Delivering Government Solutions in the 21st Century
Reform Plan and Reorganization Recommendations
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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 decade, 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to the stove-piped organizational constructs of the 20th Century, which in many cases have grown inefficient and out-of-date.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) 13781, 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 increase 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 requires tackling interconnected barriers to change across these 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 mission, 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.

**TIMELINE FOR COMPREHENSIVE REFORM**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>March 13, 2017</td>
<td>The President issues an Executive Order directing OMB to propose a comprehensive plan to reform and reorganize Executive Branch departments and agencies.</td>
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<tr>
<td>April 12, 2017 -  June 12, 2017</td>
<td>OMB accepts public comments, which are shared with agencies.</td>
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<tr>
<td>June 30, 2017</td>
<td>Agencies provide OMB high-level drafts of initial reform ideas.</td>
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<tr>
<td>July 2017</td>
<td>OMB meets with Chief Financial Officers (CFO) Act agencies and a limited number of other agencies to discuss draft plans.</td>
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<td>September 11, 2017</td>
<td>Agencies submit reform proposals to OMB with FY 2019 budget requests.</td>
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<tr>
<td>September 12, 2017- February 2018</td>
<td>OMB analyzes reform and reorganization proposals and cross-cutting opportunities along with the FY 2019 President’s Budget.</td>
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<tr>
<td>February 12, 2018</td>
<td>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.</td>
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<tr>
<td>March - May 2018</td>
<td>OMB focuses on longer-term reform and reorganization opportunities outside the FY 2019 President’s Budget and works with agencies.</td>
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<tr>
<td>June 2018</td>
<td>OMB releases a comprehensive plan to reform and reorganize Executive Branch departments and agencies.</td>
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<tr>
<td>Summer 2018</td>
<td>OMB and agencies begin a dialogue with Congress to prioritize and refine proposals to best serve the American people.</td>
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“All agencies that regulate food safety should be under one department, preferably under the Dept. of Agriculture.”

– Kenneth
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 12, 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 their 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.”

– Phillip 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 13781 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.

If you are one of the nearly 59 million Americans working for a small business, you know the importance of excellent customer service. And while the Federal Government strives to support small business growth and competitiveness, duplicative and inconsistent programs spread across different Federal agencies have sometimes created confusion and extra work for the small businesses they mean to serve.

As one way to make things easier on small businesses, the Administration proposes to create a “one-stop shop” for all small business Federal contracting certifications at the Small Business Administration. This proposal will synchronize the processes for both small businesses and the Federal agencies that want to contract with them. As a result, America’s entrepreneurs will have less headache and be able to invest more of their time and hard-earned profits into operating and growing the businesses that keep our economy strong.

We must change the way Government operates and move our capabilities into the 21st Century.

that large-scale transformation is possible and can both improve customer service and lower costs. Studies by McKinsey9 and BCG10 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.

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.

If a veteran who has served our country isn’t satisfied with decisions by the Department of Veterans Affairs (VA) about disability or other hard-earned benefits, he or she has the right to appeal. But until recently, veterans were forced to use the same appeals process adopted after World War I—nearly 100 years ago. This outdated process left veterans at the mercy of a confusing and complex system and slowed down appeals by forcing each veteran to navigate multiple layers of process. At the end of July 2017, approximately 470,000 appeals were pending under the legacy system and, on average, veterans were waiting approximately three years for a decision—and as much as six years for higher-level appeals.

As VA refocuses on enhancing veterans’ experience, it is accelerating a new appeals system that gives veterans options about the best way to pursue their appeal based on their unique situation. The new system is designed to significantly improve the timeliness of decisions by streamlining organizational processes and bureaucratic layers. Veterans with old, pending appeals can resubmit using the new system designed to significantly improve the timeliness of decisions. Now, VA is empowering veterans with greater choice and timelier service in resolving their appeals.

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 122 (Appendix: Agency-Specific Reform Proposals).

Looking at the menu of your favorite pizza shop, you probably wouldn't guess that different pies need to be regulated by different Federal agencies. But while a cheese pizza has to meet the Department of Health and Human Services' Food and Drug Administration (FDA) standards, a pepperoni pizza falls under the Food Safety and Inspection Service (FSIS) at the U.S. Department of Agriculture (USDA). Last time you made an omelet, the FDA regulated any eggs you cracked yourself, but the FSIS was responsible if you poured from a carton of liquid eggs. And chickens? The FDA regulates their feed while the FSIS inspects them at slaughter.

This division of responsibility started in response to unsafe and unsanitary meat packing conditions in the early 1900s, but today it introduces greater risk, inefficiency, and inconsistency into the important work of ensuring food safety, which affects everyone in America.

To provide better food safety for the country and improve efficiency for stakeholders, the Administration proposes to consolidate core Federal food safety responsibilities into a single agency under USDA, where food safety is a top priority from farm to fork. This consolidation will give USDA the clear mandate, dedicated budget, and full responsibility it needs for optimal oversight of the entire U.S. food supply. Resources at the FDA will be freed up to focus on its core responsibilities of drugs, devices, biologics, and tobacco. Most importantly, this proposal will provide better food safety outcomes for the American people over the long term.
AVOIDING “ONE-SIZE-FITS ALL” APPROACHES

Rather than adhere to a simplistic set of decision rules to identify priorities among these categories, individual proposals 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 11 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/pma. In addition, these key drivers will inform next steps for each of the reform proposals discussed in this volume.

11 The President’s Management Agenda: Modernizing Government for the 21st Century, Executive Office of the President and the President’s Management Council, March 2018.
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 vehicles 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, gains efficiencies, and limits 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.**

If you have children, you know that preparing for success in work and life begins early and—particularly in a changing and growing economy—continues throughout life. You want your kids to have a strong start in school as preparation for professional success, no matter what dream they pursue. And as adults, you want them to have easy access to training and information connecting them to the jobs they want and need, especially as the economy changes. The Federal Government should be making it easy for individuals to access high-quality education, training, and employment resources as they transition from one stage to the next.

That’s why the Administration is proposing to consolidate the Departments of Education and Labor into a single Cabinet agency, eliminating duplication across the two agencies and maximizing the effectiveness of skill-building efforts. The new agency will be charged with meeting the end-to-end needs of American workers and students, from education and skill development to workplace protection to retirement security, to ensure access to the full range of coordinated resources Americans need to succeed in the 21st Century economy.
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.

**TRANSFORMATION URGENCY – NEW CAPABILITY REQUIREMENTS**

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 42 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 departments would benefit greatly from being conjoined.

― Anthony
Alaska

“Permitting takes way too long and costs way too many tax dollars!”

― Joe
Florida
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 all 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 outmoded 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 calcified 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."12

– from “Cracking the Code of Change”

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 outmoded, 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 above 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.

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V. GOVERNMENT-WIDE REORGANIZATION PROPOSALS
**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.1 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

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financial aid from a mobile platform, and streamline the way that schools interact with student loan servicing and the repayment system.

- The **Disability Employment component** would consolidate ED’s Vocational Rehabilitation State Grants and DOL’s Office of Disability of 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 and 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 – most notably SNAP 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 on 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 Islands, and Disaster Assistance (not including Disaster 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 DPHW 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 all 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 its 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

**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 shelled 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.

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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 $112 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.¹ 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)

¹ In general, HUD and USDA rental assistance programs make rents affordable to eligible households by paying the difference between the unit’s rent and 30 percent of a household’s adjusted income. These programs include: 1) tenant-based rental assistance/vouchers for eligible tenants to rent privately owned apartments or single-family homes, which can be applied to different properties if tenants move; and 2) project-based rental assistance that is attached to specific properties and is available to tenants only when they are living in units at these properties.
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 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 reform. 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 these 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 add 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 80,000 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 era 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 remedies put into 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 would continue to allocate resources based on risk. In addition, project managers 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 these 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 DCHA 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

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<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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<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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<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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<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 outdated 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.2463, 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.
Structural Transformation of Central Washington-Based Bureaus at the U.S. Agency for International Development

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 resilience 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 in 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 operations 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 1949. 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-driven policy development;
- 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>
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<tbody>
<tr>
<td>Employee Services</td>
<td>Policy</td>
<td>EOP Office</td>
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<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>
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</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 in 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.

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**New Organizational Structure**

**Strategy & Innovation**

**Customer & Employee Experience**

- Workforce & Mission Achievement
- Senior Talent & Leadership
- Total Compensation & Employee Performance

**Human Resources Standards**

**Data Analytics**

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**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 Focused on Mission Delivery and Performance**: customer service indicators, organizational health and performance metrics, employee engagement indicators.
- **Focus on the Top Career Leaders**: identify top ~300 SES positions and develop leadership and executive competencies and strategies for preparing managers and leaders.
- **Modernize Compensation to Recruit and Retain**: pay, benefits, retirement, leave, disability based on skills needed and market dynamics.
- **Align Federal HR standards to Private Sector**: Enable agencies to leverage private sector solutions wherever possible.
- **Use “Data” to Inform Strategy and Actions**: perform comparative analysis internal/external to Government including market research, identify leading practices and laggards 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 cemeterial 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 cremetorial 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 McClellan Post Cemetery, AL</td>
<td>• U.S. Soldier’s and Airmen’s Home National Cemetery, Washington, DC</td>
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<tr>
<td>• Fort McClellan Prisoner of War Cemetery, AL</td>
<td>• Aberdeen Proving Ground, MD</td>
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<td>• Fort Lawton Cemetery, WA</td>
<td>• Fort Benning, GA</td>
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<td>• Fort Douglas Cemetery, UT</td>
<td>• Fort Bragg, NC</td>
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<td>• Fort Worden Cemetery, WA</td>
<td>• Carlisle 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>• Benicia Post Cemetery, CA</td>
<td>• Fort Knox, KY</td>
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<td>• Fort Sheridan Cemetery, IL</td>
<td>• Fort Leonard Wood, MO</td>
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<tr>
<td>• Fort Devens Cemetery, MA (active)</td>
<td>• Joint Base Lewis-McChord, WA</td>
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<tr>
<td>• Fort George Wright Cemetery, Fairchild Air Force Base, WA</td>
<td>• Fort Meade, MD</td>
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<td>• U.S. Air Force Academy, CO</td>
<td>• Presidio of Monterey, CA</td>
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<td>• F.E. Warren AFB, WY</td>
<td>• Fort Riley, KS</td>
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<tr>
<td>• Fort Crook/Offutt AFB Cemetery, NE</td>
<td>• Fort Sill, OK</td>
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<tr>
<td>• Volk Field, Camp Douglas, WI</td>
<td>• U.S. Military Academy, NY</td>
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<td>• U.S. Air Force Academy, CO</td>
<td>• Watervliet Arsenal, NY</td>
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<tr>
<td>• Fort Campbell POW Cemetery, KY</td>
<td>• Fort Campbell POW Cemetery, KY</td>
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<td>• Fort Drum POW Cemetery, NY</td>
<td>• Fort Drum POW Cemetery, NY</td>
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<td>• Fort Gordon German POW Cemetery, GA</td>
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<td>• Schofield Barracks, HI</td>
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<th>Department of the Air Force</th>
<th>Department of the Navy</th>
<th>Department of Agriculture</th>
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<tr>
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<td>• Maine Memorial, FL</td>
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<td>• Captain Ted Conaway Memorial Navy Cemetery, VA</td>
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<td>• U.S. Naval Cemetery, Great Lakes Naval Base, IL</td>
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<td>• Cuzco Beach Naval Cemetery, U.S. Naval Base Guantanamo Bay, Cuba</td>
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<td>• U.S. Naval Academy, MD</td>
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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 quality and 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 burdens 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 priority 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

Department of Energy

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.

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**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.¹ 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.² The private sector already meets the vast majority of

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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 40 percent since 2001. Marketing mail is more stable, down only 10 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 benefit 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 prescribing participation in costly Federal personnel benefit 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 liabilities1 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

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1 UK National Audit Office, The Privatisation of Royal Mail, April 2014, Pg. 16: https://www.nao.org.uk/report/privatisation-of-royal-mail-plc/

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 waterway navigational development 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 $78 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 those 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 those 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 all 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 Finance¹

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.

¹ In 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 are 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 overlap.** 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 an ideal 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.

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Centralizing these economic development programs and activities under DOC is advantageous for several reasons. DOC is already tasked with the missions 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 encumber positions that could be filled by civilians. In addition, a 1996 Government Accountability Office (GAO) Report 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.

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. Awardees 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: vetting 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 mission, 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
organizational requirements and how real estate footprints can be adjusted given information technology and management practices. The goal of this effort, led by GSA, is to provide agencies with thought-process, tools, and data to drive smarter decisions in agency relocations, and work is already underway.

**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 Education for military members:** BCFP, DOD, and the Federal Trade Commission (FTC) all administer financial education and counseling programs for military members and their families.
- **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 eliminate 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 30 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 processes for eligibility 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 to 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) the 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, women-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 protee 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 significant 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 re-visiting 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 ADF 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);
- $7 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 recordkeeping 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, far too many Federal Government services are still primarily paper-based. This forces NARA and Federal agencies to devote resources to actively processing, moving, and later 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 those 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 28 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
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 stovepipes. 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 – maturing the 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 1,770 VA 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, fiber, 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 customer 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 as 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, 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. As a result, the Government lacks a comprehensive, risk-derived understanding of which cybersecurity skillsets the Federal enterprise needs to develop and which positions are most critical to fill.

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 on-going 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 cyber 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 a 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 2019. 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 Government Effectiveness Advanced Research (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.

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**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 trust1 and lower customer satisfaction². 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.

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**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 the 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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3 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, legislating 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.

- **Residing 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 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.

- **Truly 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 emerging technological capabilities and opportunities to continuously identify, assess, and integrate key sources of information. Reform initiatives chartered by the Security and Suitability/Credentialing Executive Agents are underway to revamp the fundamental approach and supporting policy framework, 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-18-04) 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, learning 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.
• Establish and utilize multi-year learning agendas. 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 Commodity Purchasing were transferred to the Agricultural Marketing Service as new program areas in FY 2018.

Realigning USDA’s Mission Areas
The USDA has begun realigning and consolidating certain offices into more logical organizational reporting structures. The realignment includes the creation of an Under Secretary for Trade and Foreign Agricultural Affairs, an Assistant to the Secretary for Rural Development (RD), and an Under Secretary for Farm Production and Conservation. Additionally, USDA is merging the Center for Nutrition Policy and Promotion (CNPP) 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 team. EM will specifically review supervisor-to-worker ratios, skill gaps, and cost reduction measures such as consolidating facilities and reducing administrative support. This proposal focuses on completion of the EM clean-up mission in an efficient and cost-effective manner.

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 entities 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, including the Energy Employees Occupational Illness Compensation Program; 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 reorganization is intended to enhance enterprise effectiveness by more fully integrating the Stockpile with HHS’ other preparedness and response capabilities.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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Coordinated Operations, Planning & Intelligence
This proposal will evaluate how DHS headquarters and components will produce information and intelligence that is comprehensive, current, coordinated, operationally-focused and analytically-defensible, and increase the effectiveness of coordinated operational plans and policies. DHS’s Office of Intelligence and Analysis, the Office of Strategy, Policy and Plans, and Office of Operations Coordination will explore areas such as analysis overlap, duplication and/or 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 (NBAF) Transfer from DHS to USDA
This FY 2019 Budget proposal would transfer operational responsibility for the National Bio and Agro-Defense Facility (NBAF) 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, policymaking, and internal and external coordination; and (2) strengthening service and delivery of the business support and mission support functions to the Department. In tandem, the DHS Management Directorate is advancing agency-wide initiatives such as field efficiencies, modernizing financial systems and processes, and SOC consolidation.

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 Act would offer public housing authorities (PHAs), property owners, and HUD-assisted families a simpler and more transparent set of rent structures to reduce administrative burden, incentivize work, and place HUD’s rental assistance programs on a more fiscally-sustainable path.

Consolidate Headquarters Offices
HUD spends approximately $11.8 million per year on four leases within walking distance of its main headquarters at the Robert C. Weaver Federal building. HUD is in the process of consolidating these satellite offices into the Weaver building, reducing its real property footprint and annual leasing costs.

Modernizing IT, HR Operations, and Data Analytics
The State 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 cyber security, streamline work processes, and consolidate duplicative systems. Cloud implementation has been underway since the end of 2017. By the end of March 2018, the Department had already migrated 16.6 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 State Department seeks to enhance leadership training and development opportunities. To this end, the Foreign Service Institute is working to modernize and expand formal leadership training for all levels of the workforce and is implementing a program of mid-level leadership projects. The Leadership Advisory Board is reviewing the Department’s Leadership and Management Principles and promoting leadership development activities more broadly.

Special Envoys
The State 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 bureaus’ policy direction, provide clarity in reporting 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 State 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 State Department is examining ways to enhance human resources service delivery in order to simplify processes and reduce wasted time. Enhancements will also strengthen real property management both domestically and overseas, and achieve efficiencies in our acquisitions process 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 for 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 collocate bureau offices wherever possible and to emphasize the use of shared 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 rightsizing the Office of the Secretary (OST), which plays a critical role in overseeing DOT’s Operating Administrations (OAs). To better support the OAs, offices and positions will be consolidated in areas such as research and development.

Workforce Development
DOT 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 servicemembers 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 EHR system is critical to that care, and to patient safety. The new EHR system will enable VA to easily adopt improvements in health information technology and cyber security, which VA’s current system is unable to do.

Community Care
To ensure veterans get the right care, at the right time, with the right provider, the Trump Administration and VA have worked closely with the Congress and Veteran Service Organizations (VSOs) to create legislation to merge all of 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 9 million veteran enrollees.

Appeals Modernization
VA is undertaking an initiative to replace its current claims appeals process, adopted after World War I, which is slow, complex, and confusing for veterans to navigate. In an effort to enhance veterans’ 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 130 legacy information technology systems that VA relies on 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 inability of these systems to interface with one another results in severe redundancies which, in turn, results in inefficiencies and impedes 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.
Tailoring State Oversight

The Environmental Protection Agency (EPA) will recalibrate resources devoted to oversight of State-delegated programs, including the role of EPA National 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 work environment and manage 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, trucks, SUVs, buses, 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 into Federal fleet management. To achieve these objectives, the General Services Administration will conduct studies of agency fleets to identify recommendations on improving fleet management. The study will include analysis of operational, maintenance, and inventory data to assess whether centrally 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 incomplete 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 workloads in both the new and operating reactor business lines. As part of the merger of NRO and NRR, the NRC will conduct an assessment of technical review functions to identify efficiencies and eliminate redundancies.
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 counting of In-Kind Support and Maintenance (ISM) in lieu of a flat rate benefit reduction for adults living with other adults. The proposal also ends the intrusive and burdensome “holding out” policy, which currently reduces benefits for couples that present themselves as married to the community.

Eliminate Services to Claimant Representatives
This proposal would eliminate the Federal Government as the middleman in the relationship between applicants and the representatives they voluntarily hire. It would eliminate administration of fee agreements, fee petitions, and claimant representative travel. The current workload is expensive, error prone, and not SSA’s core mission. In FY 2016, SSA spent about $122 million on the activity, but collected only about $30 million (due to a statutory fee cap) to reimburse the trust funds. The $30 million collected is not currently part of SSA’s administrative resources.

Establish a Consistent National State Disability Appeal Process
As resources permit, 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 appellate 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 for past-due benefits to SSI youth recipients. It also reduces the administrative burden of monitoring expenses from dedicated accounts.

Implement Metrics and Quality
The proposal would implement quantity 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 helping managers better address both outstanding and poor performance.

Implement Standard Office Design
SSA is improving 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
SSA continues to find ways to increase real property 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 telework.

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 reorient 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 non-permissive environments; preventing violent extremism; 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 coordinators; reviewing HR functions; and creating a culture of accountability and learning.

Respecting the Taxpayer’s Investments
USAID will maximize 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.
BIBLIOGRAPHY

Development of this report and its proposals drew on input from a variety of sources, including Federal staff, managers, and senior leaders; research institutions and thought leaders; the Congress; customers of Federal services; and American citizens. Individuals interested in learning more about reorganization efforts in government and the private sector may be interested in visiting the websites of the following organizations. This list is not exhaustive, and does not represent endorsement of any one particular viewpoint or publication by the U.S. Government.


PHOTO CREDITS


“Reform is necessary to create more efficient and effective government.”

– Nick
Oklahoma