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 model 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 which 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>
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<tbody>
<tr>
<td>1  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 coloacting services and consolidating administrative structures may heighten efficiency</td>
</tr>
</tbody>
</table>
• GAO issued a 2010 report entitled, “Organizational Realignment Could Enhance Effectiveness, but Several Challenges would have to be Overcome.”

• 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.

5 Move Select USDA Housing Programs to HUD
• 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-06-884T: Environmental Liabilities: Hardrock Mining Cleanup Obligations (June 2006)
<table>
<thead>
<tr>
<th></th>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Reorganizing the U.S. Office of Personnel Management</td>
<td>• GAO: Strategic human capital management has been listed as a government-wide high risk area since 2001.</td>
</tr>
<tr>
<td>12</td>
<td>Consolidation of Federal Veterans Cemeteries</td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• September 2014 – GAO-14-537</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• December 2011 – GAO-12-105</td>
</tr>
<tr>
<td>13</td>
<td>Reorganizing Economic Statistical Agencies</td>
<td>• 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.</td>
</tr>
<tr>
<td>16</td>
<td>Reform Federal Role in Mortgage Finance</td>
<td>• GAO: Objectives Needed for the Future of Fannie Mae and Freddie Mac After Conservatorships.</td>
</tr>
<tr>
<td>17</td>
<td>Create the Bureau of Economic Growth</td>
<td>• Duplication in Federal Economic Development Assistance programs has been cited in various GAO reports, including GAO-11-477R: Published: May 19, 2011.</td>
</tr>
<tr>
<td>20</td>
<td>Management Consolidation of Federal Graduate Research Fellowships</td>
<td>• The 2018 duplication and overlap report called out the fragmentation of federal STEM education efforts in general, but not graduate research fellowships specifically.</td>
</tr>
</tbody>
</table>
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

27 Customer Experience (CX) Improvement Capability

- 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.

28 Next Generation Federal Student Aid Processing & Servicing Environment

- GAO identified improvements to student loan servicing as an issue ED should address in GAO-16-523.

29 Solving the Federal Cybersecurity Workforce Shortage

- 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.

31 Transfer Background Investigations from NBIB to DOD

- 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.
• This is an issue that has recently been added to the GAO high risk list.

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 Mayors¹ 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 level 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: Under the Privacy Act, agencies publish system of records notices (SORNs) in the Federal Register upon establishment or revision of a “system of records.” The list of comments we received are not 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]

BILLING CODE 3110-01-P

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 Sept 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 ’18) 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

\[\text{Reference: } \text{President’s Management Agenda, March 2018, www.performance.gov}\]
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

15
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. 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.
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 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

- **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*.⁵

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

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
⁵ *Key Questions to Assess Agency Reform Efforts*, Government Accountability Office, June 13, 2018
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 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.
  o When do you expect to share that list of proposals?
  o 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 4-5 of those proposals by the end of September, 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?

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?

We envision a process that involves agencies submitting project funding requests as part of their annual budget submission to OMB, which would include a robust business case analysis, 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?

Yes, section 4(f) 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?

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?

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.
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?

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:
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.

March - May 2018
OMB focuses on longer-term reform and reorganization opportunities outside 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.

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?

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, 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.

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.

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?

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?

The Corps of Engineers civil works program primarily is a contract management organization, with design and construction activities conducted by private-sector firms. 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.
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. It is not anticipated that the navigation and flood control missions would frequently overlap between the two departments. Mechanisms exist in the Executive Branch for resolution of competing needs of federal agencies. In circumstances where competing navigation and flood control missions needed to be addressed such mechanisms would be employed.

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.

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.

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?

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.

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.

11. 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?

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 natural
disasters, such as power restoration in Puerto Rico, the Corps served as a contractor to FEMA. Given that investor-owned electricity utilities routinely provide mutual assistance to utilities where natural disasters have impacted the power systems, it’s likely that FEMA could widen its circle of contractors to include private sector solution providers.

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 seen congruent. Please explain.

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 intercountry 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?
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?

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?

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?

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?

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 backlo