the military force needed to deter war and protect the security of the Nation” and therefore suggest moving the Corps’ civil works missions to the Department of Transportation and the Department of the Interior. However, on page 53, the report recommends transferring the National Background Investigation Bureau (NBIB) from the Office of Personnel Management (OPM) to DOD. The logic behind these two recommendations does not seem congruent. Please explain.

Response: The decision to move DOD-related security clearance investigations to the Department of Defense was included in the last NDAA which was passed by Congress in December of 2017. Since the vast majority of the background investigation mission consists of investigations for security clearances or other national security purposes for the Department of Defense, approximately 70-80% of the total NBIB volume was already affected by that legislation. The DoD is also the Executive Agent for the National Industrial Security Program, which handles contractor employees and facilities with a national security mission.

In this context, separating 80% of the background investigations from OPM/NBIB, effectively created a reality in which NBIB would not have a scalable ability to handle non-DOD volume cost effectively. Given that reality, many other agencies actively considered moving away from the NBIB shared-services model for background investigations. Analysis suggested that such a “splintered” outcome would be cost inefficient, and would move the entire government away from a desired goal of having a common suitability and security standard that would allow efficient movement of people across government agencies.
As such, the rationale for the move of NBIB in total (rather than just the DOD investigations) was driven by the goal of preventing proliferation of duplicative, non-integrated background investigation capabilities. Fairly considered, the DoD mission of protecting the security of our country includes ensuring that the Federal civilian, contractor, and military workforce with access to classified information is trustworthy, loyal, responsible, and will protect people, property, and information.

13. The Corps of Engineers supports the International Joint Commission that works on inter-country rivers such as the Souris River, which runs from Canada into North Dakota. In 2011, the Souris River flooded, and the Corps was able to work the flood activities thru this international Commission. PL 84-99 funding was provided to address the significant damages experienced within the state. Would the PL 84-99 authorities be transferred to the Department of the Interior? How do you anticipate that the Department of the Interior will be able to navigate a similar event?

Response: The Administration’s Reform Plan and Reorganization Recommendations serves as a cornerstone for productive dialogue to enable the Federal Government to operate more effectively in the 21st Century. Some proposals are ready for implementation, but others will require legislation or longer-term refinement to address all of the specific details for implementation. The Corps proposals falls into this latter category. The specific details for which authorities would need to be transferred remain to be worked out. I would note that the Department of the Interior has experience managing international agreements, such as on wildlife trafficking, migratory birds, water agreements, and international parks.

14. The border wall along the Mexican border is being advanced with the Corps because it has overlapping missions of real estate, wetland permits, planning, design and construction expertise. Under the President’s plan, how would you transfer those activities and would they be under one agency?

Response: The Administration’s Reform Plan and Reorganization Recommendations serves as a cornerstone for productive dialogue to enable the Federal Government to operate more effectively in the 21st Century. Some proposals are ready for implementation, but others will require legislation or longer-term refinement to address all of the specific details for implementation. The Corps proposals falls into this latter category. The specific details for which authorities would need to be transferred remain to be worked out.

The Department of Homeland Security, through U.S. Customs and Border Protection (CBP), is responsible for building physical barriers along the southwest border of the United States. CBP has selected the Army Corps of Engineers to carry out physical construction of these barriers so far. CBP will determine how best to proceed with constructing border barriers if Congress enacts the Administration’s proposed reforms.
15. How will you address the current Army real estate mission that has both military and civil works functions and responsibilities?

Response: The specific details of implementing the proposal are still being analyzed. While there will likely be complex questions that need to be addressed, ultimately when implemented, the proposal will result in more rational public policy outcomes and better Federal investment decisions.

16. The Trump Administration released its government reform plan last month. The proposal seeks to consolidate many economic development related programs. Within the plan, EDA’s Economic Assistance programs would be transferred into a new agency, the Bureau of Economic Growth (BEG). The agency would also administer Community Development Block Grant (CDBG) and federal-state regional commissions including the Delta Regional Authority and Northern Border Regional Commission. These programs have mostly been slated for elimination by the Trump Administration. Is the effort to create this new agency another attempt to eliminate these programs? Do you support this effort to consolidate these programs?

Response: The Administration’s proposal to consolidate these programs into the Bureau of Economic Growth is, at its core, an effort to drive more effective and efficient use of taxpayer money. Although it took place before my direct involvement, it is my understanding that The Administration previously proposed to eliminate these programs in the Budget because, as currently organized, they are duplicative and in many cases ineffective. The proposal we included in Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations addresses those efficiency concerns by eliminating redundancy and ensuring accountability. By deploying a new model for economic assistance, the Federal Government can better leverage private sector investments in communities across the country to support job creation, business growth, and strengthening local economies.

17. I understand the Administration wishes to move the entire federal government’s background investigations program to the Department of Defense. I remain concerned about the significant backlog of security clearance applications, which numbers over 700,000 cases. The 2018 National Defense Authorization Act calls for a comprehensive assessment of the workforce requirements for both the Department of Defense and the National Background Investigations Bureau. How will the Administration ensure the current investigation backlog isn’t exacerbated through the transition period planned by the Administration? What is the anticipated status of the backlog once the transition from OPM to DOD is complete?

Response: The Executive branch is committed to aggressive efforts to get the security, suitability, and credentialing background vetting programs for the Federal government back in good health. While the Department of Defense’s analysis is still underway, the goal is to have the investigative backlog back to a steady state of good health at the end of calendar year 2019.
To support the transition, NBIB and DoD are jointly developing a transition plan for NBIB which will ensure that the backlog is not worsened. The Secretary of Defense and the Executive Agents recognize that clearing the backlog will involve a focus on risk-management principles and outcome-based policies and procedures, and moving away from antiquated, compliance-driven processes and systems for conducting background investigations and adjudications. That work is well underway at DoD. Indeed, since June 2018, efforts from DoD, NBIB, OPM (as the Suitability & Credentialing Executive Agent), and ODNI (as the Security Executive Agent) have already reduced the backlog from approximately 725,000 to 680,000. This backlog reduction represents real, and growing progress toward our ultimate goal of backlog elimination.”
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<td>Fall Office</td>
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<td>Total: Economic Administration, Fall Office</td>
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Final Count on Government Reform Public Comments

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<th>Final Comment Count</th>
<th>~ 11:59 PM on Mon 6/12 – 106,147</th>
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**Top 10 for Reform:**
1. Department of Agriculture: Animal and Plant Health Inspection Service (6,103 comments)
2. Department of Defense: Full Department (5,077)
3. Department of Health and Human Services: National Institutes of Health (3,777)
4. Department of Veterans Affairs: Full Department (3,396)
5. Department of Education: Full Department (3,229)
7. Department of Justice: Full Department (2,958)
8. Central Intelligence Agency: Full Agency (2,956)
10. Department of Health and Human Services: Full Department (2,696)

**Top 10 for Eliminate:**
1. Department of Education: Full Department (2,471 comments)
2. Department of Justice: Drug Enforcement Administration (1,998)
3. Department of the Treasury: Internal Revenue Service (1,972)
5. Central Intelligence Agency: Full Agency (1,513)
6. Department of Justice: Bureau of Alcohol - Tobacco - Firearms - and Explosives (1,483)
7. Environmental Protection Agency: Full Department (1,436)
8. Department of Commerce: Minority Business Development Agency (1,374)
9. Department of Defense: Full Department (1,315)
10. Department of Homeland Security: Transportation Security Administration (1,305)