

**EXAMINING THE ADMINISTRATION'S  
GOVERNMENT-WIDE REORGANIZATION PLAN**

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**HEARING**

BEFORE THE

**COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES**

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

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## EXAMINING THE ADMINISTRATION'S GOVERNMENT-WIDE REORGANIZATION PLAN

Wednesday, June 27, 2018

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, D.C.*

The committee met, pursuant to call, at 10:00 a.m., in Room 2154, Rayburn House Office Building, Hon. Mark Meadows presiding.

Present: Representatives Duncan, Issa, Amash, Foxx, Meadows, Walker, Blum, Hice, Russell, Grothman, Hurd, Palmer, Comer, Mitchell, Cummings, Norton, Clay, Lynch, Connolly, Kelly, Lawrence, Watson Coleman, Raskin, Welch, DeSaulnier, Plaskett, and Sarbanes.

Also Present: Representative Scott.

Mr. MEADOWS. The Committee on Oversight and Government Reform will come to order. Without objection, the presiding member is authorized to declare a recess at any time.

The modern Federal Government is a result of layers upon layers of legislative executive and judicial actions throughout our Nation's history. The inertia of bureaucracy created by the process allows it to persist year after year after year. And as our former President said, there is every reason why our executive governmental machinery should be at least well planned, economical, and efficient as the best machinery of the great business organizations which, at present, is not the case. That was President Theodore Roosevelt in 1905, but those words are still true today as they were just as true a century ago.

Decisions that may have made sense in the past may not work in the context of a modern 21st century society. And as we progress as a Nation, it is incumbent upon elected officials to reevaluate how to best deliver on the services to the American people and the services indeed that they deserve.

Take pizza for example. If a company wishes to sell cheese pizza, it has to meet with the Food and Drug Administration requirements. However, if they add pepperoni to that pizza, the company must now adhere to rules issued by the Food Safety Inspection Services of the Department of Agriculture. So you have one pizza going through one agency, another pizza with pepperoni going through a different agency.

Or let's look at imported seafood, which accounts for nearly 90 percent of consumed seafood in the United States. In September of 2017, a Government Accountability Office audit found that the FDA and the FSIS were not fully coordinating on the drug residue

testing methods. GAO also found that two agencies were using different standards for testing drug residue to determine if seafood was safe. Now, the lack of coordination and aligned standards only harms businesses seeking to comply with the law. But also, it harms consumers and puts their health at risk.

The complex and ever growing demands of our citizens require an efficient and effective Federal Government. And as these examples suggest, the current construct fails to meet this requirement.

The plan to reorganize the executive branch put forward by President Trump seeks to help us meet this—the new needs or I might say the existing needs of our constituents.

In March 2017, President Trump issued an executive order calling on the Office of Management and Budget to create a comprehensive reorganization plan that consolidates or eliminates redundant and ineffective programs and agencies. And the plan which was released last Thursday seeks to deliver an—to the executive branch what they dictated to be wholly meeting the Federal Government's important mission of service and stewardship objectives.

The plan suggests bold reforms, such as the elevation of the Office of Personnel Management into the executive branch—I mean, the Executive Office of the President, the merger of Departments of Labor and Education, and the consolidation of welfare programs and a revamped Department of Health and Human Services.

This plan is a roadmap designed to jump start a conversation about how to best deliver these services to the American people, the services they expect. And we're pleased to have the OMB deputy director of management, Margaret Weichert, here today to present that roadmap to the committee and to the American public.

Accomplishing the goals in this plan will not be easy, and it will require a hand-in-hand work with Congress, the administration, and stakeholders to fully recognize and realize the potential transformation that is envisioned here.

I want to thank you, Deputy Director Weichert, for being here, and I look forward to our conversation.

With that, I recognize my good friend, the ranking member, the gentleman from Maryland, Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. And I'm glad that we are having this hearing today.

I definitely have numerous questions for the witness about the Trump administration's reorganization plan. For example, I want to know why is it that there is no analysis of the cost and benefits of this proposal? Why is there no assessment of its impact on the Federal budget? Why is there no information at all about how it will affect Federal workers? And why is it there's no list of actions that require congressional approval? These are all basic prerequisites for a serious plan, and they are completely missing from this one.

Last week, my staff asked the Office of Management and Budget for these assessments, and they were told that they did not exist. The Trump administration now claims that it wants to use this proposal, and I quote, "to build productive bipartisan dialog," end of quote. If that were a serious claim, the Trump administration would have worked with us over the past year, instead of keeping

their work secret, despite multiple requests from members of this committee.

Take just one example in our committee's jurisdiction, the Postal Service. We have a bipartisan bill—Mr. Chairman, you have worked very hard on that bill with us—that we passed out of our committee unanimously, that would help the Postal Service maintain a more solid financial footing forward. Instead of working with us, President Trump unilaterally appointed a task force to come up with its own ideas about the Postal Service. Then without even waiting for its own task force's results, President Trump rushed in this proposal to eliminate the Postal Service entirely. Ladies and gentlemen, it makes no sense.

Like so many other ideas that have come out of this White House, President Trump's proposal to privatize the Postal Service is disorganized, unilateral, nonsensical and, frankly, incompetent. I do not think this plan is a serious one. What I do think is extremely serious is the urgent plight of thousands of children who the Trump administration separated from their parents with no discernible plan to reunite them. None, zero.

Tomorrow, the Judiciary Committee is holding a so-called, quote, "emergency hearing," end of quote, on Hillary Clinton's emails. They're hauling up Rod Rosenstein and Christopher Wray to demand more answers. But the real emergency is these children, these babies and toddlers, whom the government has unilaterally and literally torn from the arms of their parents, some of them a few months old.

To my Republican colleagues, last week, I asked a very simple question, but a very profound one. I simply asked for your help. Call a hearing, ask DHS and HHS and DOJ to come up here and testify about what the plan is to reunite these children and these kids with their families. Light a fire up under them to get them moving. If we can have an emergency hearing on Hillary Clinton, we certainly can have an emergency hearing on these children.

And so I ask the question, I asked for help. But guess what? I got no response. Zilch. Didn't even get a letter, not a phone call, nothing. And so the children continue to suffer. You've seen them locked up in cages. I said it before and I'll say it again: This is our country. It is a great country, but we will be judged by the way we treat our citizens and particularly our children.

So on Friday, we had to send our own letter just from the Democrats, dated June 22, to the Attorney General Sessions, DHS Secretary Nielsen, and HHS Secretary Azar. We asked for basic information on each child that was separated from his or her parents so we could monitor and promote efforts to unify these families. These are documents they should have at their fingertips, and we asked for them by tomorrow. Apparently however, we cannot have these documents, for some reason.

And as we all know, the Democrats are in the minority. And since no Republican joined our request, the agencies will not produce the documents. We hear a lot of talk from the agency heads, but no documents. And so now I'm pleading, I'm pleading with you once again. Anyone on this panel, anyone, is there one Republican who will join us, just one, to save and help these families reunite? Anyone? Radio silence. Is there one Republican who will

sign his or her name to this letter requesting the basic facts and the documents about these children?

I will yield to any Republican member who will join us in this effort. I ask one last time, is there one—

Mr. ISSA. Would the gentleman yield?

Mr. CUMMINGS. Yes.

Mr. ISSA. Would you give the 30 days that the San Diego court has ordered for full reunification as part of the letter since the President's executive order now has been codified by a Federal judge?

Mr. CUMMINGS. No, no.

Mr. ISSA. So you wouldn't give the President and the Federal court system the 30 days to unify them?

Mr. CUMMINGS. I'm just—taking back my time. I'll let you see the letter, and if you want to sign on to the letter—

Mr. ISSA. I look forward to seeing it.

Mr. CUMMINGS. Yeah. We need help. These children need help. We wouldn't do this to our own children. We would not allow people to split up our families. As a matter of fact, if they tried to split up our families, we would go off.

And so as I close, Mr. Chairman—

Mr. MEADOWS. If the gentleman will yield.

If you'll give me a copy of the letter, I'll get back to you within 24 hours. You know that I have a bipartisan history of demanding documents, regardless of their political, I guess—

Mr. CUMMINGS. Yes.

Mr. MEADOWS. —relevance. And if you'll give me a copy of the letter, we'll get back to you within 24 hours.

Mr. CUMMINGS. Thank you very much. Thank you very much, Mr. Chairman.

Is there—so—and I want to thank you, Mr. Chairman, for that. It means a lot to me.

And so we move forward. But I say to my colleagues, you can have your emergency hearing on Hillary Clinton's emails, but can we also have one on these kids who desperately need our help? Children are separated from their parents by our own government. Isn't that an emergency? Another week has gone by and there's still no functioning plan to reunite these families. Isn't that an emergency?

The harm and the trauma our own government is inflicting on these children is continuing and compounding every single day. There's no question that this is an emergency. I've often said that what you do to a child, and if it's negative, it probably lasts them for the rest of their lives. And it is not the deed, it's the memory that haunts them and harm them. And so we all know in our hearts that we need to address this, and we need to start treating it like the emergency that it is.

And, Mr. Chairman, I want to thank you for what you just said. This is a bipartisan issue, it should be. And we look forward to your response.

With that, I yield back.

Mr. MEADOWS. I thank the gentleman for his opening remarks.



I'm pleased to introduce our witness, the Honorable Margaret Weichert, deputy director for management at the Office of Management and Budget. Welcome.

And pursuant to committee rules, we'd ask that you would stand before you testify and please raise your right hand.

Do you solemnly swear or affirm that the testimony you're about to give will be the truth, the whole truth, and nothing but the truth, so help you God.

Ms. WEICHERT. I do.

Mr. MEADOWS. Thank you. You may be seated.

And please let the record reflect that the witness answered in the affirmative.

Obviously, in order to allow time for questions and answers, your oral testimony will be limited to 5 minutes. This is not your first rodeo, you get that. And the clock's there in front of you. And yet at the same time, your entire written statement will be made part of the record.

So you're now recognized for 5 minutes.

#### **WITNESS STATEMENT**

##### **STATEMENT OF MARGARET WEICHERT**

Ms. WEICHERT. Thank you.

Chairman Meadows, Ranking Member Cummings, and members of the committee, thank you for the opportunity to discuss the plan to reshape government in the 21st century.

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

Despite dramatic changes in technology, our Federal Government still operates much like it did 50 years ago. And it isn't well organized to provide the service and flexibility that Americans expect in the digital age. I cringe when I hear how inefficient it is to interact with Federal agencies.

Let me give you some examples. Jobseekers have to navigate more than 40 workforce development programs across 15 agencies. Poultry companies deal with multiple offices and time-consuming paperwork because chickens and eggs are regulated by different agencies. Environmental conservation for fish in our rivers are affected by regulations from four different organizations. And basic infrastructure development and maintenance projects for roads and ports face organizational complexity that can delay investments by years. This is not how Americans want government to operate.

As a result, in March 2017, the President issued Executive Order 13781 directing the Office of Management and Budget to work with key stakeholders and produce a comprehensive government reform plan to better meet the needs of the American people. This plan is part of a broader set of management improvement initiatives designed to balance executive branch mission, service, and stewardship responsibilities, while reducing duplication, risk, and inefficiency.

Concrete efforts to drive change were released in the President's Management Agenda in March 2018. The PMA is the administration's blueprint for aligning government IT, data, and the Federal workforce in the 21st century. Reorganization proposals build on this blueprint and are among the various tools we are using to modernize government.

Over the past year, OMB reviewed top-down and bottom-up reform and reorganization proposals from Federal agencies, the public, academics, interest groups, and Federal employees. The reform plan was also informed by years of research and recommendations from the Government Accountability Office, GAO, including the GAO high-risk lists and reports on government duplication and fragmentation. After synthesizing this information, OMB developed the recommendations included in the reform and reorganization plan released by the President in last week's Cabinet meeting.

Given the seriousness of this task and its potential for major impact to government missions and to our workforce, the OMB team worked with executive branch agencies on reform plan deliberation and predecisional analysis in phases. The initial phase covered data collection where agency input and 100,000 public comments were collected between June and December of last year.

The second phase focused on opportunities to reduce duplication and fragmentation and improve cross-agency efficiency. This worked through on GAO reports on risk, duplication, and inefficiency, as well as literature review from think tanks and good government groups, which is included on page 128 of the proposal. And that phase started in January 2018.

The final phase incorporated President's Management Agenda priorities that were used to prioritize proposals where mission, service, or stewardship might be improved via reorganization or restructuring. This final phase began after the PMA release in March.

A transformation of this scope will take time to implement. Some changes can be applied directly within agencies, while other more complex proposals may require action by the President or Congress.

Now that the plan has been issued, we are eager to engage in a constructive conversation with Congress on how to move forward together. We know that Congress shares our interest in driving positive reform. This committee in particular has dedicated considerable effort over the years to exposing duplication and inefficiency in government and exploring ways to improve government operations.

At times of great change, commitment to government of the people, by the people, and for the people is critical. As the U.S. faces the challenge of serving the diverse needs of our growing country, I look forward to working with all of you to ensure that the executive branch is well-organized to deal with 21st century realities.

Thank you again for inviting me here today. I look forward to your questions.

[Prepared statement of Ms. Weichert follows:]

**Testimony to House Oversight and Government Reform  
Committee**

**Margaret Weichert  
Deputy Director for Management  
Office of Management and Budget  
June 27, 2018**

**Reshaping American Government in the 21<sup>st</sup> Century**

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

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

Americans expect convenience, and use online shopping, mobile banking, and other modern solutions to make their lives simpler. So I cringe when I hear stories about how inefficient it is for Americans to interact with Federal agencies. This is not how Americans want government to operate.

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

And recently, while visiting Federal facilities in Kansas City, I learned firsthand how veterans struggle to navigate across the Department of Veterans Affairs and the Social Security office to figure out how to handle their medical and disability benefits.

This Administration recognizes these challenges and frustrations. As a result, in March 2017, President Trump issued an Executive Order 13781 directing the Office of Management and Budget (OMB) to work with key stakeholders to produce a comprehensive plan to reform and reorganize the Government to better meet the needs of the American people. This reorganization plan is intended to balance the mission, service, and stewardship responsibilities of the Executive Branch, while reducing inefficiency, risk, and duplication.

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

customer expectations and technology-enabled opportunities to enhance mission delivery.

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

Over the past year, OMB reviewed reform and reorganization proposals from Federal agencies and solicited ideas through the White House website, where we received suggestions from the public, academics, interest groups, and Federal employees. In fact over 106,000 public comments came in from Americans interested in seeing their Government work more efficiently, and we shared this important feedback with the relevant agencies to inform the ideas and proposals that they submitted to OMB. We also assessed the latest in cutting-edge organization design frameworks and recommendations from think tanks and leading business experts. After synthesizing this information, we developed reorganization and reform recommendations that were included in the Report released last week: [Delivering Government Solutions in the 21<sup>st</sup> Century: Reform Plan and Reorganization Recommendations](#).

Ultimately, the recommendations included in this report represent both "top down" and "bottom up" transformational proposals for near- and long term-changes. This approach balances the realities and challenges of making change happen to entrenched, outdated and bureaucratic processes, while signaling a new direction for the future. Many of the proposals included in the report draw on years of research and recommendations coming out of the Government Accountability Office (GAO), including the GAO High Risk Lists and reports on fragmentation and duplication within the Federal Government.

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

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

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

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

We have already seen similar transformations at the State and local levels. Cities like Pittsburgh, Reno, Kansas City, and Provo, and States like Georgia and North Carolina, are evolving from their industrial and agrarian roots to become beacons of digital and technological innovation.

At times of great change, commitment to “government of the people, by the people and for the people<sup>1</sup>,” is critical. As the United States faces the challenge of serving the diverse needs of our growing country, it is important to reexamine government services to ensure that the executive branch is well-aligned to 21<sup>st</sup> Century realities.

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

Thank you again for inviting me here today.

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<sup>1</sup> President Abraham Lincoln, Gettysburg Address, November 19, 1863.

Mr. FOXX. [Presiding.] Thank you very much, Ms. Weichert, for your statements, and we appreciate your being here.

I will in 1 second introduce members to ask their questions. But I want to a brief followup on what you have said. As I said when the reorganization was announced, the Federal Government is long overdue for a serious overhaul. The proposal to merge the Departments of Education and Labor is recognition of the clear relationship between education policy at every level and the needs of the growing American workforce. At the Committee on Education and Workforce, we make these connections in everything we do. I appreciate the administration's support for this idea, and I look forward to working with the administration on the proposal and how the new department could function to best serve American students, workers, job creators, and families.

I now would like to recognize Mr. Issa for 5 minutes of questions.

Mr. ISSA. Thank you, Madam Chair.

I'm delighted to see a real proposal. The last administration had asked us for authority, but never gave us any proposal. But having said that, I'd like to delve into a piece of history for a moment.

As you know, this committee in the past has held hearings to review the history of how you do a reorganization. And the gold standard appears to—try to make sure I can see you—the gold standard seems to be the history of the Hoover Commission. In that situation, in addition to many, many ideas that had bubbled up and were obviously on the forefront of the executive branch's mind, what they did was they did a lot of what you've just done, but they did it in a way in which Congress had to buy in along the way, along with the interest groups, and that allowed a commission that, through multiple Presidencies, continued to allow an evolution.

As you look at the short term and authority, why is it that we're not seeing, if you will, a sustaining body that would put this out in the public and at the same time bring Congress on a, if you will, a permanent basis into the process, rather than an approval and then see you later?

Ms. WEICHERT. So—

Mr. ISSA. And I mean no disrespect with the approval but see you later, but we do know how that works.

Ms. WEICHERT. So I appreciate the question. And we too looked at the history of reform in government and in the private sector and looked at various experiences, including experiences in the recent past where proposals basically got winnowed away in the public deliberation process before there was a rich and full dialogue. So much about the process that we engaged in was designed to ensure that we had some really meaty proposals to put out for public debate before engaging into more implementation oriented part of the change, which we know needs to happen in public.

Mr. ISSA. I appreciate that. I guess I'll go back and sort of restate the question, if you will. In the corporate world—and you mentioned that in the corporate world generally there are two kinds of reorganizations. There are ones that are evolutionary, for example, pulling up to the corporate headquarters, the IT functions as a service, something that's long overdue in the Federal Government. And this committee has seen, although we did empower CIOs, we



still have too many of them based on the legislation. But, you know, that's an example of one that is very limited. And the execution is everything, while the lines of code that it would take to authorize it are relatively few. And then you have things more like, let's say, General Electric, where they find that the organization itself is in doubt and they start with serious combinations, reductions, sales, et cetera.

You seem to be blending the two. In other words, the IT function broadly being under a consolidated authority, professionalizing it, and taking it out of, if you will, little fiefdoms that sometimes go all the way down to an agency of only a few million dollars of spending, is a shortcut that we could certainly understand you're bringing us a single proposal for. And I have to be honest, I didn't see that part of the proposal. But then the other side of it, which is recognizing that too many people report directly to the President, or to be more cynical, too many people try to get through the chief of staff to the President.

What are you going to do about that in this proposal? Because nothing I see here really says we have too many Cabinet positions and those Cabinet positions cannot possibly get the ear of the President or direct access to decisionmakers in some sort of a corollary to the private sector.

Ms. WEICHERT. So thanks for the question. You're exactly right that we did blend both what we learned from public sector reform initiatives in the past as well as in the private sector. And what really drove everything that we did here is the same thing that drove the work we did in the President's Management Agenda, which is looking at the intersection between mission, delivery, service to the American people, and stewardship of taxpayer resources. And it was where that sort of trio of things came into either conflict or in confluence that we really focused our activity. And I think the key thing to reiterate is there are many tools and many approaches. We tried—

Mr. ISSA. And lastly, in the few remaining seconds, if we were to have the authority to approve it here today, what would be your timeline which—in other words, how many years would you really envision to execute even the portions that you've already laid out?

Ms. WEICHERT. I'd say 3 to 5 years.

Mr. ISSA. Thank you. Thank you, Madam Chair.

Mr. FOXX. Thank you, Mr. Issa.

Mrs. Watson Coleman, you're recognized for 5 minutes.

Mrs. WATSON COLEMAN. Thank you, Madam Chairman. Thank you very much. And thank you very much for being here today and sharing this information with us.

Ms. Weichert, I've got a lot of questions about this reorganization plan. I'm really concerned about the impact of the proposals as it relates to active and retired employees and moving the function out of OPM and eliminating OPM. At some point, I'm going to need to have a discussion about how that happens and our role in that. I'm very concerned about protecting careerist employees. And I'm fearful that if that function in any way, shape, or form gets into the White House, we've got a real problem, given the White House's disdain for the workforce in the first place.

But I am the ranking member of the Homeland Security Subcommittee on Transportation and Protective Security. I have a major concern and it has to do with the vulnerabilities that are facing our surface transportation systems. The threat to public transportation systems has fully grown in recent years, culminating in an attempt of terrorist attack against New York City subway system just this last December. Unfortunately, the administration has responded to this growing threat by proposing drastic cuts to surface transportation security programs. And now you propose that Federal security responsibilities for these vulnerable systems be transferred back to the Department of Transportation, which failed to protect transportation systems on 9/11 and no longer maintains security expertise. You seem to envision an ever shrinking Federal role in protecting public transit, despite how critical these systems are to our national security.

What responsibility do you believe the Federal Government should have in protecting surface transportation systems?

Ms. WEICHERT. So thank you for the question, and there are a number of things in there. I'll start by saying that definitively and from a business standpoint on the first set of issues you raised around people in the workforce, the pragmatic and practical reality is any change that delivers on mission, service, and stewardship for the American people has to be delivered by the workforce we have. And we do not disdain that workforce; we applaud the work that that workforce does. And so I do look forward to engaging on that conversation.

As it relates to transportation, I'm not familiar with all of the back and forth components that happened prior to the latest proposal. What I can say was the goal of many of the proposals in here, including the transportation proposals, was to reduce fragmentation, duplication, and areas where the government was not having an integrated approach to serious issues as the ones you're mentioning.

Mrs. WATSON COLEMAN. So am I to assume that TSA weighed in on this discussion and agreed with the transfer of these functions into the Department of Transportation, and that the Department of Transportation weighed into this discussion and agreed that it would be capable of handling this additional responsibility when it hasn't had a like responsibility since after the transfers after 9/11?

Ms. WEICHERT. So the Department of Transportation absolutely weighed in on the proposals. And basically, the conversation looked at what would need to be done to align from an organizational standpoint to reduce communication and efficiencies, to reduce overlapping resource or fragmentation, diffuse resources so that we could put the bulk of the money towards the mission.

Mrs. WATSON COLEMAN. Well, part of the problem then is that with regard to surface transportation issues, the administration has consistently proposed to cut those things. And now it's to move them into a department that doesn't seem to have as its primary function that issue. And you didn't say whether or not TSA had any input in this, you simply said that the DOT did.

I'm wondering, is there a thought that the creation of the Department of Homeland Security was not a good idea?

Ms. WEICHERT. There's no thought that that was not a good idea.

Mrs. WATSON COLEMAN. Do you believe that State and local authorities have the necessary resources to protect public transportation systems without significant government—Federal Government support?

Ms. WEICHERT. So the issue in the proposal was really about coordination of effort, and so it's not the only tool, as you're clearly indicating. Money is another important tool that helps align us to the needs of the mission. What this proposal was trying to do was look at structural impediments that were organizational in nature that made it difficult to steward resources in a way that provided the best service.

Mrs. WATSON COLEMAN. Thank you. If the transportation security responsibilities were split across the multiple departments, how would the Federal Government effectively protect against and respond to attacks affecting multiple modes? And who would direct those Federal efforts in such an attack?

Ms. WEICHERT. So the specifics around how we actually implement these proposals, again, back to the earlier comment. What we wanted to put out was a framework, a set of principles, and an orientation that was informed by leading practices around how do we structure government in the 21st century. We believe now it's the time for experts like yourself and others who care deeply about the issues to help articulate a path forward.

Mrs. WATSON COLEMAN. Thank you. I'm out of time.

I yield back.

Mr. FOXX. Thank you, Mrs. Watson Coleman.

Mr. Comer, you're recognized for 5 minutes.

Mr. COMER. Thank you, Madam Chairman.

And welcome to the committee today. I think I for one am strongly in favor of reorganizing the government. The two things that I support strongly from an ideological standpoint with respect to government is to reduce the size of government and the bureaucracy, as well as cut wasteful spending.

So my questions are, first of all, is this reorganization plan, is it an actual downsizing of government?

Ms. WEICHERT. So I think it's a great question. The initial look at the data around how do we deliver the mission in the 21st century looked at what are we doing? What does the American people expect the government to do? And where are we doing it well and where do we have challenges? Much like in business, looking at the gap analysis.

What we do not actually have is a problem of too many Federal employees. So when we did the analysis, something like 60 percent of our existing Federal workforce is eligible to retire within 10 years, 40 percent within 3 years. So what we don't have is a challenge of too many Federal workers to deliver the mission. What we do have is a skills alignment challenge and opportunity.

Mr. COMER. So is reducing the Federal workforce, is that a purpose of the reorganization?

Ms. WEICHERT. It is—it is not the purpose of the reorganization. It may be a byproduct in certain areas, but it's actually a major priority to look at the workers we already have who have passed background checks, who are committed to the missions, and look

at how we might redeploy them to the areas we can't hire enough people.

Mr. COMER. Would you say that one of the goals of this reorganization is to actually save money?

Ms. WEICHERT. Absolutely.

Mr. COMER. Shifting gears, I want to ask some questions about the nutrition assistance programs, the welfare programs. I'm a member of the Agriculture Committee. This has obviously been a big topic of discussion as we squeaked a farm bill through the House last week.

With respect to the consolidation of nutrition assistance programs from the Department of Ag's Food and Nutrition Service into the renamed Department of Health and Public Welfare, this action would require congressional approval, correct?

Ms. WEICHERT. Absolutely.

Mr. COMER. What is the proposed timeline for stating the purpose of obtaining statutory authority here?

Ms. WEICHERT. So this would be something we'd want to work with Congress on determining. The rationale for this proposal is really to make it easier for the States who actually administer the cash or near cash aid, who typically administer it out of one function, to make it more streamline so that more of our money actually goes to the needy families and isn't wasted on bureaucracy. I think the timeline and all the issues need to be hashed out with the key players.

Mr. COMER. Okay. Could you explain the benefits to taxpayers and those needing assistance from the government of the consolidation of nutrition assistance programs with other welfare programs?

Ms. WEICHERT. Sure thing. So conflicting and confusing eligibility requirements actually make it difficult for people who are in need of assistance to navigate what the requirements are, and make it also difficult for the States who are supporting that to help their constituents, their clients get the need—need-based aid that they need. It also may—the conflicting eligibility requirements may make it more vulnerable to fraud and abuse of that system.

So the belief is that if we take a customer-centric approach, both in terms of how we deliver the money to the States as well as how the States interact with their clients, the needy families, this should streamline it and make it easier.

Mr. COMER. Great. Sounds good. Look forward to working with the administration as we move forward with this reorganization.

Last question, this is a big question. When you're looking at reorganizing the Postal Service, has privatization come up? Is that the direction that you think you're going to propose to head in? Or what's the status of privatization of the Postal Service?

Ms. WEICHERT. So privatization is definitely a vision for the longer term and a framework that could be looked at. I think in all scenarios, both in the proposals that this body has agreed to as well as the task force that the President has pulled together, the near-term has to be about economic sort of improvement in the Postal Service, because you couldn't privatize an entity that has the level of liabilities and economic challenge that the existing Postal Service does.

Mr. COMER. Great. Thank you very much.

And I yield back, Madam Chairman.

Ms. WEICHERT. Thank you.

Mr. FOXX. Ms. Norton, you're recognized for 5 minutes.

Ms. NORTON. Yes. Ms. Weichert, looking at the proposals, one appears to dismantle the OPM's government personnel office. Now, that office was established by the Civil Service Reform Act of 1978. Note the word "civil service" in that Act. But the proposal appears to remove OPM's retirement, healthcare, and H.R. Servicing functions to the Government Services Administration, the GSA. It then renames the GSA the Government Services Agency. That is correct?

Ms. WEICHERT. That is correct.

Ms. NORTON. The policy function of OPM that ensures that we have a merit-based, nonpartisan civil service system, as I understand it from the plan, is going to be subsumed in the Executive Office of the President?

Ms. WEICHERT. So it would move and be elevated to the Executive Office of the President.

Ms. NORTON. Why is that an elevation?

Ms. WEICHERT. So in most companies that have a human centric and employee centric strategic human capital function, having that function, having a chief human capital officer who is close to the executive and close to where prioritization and decisions are made is critical. And that the key element in this proposal is, since that initial 1978 change and the establishment of OPM with great merit system principles and great civil service reform ideas, we have not delivered against those merit system principles. By the data from the employees themselves in the Federal Employee Viewpoint Survey, our civil servants do not believe we are keeping up with merit. They don't believe that promotions are based on merit. They don't believe awards depend on merit. They don't believe that—

Ms. NORTON. I certainly don't know what putting part of the HR office in the executive office of the President would speak to those concerns of employees. That's not the—that is not the opinion of your own executive, Linda Springer, a former senior adviser in your office who has helped launched the administration's reorganization effort. And she's a former OPM director in the Bush administration, has warned that this change is, and here I'm quoting her, very troubling. She believes that a central personnel office is necessary.

According to her, an independent central personnel office is needed because—again, I think I should quote her—because of the fire-wall between the agency and political personnel at the White House as it relates to personnel practices, particularly hiring and other actions, to be sure the oversight for compliance for merit systems principles is handled independently. And that comes from a—that comes from a functionary senior adviser in your own office from the Bush administration.

Ms. WEICHERT. So one of things that's a real challenge about any reorganization is the people who have grown up within an organization are rarely able to fundamentally change it. And so it's important to look at data and facts. And one of the things we did look at is across the OECD countries that are relevant and similar to the United States, only one had an organizational construct for

people that was comparable to OPM, and that was France, which is not known to be a bastion of bureaucratic efficiency. Every other major comparable country in the OECD had a function while they still had civil service principals. And in some cases, they might have had something like the Merit System Board that we have as separate. But in each case, the—having it close to where decisions are made about budget and policy priority helped ensure that mission, service, and stewardship were aligned with the workforce issues.

Ms. NORTON. I yield back. But I have to note that you're having it very close to where political decisions are made and that firewall seems to disappear. Thank you.

Mr. FOXX. Thank you, Ms. Norton.

The chair notes the presence of our colleague Congressman Bobby Scott of Virginia. We appreciate your interest in this topic and welcome your participation today.

I ask unanimous consent Congressman Scott be allowed to fully participate in today's hearing.

Without objection, so ordered.

Mr. Russell, you're recognized for 5 minutes.

Mr. RUSSELL. Thank you, Madam Chair. And thank you, Ms. Weichert, for coming here today.

While I support the administration's dedication to improving efficiency and streamlining government bureaucracy, the proposal to spinoff Federal responsibility and congressional oversight for operating our air traffic control functions as written in the reform plan is inconsistent with that goal by putting national security, safety, accessibility, and efficiency of our national airspace in jeopardy.

The reform plan states that privatizing air traffic control operations would reduce transportation fragmentation across government. This fragmentation refers to the vital relationship between the FAA and Department of Defense to protect the national airspace in tandem by sharing airspace, training systems, assets, equipment, and information. This is made possible by their mutual status as Federal agencies within the Federal Government.

By divorcing ATC functions from the government and thus Department of Defense, each shared interest would be subjected to a yet unknown established process of coordination, which could leave our Nation vulnerable to cybersecurity and physical attack. It would also create a potential multibillion dollar unfunded liability for Department of Defense to update its own systems in coordination with these new processes.

Instead of reducing fragmentation, air traffic control privatization compromises the interoperability the Department of Defense and other agencies such as the FBI, Homeland Security, the DEA, and our intelligence services currently enjoy. Instead of jointly developing the technologies of spectrum vital to our national security, privatization of ATC separates and complicates them. Furthermore, past proposals have also diminished the powers of the President and reduced his vital oversight, as well as Congress', to protect the national security of our airspace against nefarious cyber actors in times of national duress such as the 9/11 terrorist attack. Instead of the President, the FAA, and the military being able to rapidly make decisions, such as September 2001, the emergency would first

have to navigate its way through a private board, something that is not only unrealistic, but dangerous.

The proposal to streamline Department of Transportation by privatizing ATC functions is intended to better enable our aviation system to respond to consumer needs and modernized services. And while we embrace modernization efforts to improve cost efficiency, the lengthy process of privatizing would be counterproductive to those ends, especially given that modernization under NextGen is well on track. Instead, it would result in industry uncertainty, significant cost to the Federal Government, and a slower pace for NextGen implementation.

FAA administrator and NextGen chairman Ed Bolton warned that such a transition could take 7 years and handle the billions of dollars of taxpayer paid for infrastructure to a private entity, while industry would be unable to update technology and procedures. The aviation industry cannot afford to lose time and resources in these indirect efforts. They would much better be served in investing these years and dollars directly into an already unfolding and modernizing NextGen implementation.

While language in the reform plan advocates privatized ATC systems such as those in Canada and other places, it is important to note that there can be no comparison with the 88,000 flights a day in the United States to those of 9,000 in Canada, most of which originate or terminate in the United States, handled by our system, or even the 35,000 in Europe, when combined with Canada, don't even equal half of U.S. air traffic.

The U.S. airspace is not only the largest, busiest, and most complex in the world; it is also the safest and most accessible. This is in large part due to the public structure of the system, including its accountability to this Congress and the FAA and its mission to provide reliable air traffic services to a wide range of users and communities across our Nation. For these reasons, Congress has recently, historically, and repeatedly rejected legislative efforts to privatize our Nation's air traffic control systems.

Language for privatization in the 21st Century AIRR Act held up FAA reauthorization for over a year in the House, and it faced stiff bipartisan opposition in both the House and the Senate. Any further attempt at ATC privatization would be redundant and a waste of legislative efforts, and also reduces the very powers of the President that the President is trying to reform.

While we appreciate and support reorganization as an opportunity for much needed government reform, we will continue to oppose any attempt to those advocates and allies of this system to privatize it in the United States. For this fundamental reason, our national airspace belongs to we the people and not a private company.

And, Madam Chairman, I yield back my time.

Mr. FOXX. Thank you Mr. Russell.

Mr. Lynch, you're recognized for 5 minutes.

Mr. LYNCH. Thank you very much, Madam Chair. And, Ms. Weichert, thank you for appearing before this committee to help us with our work.

I had a chance to read through the Trump administration reorganization plan, and it says here at page 124, it says that the overall

goal of the reform is to enhance our global presence and policy processes and to serve the goal of ensuring the most efficient allocation of personnel consistent with the best U.S. interest around the world.

Am I reading that correctly?

Ms. WEICHERT. I can't see what you're reading, but I'm guessing it's right.

Mr. LYNCH. Yeah, all right. Okay. I'll actually ask to submit it for the record.

Mr. FOXX. Without objection.

Mr. LYNCH. Okay.

You realize we don't have an ambassador in Albania. Would that be consistent with an enhanced global presence?

Ms. WEICHERT. I was not aware of that.

Mr. LYNCH. Okay. We don't have one in Australia either. We don't have one in Azerbaijan. We—and I'm talking about we don't have an ambassador and we don't have anybody nominated. So here's the President out here trying to reorganize the government, and we don't have anybody in, as I said, Albania, Australia, Azerbaijan, Belarus, Belize, Bolivia, Central African Republic, Ivory Coast, and Cuba. No ambassador, no one nominated. So it's not like we're slowing the nominations down; no nominations have been made. So, obviously, we can't confirm someone because the President has not offered a nominee.

We don't—I was in—Mr. Issa and I were in Egypt about 10 days ago, a couple of weeks ago, I guess. We don't have an ambassador in Egypt, an incredibly critical post in the Middle East, an important ally at times with Israel. They've got an insurgency on the ground in the Sinai. We've got troops there. We've had them there since 1973, believe it or not.

And, you know, there are also some outlying human rights issues that we raised with President Abdel Fattah el-Sisi a couple of weeks ago as well, but we have no ambassador, and that's problematic.

We don't have an ambassador in Eritrea, Georgia, Honduras. We've got major problems on our border involving many Honduran refugees, and yet we don't have anybody on the ground in Tegucigalpa that could articulate our policies. And again, no nominees in any of these countries.

We don't have anybody in Iceland, Ireland, Jordan. Mr. Issa and I visited with King Abdullah last week. Forty percent of his population are refugees. He's trying to do the right thing by Iraqi refugees, Syrian refugees. He's a great—we do not have a better ally in the region, ourselves and Israel, than Jordan. They are with us in the fight against ISIS. They are doing their work. We have no one on the ground. We don't have anybody representing this government as an ambassador to Jordan. Hugely problematic.

Libya. Growing concerns about ISIS regenerating in that country. We have no ambassador.

Mexico. You think we would have an ambassador to Mexico. We do not. The President has not nominated anyone, and we've got major problems on the Mexican border. I don't have to go over that with you.



Mongolia. OECD, you mentioned OECD, we don't have a designee to OECD, the Organisation for Economic Co-operation and Development. Hugely important.

Panama. No ambassador. No one nominated. Qatar. Another huge problem in our Middle East policy. We don't have anybody on the ground there. Saudi Arabia. You think we might have an ambassador to Saudi Arabia? No one nominated, no one appointed. Seat is empty. Singapore. Somalia, Al Shabaab is on the way back. We have nobody on the ground in Somalia. South Africa, Sudan, no one in Khartoum. Sweden, Syria, obvious problems. Tajikistan, major problem for the folks—for our troops on the ground in Afghanistan. There's a foreign fighter path. Tanzania, Turkey. Again, I was there a couple of weeks ago. Critical post in the region, straddles Europe and Asia. Huge problems going on right now. No one on the ground there. In Venezuela.

So this plan, rather than going out and trying to privatize the post office, how about the President do his job? Nominate people for these countries. Get us on the ground. The President's proposal last year was to cut State Department by 30 percent, and this year, to cut them by 22 percent. We need to do our job on the ground.

We—you know, we had a group of 50 generals that signed on to a letter to express how important it is for the military to have good diplomatic people on the ground so that we don't put our men and women in uniform on the battlefield. We can avert that by having good strong diplomacy on the part of the State Department.

Mr. FOXX. Mr. Lynch, your time has expired.

Mr. LYNCH. Madam Chair, you have been indulgent, and I really appreciate that. And I do yield back my time and I thank you.

Mr. FOXX. Thank you.

Mr. Mitchell, you are recognized for 5 minutes.

Mr. MITCHELL. Thank you, Madam Chair. Thank you, Ms. Weichert for being here.

In contrast to what's happened a little bit here, I will endeavor not to do a 5 minute and 30 second floor speech.

A couple of comments on my colleague about FAA and air traffic control. I support what the administration is trying to do, support it as we looked at the FAA bill. There's some differences of opinion, clearly.

The Defense Department weighed in and said there weren't concerns with the national airspace. In fact, Secretary Mattis personally made phone calls to Members about that issue. So I'm confused as to where some of my colleagues think somehow we're going to give up our airspace to foreign entities.

There's discussion about NextGen being well under track. Well, in fact, we spent billions of dollars, yet they can't give us a date when NextGen will be put in place. We put additional accountability measures in the bill of the FAA reauthorization from the House to in fact insist we get a better idea when that's going to happen, the cost of not doing that. So I will support, if we don't get NextGen in place, we don't update our air traffic control system which, in fact, is archaic, we'll make another pass by and privatize the air traffic control, whether all of my colleagues are happy with that or not.

Let me shift, if I can. I spent 35 years in workforce development and post-secondary ed. So your proposal on combining education and workforce is intriguing to me. Give me an example, I'm curious have you looked at it. As we looked at workforce programs in the country, there's administrative costs at the Federal level, both the national office and regional office. There's administrative costs to the State, both the agency administering it as well as their management and budget unit, which also charged what was called indirect costs. Then you had the local agency has an admin rate, and then the service provider has administrative costs.

As you looked at this, did you estimate what the total administrative cost currently being incurred by those programs was?

Ms. WEICHERT. So thank you for the question. We definitely looked at duplication and overlap, and where estimates had already been done by others such as the Government Accountability Office, we took those into consideration.

As I have said before, the goal of this proposal was not to actually size the costs and benefits but put out a framework. What I can say is the fragmentation in workforce development was stunning. So 40 programs—and actually there is a lot of debate about that. So I heard the number 40. I have heard the number 46. I have heard the number 47. We can confirm 40 in OMB, but we know the number might be higher.

Mr. MITCHELL. Let me give you an estimate of that. I have done it for a variety of programs. We operated a lot of those programs. About 30 percent of the total money that we authorized in Federal funds goes to administrative costs before it delivers services to any individual that needs those services, be it a laid off auto worker, whatever you want to call it.

Ms. WEICHERT. Right.

Mr. MITCHELL. Thirty percent of the money. I guess I agree with what you are trying to do here in terms consolidating and reduce the fragmentation, but the important thing to the taxpayer and people that need services is actually put more money of what we authorize the taxpayers pay directly delivering services.

So what is your thoughts on the next step in terms of how it is we do that and limit the administrative costs that chew up so much of these budgets?

Ms. WEICHERT. So, I think it is a great point, and this is obviously one that has generated a lot of interest. I think what the chairwoman indicated in her remarks is really important. Congress and the House, in particular, already thinks about education and labor in an integrated way, and I think this is a great place to start that dialogue and actually frame out, you know, what would a timeline that would be appropriate, what would the way to start forward, and to your point, what are the metrics that we are really focused on.

I mentioned earlier, you know, what drove this was mission, service, stewardship. In this context I'd want to have metrics around the mission of training people, are we actually effectively training people for the jobs that we have versus jobs of the past.

Mr. MITCHELL. Well, for example, I mean, some of these programs, which, in fact, do duplicate. I have been involved with them again. You can grant them as block grants to the State and reduce

a great deal of the Federal bureaucracy in terms of allegedly delivering the programs.

They don't deliver a service. They theoretically make sure that you are delivering it in a way they want to.

Ms. WEICHERT. Right.

Mr. MITCHELL. We could block grant it to the State. We could further limit administrative costs to the State and local service providers. So I think the right direction you are going is correct, but we need to be aggressive about that administrative cost because it is a huge burden.

Ms. WEICHERT. Yeah, and I think it is a great point. And from this point forward, we put out kind of the principles, but the experts, the people who really live and breathe this can help us frame, you know, the—both the desired metrics as well as metrics that we would be worried about unintended consequences, that we have to ensure as we are making change happen, we don't inadvertently do some harm, and that would be something, again, we would like to engage in dialogue on.

Mr. MITCHELL. I appreciate your time, and I yield back. Thank you, Madam Chair.

Ms. FOXX. Thank you, Mr. Mitchell.

Mr. CUMMINGS, you are recognized for 5 minutes.

Mr. CUMMINGS. Thank you very much. Ms. Weichert, first of all, I want to thank you for meeting with me on yesterday. And as I said to you then, one of my main—major concerns is that this is not just an effort to do more harm to Federal employees. I think they have given over and over again. Whenever folk want to get extra money for something or they need some, they go after Federal employees, and it concerns me greatly.

I want to go and talk about this retraining, but before I do that, I want to go to something that Mr. Lynch talked about.

You got all these vacancies in the ambassadorships and people not even nominated. It seems like this is—there is some homework we need to do before we even get to where you are. We are not—we are not even functioning competently right now. You follow what I am saying? Are you there?

Ms. WEICHERT. So the—

Mr. CUMMINGS. You have this blank look on your face.

Ms. WEICHERT. Yeah. So I appreciate the comments, both of Mr. Lynch and what you are saying about nominations.

Mr. CUMMINGS. Yeah.

Ms. WEICHERT. None of the proposals that we looked at were specifically dealing with that element, so all of the places we looked at programs, we were looking at fundamentally structural challenges to achieving mission, service, and stewardship.

Mr. CUMMINGS. One thing we talked about yesterday was the whole idea that in the next 10 years, I think you told me, a large percentage of our Federal employees will be retirement eligible. Is that right?

Ms. WEICHERT. Correct.

Mr. CUMMINGS. What was that percentage?

Ms. WEICHERT. Sixty percent.

Mr. CUMMINGS. That is a lot.

Ms. WEICHERT. That is a lot.

Mr. CUMMINGS. You also said that we don't—you have got a good group of people, the Federal employees, but sometimes you need to kind of find a way to make sure their skills match up with the jobs that are available.

Ms. WEICHERT. Correct.

Mr. CUMMINGS. How do you plan to do that?

Ms. WEICHERT. So there are a number of proposals in here. One of the key areas is really elevating the OPM function to focus on the strategic elements of the mission.

So, today—and this is really the kernel of the proposal. Today, most of the people in OPM are effectively doing transaction processing related to HR paperwork. They are not thinking about the strategic issues that you and I discussed. They are not thinking about skill set mismatches between, you know, the skills that were put in the GS schedule back in 1949 and what we need today.

We don't have the resources, given the way that organization has to function, because it is dealing with all this administrative overhead. So the first thing we want to do is elevate the strategic functions of OPM to stay focused on merit systems principles in the 21st century and how we actually execute that.

There are a couple of other proposals in there that I think are critical. There is one that probably has gotten almost no attention, but it is something called, "The Government Effectiveness Advanced Research Center," something that we would like to propose that would invite academics, public sector, and private sector individuals to share ideas about things like retraining and retooling.

And fundamental issues that affect Americans broadly around as we automate more functions around paperwork processing, how do we redeploy those same people, those valuable workers to the highest and best use in government serving people, reducing backlogs, and doing jobs like cybersecurity, data science, and other things that add value.

Mr. CUMMINGS. Now, you—the entire world has witnessed this administration's inhumane treatment of children. So when you testify about the Trump administration's plan that would remove children's aid programs from their traditional department, people are right to question the true motives. I think Ms. Norton was referring to that.

President Trump's plan would move the supplemental nutrition assistance program and the women's, infants, and children program out of the Department of Agriculture where they have been administered, helping millions of children and low-income parents for decades.

The administration says that this disruption would benefit the country, but I think we need to see more than empty promises. Has the administration conducted a cost-benefit analysis for this particular proposal?

Ms. WEICHERT. So as I indicated earlier, the proposals were meant to look for ways that we could better serve the communities that we are trying to help and that the implementation phase would look at cost benefits.

Mr. CUMMINGS. One last question. The postal service. This is something that we, as I said earlier on this committee, worked very

hard on for years. We finally came up with a proposal where all the stakeholders were in pretty much agreement.

Have you taken a look at that? I mean, because it seems that it solves a lot of the problems, and now we hear that you want to privatize the postal system. So, I mean—

Ms. WEICHERT. So we are definitely aware and appreciative of the work that this committee has done. And as you and I discussed yesterday, having a bipartisan perspective is welcome, and it is something that the team that is working on this issue is definitely taking into account.

Mr. CUMMINGS. Thank you very much.

Ms. FOXX. Thank you, Mr. Cummings.

Mr. Walker, you are recognized for 5 minutes.

Mr. WALKER. Thank you, Madam Chairman. Ms. Weichert, under the proposed reorganization plan, the administration has decided to combine the Department of Education and Labor. I think many of us commend that effort.

Are there any other agencies that the administration looked at combining or even completely eliminating?

Ms. WEICHERT. So the analysis—and I would encourage—this is a shameless plug, but I would encourage folks to look at not just the proposals themselves but also the framing of them. It shows how we actually looked at the mission, service, and stewardship.

So we focused on areas where there were challenges in, first and foremost, delivering the mission that the people expect of us. I think another proposal that I would mention—so the Army Corps civil works component was another area where the civilian work of the Army Corps, which is about 22 percent of the total work that that group does, is very complex, very bureaucratic, and has a lot of problems with mission delivery, which is why we proposed reducing the number of agencies involved in some of those projects from three to two. It wouldn't eliminate Army Corps for Defense purposes, but it would get it out of the business of civil works.

Mr. WALKER. Sure. Okay. Under the reorganization plan, I believe also the administration has suggested the postal service, which was just discussed, could be at least partially or maybe even fully privatized. Can we unpack that a little bit more. When it comes to the administration, how they reached the conclusion that the postal service needs to be at least drastically restructured?

Ms. WEICHERT. So I think the simple facts—you know, if we look at what we want the postal service to do, it has got three main roles: universal service for Americans that was outlined a very long time ago in the Constitution; we want to take care of the postal service employees; and we want to ensure that it is economically solvent.

In the last two categories, economic issues and really, you know, change in the economic model for the postal service, and particularly the drop in first class mail has fundamentally affected our ability to meet our liabilities for employee benefits as well as to be economically viable as an independent agency.

Mr. WALKER. Sure. Do you see a moment or a time where the historical average would be followed when it comes to the price of First Class mail? Is that part of your discussion?

Ms. WEICHERT. So I have not been in the details of this particular proposal, and as I said earlier, we invite the experts who are deeply steeped in these issues to be involved. But what I can say is, you know, the driving force behind, I think, all of these activities, the work done in this body, the work of the task force, and then the proposal for the long-term potential privatization all have in mind the fact that the current economic situation—and you know, \$100 billion in unfunded liability, 6 years of default, that is unsustainable, and we still have an obligation to serve, you know, the core—the core ethos of that.

Mr. WALKER. Well, thank you. I don't—Ms. Weichert, I don't consider that a shameless plug on your behalf. I think it was Yogi Berra that said: It ain't bragging if you have really done it.

So keep up the good work. With that, I yield back, Madam Chairman.

Ms. WEICHERT. Thank you.

Mr. CONNOLLY. Would my friend yield before he yields back?

Mr. WALKER. In theory, yes.

Mr. CONNOLLY. I was just going to suggest to my friend that one of the things Ms. Weichert did not talk about in response to your question about the postal service was, of course, the onerous prepayment requirement that Congress put on the postal service in 2006 in lame duck, which has cost the postal service billions of dollars, and that needs to be addressed. This committee, as you know, Mr. Walker, has addressed that unanimously.

Mr. WALKER. Yes.

Mr. CONNOLLY. I would love to see the administration at least acknowledge that that is a major problem.

Thank you for yielding.

Mr. WALKER. Of course. And since I have a couple of seconds of my time left, Ms. Weichert, would you like to touch on that at all before I officially yield back?

Ms. WEICHERT. Unfortunately, I don't have the context to have an informed response.

Mr. WALKER. Fair enough. Yes. I don't want to put you on the spot without more information. Thank you, and with that, Chairwoman.

Ms. FOXX. The gentleman yields back.

Ms. LAWRENCE, you are recognized for 5 minutes.

Mrs. LAWRENCE. Thank you. Ms. Weichert, can you tell me—other agencies had the opportunity to submit reorganization plans with their own prospectives. Did you offer this opportunity to the Postal Service?

Ms. WEICHERT. I don't know the answer to that question.

Mrs. LAWRENCE. Do you have, in your possession, a reorganization plan from the Postal Service?

Ms. WEICHERT. I do not.

Mrs. LAWRENCE. Do you know why not?

Ms. WEICHERT. I do not.

Mrs. LAWRENCE. Did OMB consult the Postal Service at any point in the process of creating such a plan, or did your task force at any time even ask for it?

Again, you don't know.

Ms. WEICHERT. I don't know.

Mrs. LAWRENCE. So how did you come up with this recommendation or plan on privatizing the Postal Service, keeping in mind that the Postal Service does not fund itself with taxpayer's dollars. It funds itself based on the sale of their products. In addition to that, it operates under a directive of the Constitution.

So how did you come up with a plan to privatize it when you have not engaged the organization? And could I add to that, when you are talking about reorganization, I am looking at the members of the task force who are political appointees. Have you had a forensic audit of tasks and desk audits of these departments so that when you—this is a very severe recommendation. It is very high level. To say I am going to privatize it and then actually put it on the selling block for the highest bidder is what I am reading into this proposal, and you have not even engaged the organization, but you have political appointees who have sat at a table, and, to me, I will be honest, looks like a political just throw it up against the wall, we should privatize it when you haven't, to me, addressed the constitutional responsibility as saying that there is economic challenges when the Postal Service pays its own bills because they do not use taxpayer dollars.

So you are putting apples and oranges together, and I am very, very concerned that a recommendation of privatization, not reorganization, but privatization is something that this task force to—and I am not seeing the expertise or the due diligence to even get to that point. I am extremely concerned.

You are saying all the right words. I am very impressed with your presentation. You obviously understand a lot, but right here in this lane, you are lacking a lot that for me to have you to sit here and say privatize, to sell it off when this body has been working for years to come up with a bipartisan plan—bipartisan—because we are trying to service the country based on our constitutional requirement. I need you to say something other than “I don't know.”

Ms. WEICHERT. So I appreciate the passion and the commitment to the topic. On this particular proposal, it very much was looking at the long term with the understanding that there were a number of players looking at the near term issues. And, again, every proposal that made it in here was looking at a combination of are we achieving the mission, the service, and the stewardship responsibilities. And the notion of an independent organization that is meant to be self-funded but that has \$100 billion in unfunded liabilities—

Mrs. LAWRENCE. And part of that is because of what we did. We put legislation together to address that, because we are on all this body, who has the constitutional responsibility as well, based on our oath, we have pushed that forward.

How in the world did you get from saying we want to be economically feasible to selling it to the highest bidder and to privatize it? I just don't understand that leap, unless it is purely political.

Ms. WEICHERT. I wouldn't say it is purely political. What I would say—and again, in the front of the volume, we looked at what are those things that are fundamental to the mission, service, stewardship component.

Mrs. LAWRENCE. So why wasn't reorganization even put on the table?

Ms. WEICHERT. So the external analysis and looking at other proposals, including how other countries have looked at this, definitely fed into that, but what I would say is—

Mrs. LAWRENCE. But I just want to interrupt you. You looked at other countries, but you did not talk to the organization that you are talking about privatizing. Something seems wrong with that, that you would sit in a room and look at other international post companies, organizations, and make a recommendation of privatizing and sell it without even doing your due diligence for what we do in America and looking at the forensic operations, to look at where are the cost deficiencies.

I am very concerned that this is not appropriate. My time is up, so I am going to close with this. This body, who has the legislative responsibility based on the people who voted us here, I would hope every single one of us will stand up and have the political courage to say we must meet those economic responsibilities.

Ms. FOXX. The gentlewoman's time has expired.

Mrs. LAWRENCE. And we will continue to do that—

Ms. FOXX. The gentlewoman's time has expired.

Mrs. LAWRENCE. —but this is not professional and it looks political and unacceptable.

I yield back.

Ms. FOXX. The gentlewoman's time has expired.

Mrs. LAWRENCE. I yield back.

Ms. FOXX. The gentlewoman's time has expired.

Mr. GROTHMAN, you are recognized for 5 minutes.

Mr. GROTHMAN. Thank you for being here, and I will point out, the post office is in the Constitution. I think it is important for everybody to realize what is in the Constitution and also important for everybody to realize what is not in the Constitution and the Federal Government is forbidden to do. And it is important to bring that up as well.

Thank you for the proposals. I mean, I think it is a good thing to try to look at what we can do to make the government more efficient, and I think when too many different agencies have things, you know, one hand not know what the other is doing, you result in spending too much money and having perverse effects.

One of the things you want to do is you want to combine the nutrition assistance programs with other welfare programs. Could you explain the benefits of that?

Ms. WEICHERT. So I think that the primary issue actually looks at the delivery and the service component.

Mr. GROTHMAN. Right.

Ms. WEICHERT. So States administer both the temporary assistance for needy families, as well as the SNAP and the WIC programs essentially to largely the same group of people, and they tend to have one organization that does that administration, but when they deal with the Federal Government, they have to deal with confusing, overlapping, sometimes conflicting requirements that add to their overhead and basically reduce the amount of money of the whole pool that actually goes to the needy families.



Mr. GROTHMAN. It is good. You know, one of the things that I am interested in and one of the reasons I ran for this job is you add up the public benefits, all the different things: income tax credit, the SNAP, the low-income housing, the TANF, you wind up with really big numbers that discourage people from working and discourage people from getting married as well.

Do you think that by trying to put everything under one roof we do a better job of seeing, quite frankly, how much is available out there if you don't try to work as hard as you can?

Ms. WEICHERT. So I think that the key thing from this proposal was really in taking a great view of some of the best in serving communities that are at risk. When you look at how charities are judged and measured, they are measured by how much of the actual benefit goes directly to the cause, and then, you know, the charities that have the best performance have the least amount of overhead. That is really where I think we should be judged.

Mr. GROTHMAN. You feel we are spending a lot of money on poverty and a lot of that money is going to government employees who are administering the programs?

Ms. WEICHERT. I absolutely think that we have excessive administrative overhead that would be better served actually bringing that money to the people that are targeted for it.

Mr. GROTHMAN. I will give you a question, and you can think about this. It is a conversation I once had with a person high up in the administration. It was not the President.

Do you feel we would be better off just taking a block amount of money and giving it to the States and saying: Here, you deal with the low-income housing, you deal with the nutrition, you deal with the educational requirements, and we are out of here all together, because when you look at the overall amount of money spent per person in poverty, it is just shockingly high.

The average person would be happy to live off that, and of course, a lot of that is not trickling down to the people if poverty. It is going to the bureaucracy. But could you see the day come when the administration would just say: Here is X amount of dollars per person in poverty in your State today. You deal with it?

Ms. WEICHERT. So I haven't done the full analysis to be able to get to that conclusion. What I would say is that would be part of the dialogue that I think we should have. Certainly there are governors and State and local authorities who would welcome that. And I think, you know, as many Members of this body have indicated, when we get to the implementation phase, we have to look at the costs and benefits, but I think it is certainly something we would want to look at.

Mr. GROTHMAN. I would encourage you to do that. I came here with all sorts of ideas how to run these programs, but over time, I realize that Congress is incapable of doing what they should do in these programs, and maybe if you just said: We will give the State of Wisconsin \$20,000 a year for every person in poverty, we would be ahead of the game and just clear the decks here in Washington.

With regard to the merger of Education and Labor, is there a reason why we didn't include something in there a little bit more like commerce to kind of change the mentality and realize that our

goal here is to help commerce and not get in its way? Is that something you would ever think about adding to the mix?

Ms. WEICHERT. I am sorry. I didn't understand the question.

Mr. GROTHMAN. Would you ever consider adding commerce or economic development, that type of thing, in the mix maybe to try to change the mentality in the departments of education and labor?

Ms. WEICHERT. So I think it is a great question. What we wanted to do was get as clear as we could about core mission elements, and so I think the place we saw the greatest overlap had to do with workforce development and the alignment of how we actually prepare people for the work force, so it didn't go as far as the actual commerce mission, but I think it is an interesting thought.

Mr. GROTHMAN. Thank you for coming over. It is a tough—we are a tough crowd.

Ms. FOXX. The gentleman's time has expired.

Ms. Kelly, you are recognized for 5 minutes.

Ms. KELLY. Thank you, Madam Chair. Welcome. The President's reorganization proposal includes a radical plan to merge the Department of Education with the Department of Labor, but it only devotes four pages to this proposal. Such a merger obviously would require Congress to agree. But Senate appropriations chairman, Roy Blunt told reporters there are not sufficient votes for this merger, so it is not going to happen.

But I wanted to ask about reorganization that is happening inside the Department of Education. The office of civil rights within the Department is charged with protecting the rights of disabled students, people of color, LGBTQ students, and others who face discrimination.

Has the Department considered downsizing or consolidating the regional offices of the office of civil rights?

Ms. WEICHERT. I am not aware of anything that would affect the office of civil rights at all.

Ms. KELLY. Your proposal says you would move the office of civil rights. I am asking if you or the Department have considered consolidating its regional offices or shrinking its footprint?

Ms. WEICHERT. So what I can say—so I am not familiar with all of the details of the internal deliberations that the Department of Education has done, but as part of this proposal, very explicitly, a number of the programs, including anything impacting the office of civil rights, was not discussed.

Ms. KELLY. So you don't know if there was an analysis on the caseload of investigations this office would be able to maintain after you cut the number of regional offices?

Ms. WEICHERT. I don't know, no.

Ms. KELLY. I would also like to ask you about another important office in the Department of Education, which is the budget service office. That is the office that communicates with Congress and performs fiscal evaluations on current and future programs. It is an important office, and Congress relies on it.

Are there any plans that would change the place and prominence of that office at the Department of Education? And if so, what are the details?

Ms. WEICHERT. I am not aware of that. It was not included in this proposal.

Ms. KELLY. So you don't think anything will change?

Ms. WEICHERT. I don't know in terms of internal organizational structure.

Ms. KELLY. I would like to ask you about the Federal student aid office now. The Federal student aid office, which is responsible, as I am sure you know, for administering millions of taxpayer dollars in loans to student borrowers. The President's plan says that the Federal student aid office will be merged with American workforce and higher education administration office, along with eight other offices from the Department of Ed and Labor, leaving it further removed from any accountability to borrowers or taxpayers, but that big merger is not likely to happen soon.

Why did you propose moving the Federal student aid office in this way?

Ms. WEICHERT. So the proposal that is in the volume was hoping to get Federal student aid aligned to a full workforce development view of student aid that would encompass not only higher traditional 4-year educational opportunities but also vocational opportunities, make that easier. The proposal envisions it is still operating as a whole entity and not being further merged but that the management shift would help align that broader mission of ensuring that we have student aid available for a range of educational opportunities, not just 4-year universities and things of that nature.

Ms. KELLY. So you are looking at not only 4-year but 2-year or—

Ms. WEICHERT. Two-year vocational technical type programs, as well as potentially a greater understanding of the role of apprenticeships and other type on-the-job training.

Ms. KELLY. Any graduate? Are graduate programs included in that?

Ms. WEICHERT. So, again, the goal would be to align all of the Federal student aid ideas to really the end-to-end perspective route, workforce development.

Ms. KELLY. And as you—as this plan may come about, does it increase the accountability to taxpayers and borrowers as the GAO and Inspector General have repeatedly recommended?

Ms. WEICHERT. So this tool is not, I think, the optimal tool for that. I think there are a number of things in the President's management agenda looking at our IT modernization and data accountability and transparency where we absolutely welcome the opportunity to get more transparent around elements of the data so that we can be more accountable but do that in a way that is efficient, effective, and not burdensome.

Ms. KELLY. Okay. Well, I think I yield back the balance of my time. Thank you.

Mr. CUMMINGS. Does the gentlelady yield?

Ms. KELLY. Yes, I will.

Mr. CUMMINGS. Madam Chairwoman, I ask unanimous content so have the statements from the American Federation of Government Employees, the National Treasury Employees Union, and the National Active and Retired Federal Employees Association entered into the record.

Ms. FOXX. Without objection.

Mr. CUMMINGS. Thank you.

Ms. FOXX. Mr. Hice, you are recognized for 5 minutes.

Mr. HICE. Thank you, Madam Chair.

Thank you for being here. Can you explain the proposal to move alcohol and tobacco responsibilities out of the ATF?

Ms. WEICHERT. I am not familiar with the details of that proposal, but I would be happy to get back to you for the record.

Mr. HICE. Okay. Do you know anything about that, the whole issue of where the firearms and explosive bureau would go and why?

Ms. WEICHERT. I do not.

Mr. HICE. Okay. I think it is—before I move on to some other questions, I think it is something that we have got to consider. It appears to me that we have got to look at who would regulate firearms if it goes back under the Department of Justice or remains under the Department of Justice and potentially FBI.

Certainly the FBI is, in my opinion, not the proper place to regulate firearms, are not equipped to regulate industry and that type of thing, and it is concerning to me where ultimately that would go.

Let me ask a little bit about the Department of Labor. Specifically, as it relates to OSHA, has that issue come up at all?

Ms. WEICHERT. So there are no plans to change any of the specific activities of OSHA under this plan.

Mr. HICE. Okay. Well, there are about half of our States that have a State run type OSHA program that, frankly, works better because it is closer to home. They know the industries. They know the issues that are facing their States better than the Federal Government.

Is there a possibility or would the administration in any way consider encouraging States to develop their own OSHA type program rather than it coming straight from the Federal Government?

Ms. WEICHERT. So I think it is a great idea, and I think it brings up a great point. We wanted this proposal to be the beginning of a dialogue that would be iterative and ongoing. That is how modern, flexible organizations adapt and ensure that they are aligned in the mission.

I think there are many principles in here that really are asking questions about what should the Federal Government be doing and what are States and local governments better positioned to do. So we would welcome dialogue that is fact based and, you know, asking the right questions.

Mr. HICE. So how would that dialogue best take place?

Ms. WEICHERT. So we have already started some preliminary conversations with governors, and we have our intergovernmental affairs organization in the EOP, but we would welcome congressional involvement in essentially curating a conversation on those topics.

Mr. HICE. Okay. Well, I would look forward to being part of that, that communication and that discussion.

And Madam Chair, with that, I will yield back.

Ms. FOXX. Thanks for yielding back.

Mr. Clay, you are recognized for 5 minutes.

Mr. CLAY. Thank you, Madam Chair, and thank you, Ms. Weichert, for being here.

You know, President Trump's reformed plan appears to be premised on the belief that reform requires structural reorganization, the merging or moving around of agencies and their employees, and I question whether that is truly necessary or whether reform can be accomplished without eliminating, merging, or moving agencies around.

Let's take, for example, President Trump's proposal to merge the Departments of Education and Labor into a single agency to be called, and I quote, "The Department of Education and Workforce."

The new name is very similar to the jurisdiction of the House Committee on Education and the Workforce. Ms. Weichert, was this similarly a factor that was considered in the President's plan?

Ms. WEICHERT. Absolutely, and the fact that most OECD countries and countries like China actually organize in this way.

Mr. CLAY. Now you mentioned workforce development in your other colloquy. You know, that is one of the important missions of the U.S. Department of Labor. They retrain workers, they help stand up workers, they even job corps. It is all geared towards workforce development. How do you envision that once these two agencies are merged? Is it still going to be as robust?

Ms. WEICHERT. I think it will be more robust. So one of the things—and getting to your first point of, is reorganization necessary to make change happen.

Mr. CLAY. Yeah.

Ms. WEICHERT. I think it is a pivotal question and one that we thought deeply about. Organizational change is one tool among many, and so many of the proposals actually focused on places where change has been needed for some time, as highlighted by Government Accountability GAO studies and other concerns, and change hasn't happened, organization can be a tool that actually gets resources together, aligns priorities.

As it relates specifically to the workforce, what we saw when we looked at, you know, whether it is 40 programs or 46 or 47 workforce development programs, we saw a real mix in terms of quality and outcomes orientation. We saw a real mix in terms of evidence, evidence-based decisionmaking. What we are hopeful to do is that we can steward the resources associated with these various programs and focus them on the things that are driving the reskilling, driving the workforce development in ways that actually help the American worker that are easier for businesses to actually deal with as well, and ultimately get more Americans in the right jobs for the 21st century.

Mr. CLAY. You know—and thanks for that response, but some of my colleagues are quite skeptical of the President's plan and question the underlying motive or purpose. For example, Ranking Member Scott of Virginia called the plan, and I quote, "hastily concocted proposal that uses the false promise of streamlining to cut investments in our future."

Ms. Weichert, how do you respond to critics of the plan like Mr. Scott?

Ms. WEICHERT. So, first thing, to anyone who wants to accuse us of being hastily—these plans are being hastily concocted, I would encourage them to read the whole volume and not just the thumbnail proposals in the back, including the bibliography and including

the President's management agenda that really provides the context for the whole thing.

I understand in Washington, you know, in a hyper political environment, questioning people's motives, but what I would like to ask people to do is judge us by our actions and judge us by results.

Mr. CLAY. But, look, there is one member of even the President's party who was quoted in the New York Times as saying that, one, that the proposal to move the \$3 billion CDBG program from the Department of HUD to Commerce is just a first step to eliminating the program. He says the move to the Commerce Department was an attempt to strangle the program by removing it from HUD—career HUD official. How do you respond to that?

Ms. WEICHERT. So, again, I can't—I can't have a conversation about motives. What I can say is that the proposals that we have, we believe have a fact base and merit, and we have attempted to showcase that in the report and in the bibliography. What I would say is reasonable people with expertise and passion may disagree, and it may be because they are informed by facts that we don't have.

I would invite folks to actually, you know, meet us in the realm of public debate, bring the facts, bring the alternative proposals, and that is probably the most important thing I would say is we have attempted to create a holistic path forward. Is it perfect? Of course it isn't. Does it have elements of challenge and difficulty? Absolutely.

But what we attempted to do was actually put together a plan that was a holistic vision, and to the extent people disagree with that, I absolutely welcome that debate, and I think folks who have spent time with me and spent time with our team realize we are genuine in having that debate.

Mr. CLAY. And my time is expired. Madam Chairwoman thank you.

Ms. FOXX. The gentleman's time has expired.

Mr. PALMER, you are recognized for 5 minutes.

Mr. PALMER. Thank you, Madam Chairman. Good to see you, Ms. Weichert. I think the majority of members on both sides out of this committee understand the need to make some reforms in the Federal Government. We have had hearings on everything from mismanagement at the Veterans' Affairs, Social Security, cybersecurity, improper payments, and I can go on down the list. I mean, we are acutely aware that there are needs for reform.

You said something in your testimony that the Federal Government operates much like it did 50 years ago. I have been acutely focused on how do we reduce improper payments, and it is a huge problem. It was \$140 billion last year. Do you see the reforms as having a very positive impact on reducing improper payments?

Ms. WEICHERT. I think, to the extent that we can get management oversight of like programs like money, it is going to improve general management efficiency. It is not the only way.

Mr. PALMER. Also, the data systems, we can—

Ms. WEICHERT. Absolutely.

Mr. PALMER. The savings that you can generate from some of these reforms and reducing improper payments can go back in to replacing data systems.

Ms. WEICHERT. Absolutely.

Mr. PALMER. Which should really improve that area. You also mentioned the GAO's high risk list and that not every Federal agency has taken action to get.

We know that from hearings here that not every agency has taken action. Will this effort to improve accountability from the Federal agencies, will this effort improve that?

Ms. WEICHERT. That is absolutely one of the objectives.

Mr. PALMER. Will it help increase our oversight and our effectiveness?

Ms. WEICHERT. That is absolutely the goal.

Mr. PALMER. I also want to get into an area that I think is of great importance, and that is the whole issue of infrastructure and the permitting process, and you mentioned in your testimony the need to reduce the permitting time.

Madam Chairman, I would like to introduce a couple of reports into the record.

Ms. FOXX. Without objection.

Mr. PALMER. One is 2 years, not 10 years redesigning infrastructure approvals. It is from an organization called, "Common Good." And they make this point that a 6-year delay in starting construction on public projects costs the Nation over \$3.7 trillion. That is more than double the \$1.7 trillion that is needed to upgrade America's infrastructure through the next decade, and that is everything—that is rail service, water infrastructure, roads and bridges, inland waterways, power generation, power transmission.

I really think that what you are trying to do and what this administration is trying to do in regard to infrastructure is critical. And to give you a more local example of that, I would also like to introduce this report into the record: Assessing the Costs Attributed to project Delays in Texas.

Ms. FOXX. Without objection.

Mr. PALMER. There was a rural road, a four-lane project, 2.7 miles, it was delayed 33-1/2 months and the delay was \$96,000 a month. That added \$3.5 million to just a 2.7-mile rural road project in U.S. Highway 59 in Texas, 2.6 miles they were going to widen that stretch of road. A 5-year delay at \$297,000 a month, that added \$17.8 million to the project. And then I-10 and I-410 in the San Antonio area, adding an interchange, is 1.5 miles that was affected, it was delayed 11 months at 447 a month. That added \$5.1 million.

We are literally throwing our infrastructure dollars down the drain with these delays, and if you would like to comment on that, I think the committee would be very interested in hearing your thoughts on how we are going to make these changes that will reduce the permitting delays.

Ms. WEICHERT. I absolutely appreciate that, and reducing burden and actually increasing the economic output are definitely, you know, important missions that we have out of this plan.

I think the Army Corps' proposal for the civilian work is a great example of just what you are talking about—very good intentions to preserve various people's rights around our waterways, to protect fish, lead to very complex, and you know, hard to navigate conflicting regulatory burden that make it very difficult to do improve-

ment projects of any type, and I think that is an example of exactly what you are saying.

Mr. PALMER. Well, one other point here. We have had hearings on cybersecurity breaches, particularly at the Office of Personnel Management, and one of the problems that we have is hiring highly qualified people. We have a program at the University of Alabama at Birmingham called the joint forensics research—I mean, “The Center for Information Assurance and Joint Forensics Research,” one of the top guys in the world running this.

His students have a job before they graduate, but if they try to get a job with the Federal Government, it is months before they can even hear back from them. And I just wonder if part of this restructuring is going to enable us to hire the very best that is out there to work in the Federal Government on cybersecurity.

If the chairman may—she may answer?

Ms. WEICHERT. Thank you. So absolutely, and that is one of the key areas of why we wanted to elevate the OPM function because getting to the bottom of that challenge requires strategic emphasis and a real commitment at the top of the house.

Mr. PALMER. So the bottom line is we have got to change.

Ms. WEICHERT. Absolutely.

Mr. PALMER. I thank the chairwoman for her indulgence, and I yield back.

Ms. FOXX. The gentleman’s time has expired.

Ms. PLASKETT, you are recognized for 5 minutes.

Ms. PLASKETT. Thank you, Madam Chairwoman. Good afternoon. Ms. Weichert, I wanted to ask you a couple of questions about the implementation if this plan takes place.

The executive order advised for looking for opportunities for the private sector to take over some of these government functions. We have heard discussion about post office and air traffic control. What other agencies or areas do you think that privatization might be appropriate?

Ms. WEICHERT. So the other place that I think has gotten a lot of attention, not just now but practically in every administration in recent history, is around the Tennessee Valley Authority. Our proposal is a fairly narrow proposal around transmission assets, looking at, you know, whether the Federal Government really needs to be in the business of providing the transmission of power.

Ms. PLASKETT. Okay. And in discussing the privatization or even the merging of these businesses, how much input was given to those career individuals, civil servants? Was discussion had with them about how this implementation might affect the civil service?

Ms. WEICHERT. So the agencies were absolutely involved in providing bottoms-up feedback as part of a process that took place between June and December of last year. Some of the proposals that resulted out of that were included in the February release of the 2019—

Ms. PLASKETT. When you say bottom-ups, what specifically?

Ms. WEICHERT. So as I mentioned in my opening statement, we did the analysis in three phases. We did a data collection phase that included bottoms-up input from agencies and from public comment. We got 106,000 public comments.



Ms. PLASKETT. When you say “from agencies,” do you mean the employees or the management of the agency?

Ms. WEICHERT. Presumably, both.

Ms. PLASKETT. How do you know presumably?

Ms. WEICHERT. So in almost every case, the proposals required a depth of knowledge that require that the civil servant population had to participate in the——

Ms. PLASKETT. So in the outside—the comments, you said that you also received public comments.

Ms. WEICHERT. Correct.

Ms. PLASKETT. Did you receive public submissions or submissions from employee unions?

Ms. WEICHERT. I can't say for sure whether those were included in the public comments.

Ms. PLASKETT. Did you seek out the unions' input in these discussions.

Ms. WEICHERT. So we—the requests for comment was generally made public after the executive order so——

Ms. PLASKETT. But did you engage the unions as a whole? Specifically, did you engage the unions?

Ms. WEICHERT. Specifically, no. As I indicated earlier, one of the reasons we did the deliberation the way we did is, in the recent past, no reform effort—despite the fact that there have been reform efforts and reorganization efforts proposed in every administration, no reform effort has successfully moved forward with the exception of one that took place after 9/11, precisely because entrenched interests essentially negotiated a way around——

Ms. PLASKETT. I didn't ask you if you were negotiating. I just asked you if you requested from them their comments or their positions?

Ms. WEICHERT. We requested public comment.

Ms. PLASKETT. But not specifically from unions.

Ms. WEICHERT. Not specifically from anyone individually.

Ms. PLASKETT. Now that, you know, you are talking about a negotiation, which would be the implementation of the process.

Ms. WEICHERT. Correct.

Ms. PLASKETT. Would you be engaging—and I would assume, how would you engage the unions because they would need to be engaged in the implementation, which then becomes this discussion that you were talking about just a moment ago.

Ms. WEICHERT. Yeah, absolutely, and this is something that, you know, we released the plan last week. We are—you know, this is the first truly public conversation we are having, but we anticipate having many public conversations. And what I would say is there are great examples in the not too distant past of where unions and management of a variety of ilks have gotten together and looked at, you know, how do we achieve the mission of our business, serve the customers——

Ms. PLASKETT. So I am assuming then that you are going to engage those. Is that what you are saying?

Ms. WEICHERT. Absolutely. Yes.

Ms. PLASKETT. So when you talk about influencing the plan, you said that, you know, you discussed bottoms up, you also asked for public comment. You did not necessarily speak specifically to the

unions about this. Were there other outside groups that you spoke with? Were there think tanks or others that supported your ideas?

Ms. WEICHERT. We didn't speak to anyone. As I mentioned again, there were three phases to our—

Ms. PLASKETT. I heard the three phases. I am just asking did you speak to them?

Ms. WEICHERT. The second phase involved looking at things in the public realm, including GAO reports. We looked—our bibliography on page 128 of the report articulates all of the knowledge—

Ms. PLASKETT. So did you engage the Heritage Foundation who has specific reports about this?

Ms. WEICHERT. There is a Heritage Foundation report that was reviewed as part of this.

Ms. PLASKETT. And what would be the name of that report?

Ms. WEICHERT. It is on—

Ms. PLASKETT. If you could get that back to me, I would appreciate that.

Ms. WEICHERT. Absolutely.

Ms. PLASKETT. Ms. Chairwoman, I would ask to insert into the record an article from the New York Times entitled: "How One Conservative Think Tank is Stocking Trump's Government. By placing its people throughout the administration, the Heritage Foundation has succeeded in furthering its right-wing agenda."

Ms. FOXX. Without objection, and the gentlewoman's time has expired.

Ms. PLASKETT. Thank you.

Ms. FOXX. Thank you.

I will recognize myself for 5 minutes.

As the chairwoman of the Education and Workforce Committee, I take our oversight responsibilities very seriously with respect to the worker protection agencies within the Department of Labor, evidenced by the many hearings and other oversight actions we have conducted during this Congress.

Under the Trump administration's reorganization proposal, Labor Department worker protection agencies, such as the occupational safety and health administration and the wage and hour division would be housed within the, quote, "enforcement," end quote, agency at the newly created Department of Education and the Workforce.

Would this enforcement agency continue the administration's approach of providing needed compliance assistance while also effectively enforcing the laws, and do you foresee any impacts on the enforcement of worker protection laws because of the proposed realignment?

Ms. WEICHERT. So the answer is: There are no changes in direction in terms of compliance and enforcement support, and the goal would be to continue to provide that support at the highest level.

Ms. FOXX. Thank you. You said the proposal was built around mission and purpose, and this proposal seems to focus better the work of the agencies when it comes to helping students, job seekers, and employers.

By having a seamless approach to programs for students pursuing postsecondary and continuing education from one office in

bringing the programs focused on elementary and secondary schools into another, do you expect it will be easier for students, families, school officials, and employers to find the resources and guidance they need to improve and/or provide a better educational opportunity for students?

Ms. WEICHERT. That is absolutely the objective.

Ms. FOXX. Thank you. What safeguards would be in place to ensure students will not lose valuable protections, especially for students from vulnerable groups in the restructuring of these offices?

Ms. WEICHERT. So it is a great point, and disability employment, OSHA, mine safety, office of civil rights, none of those are expected to change at all under this proposal.

Ms. FOXX. And we appreciate that, and I assume you will want to work with the Congress and the relevant stakeholders to maintain those protections. I think it is important for the administration—

Ms. WEICHERT. Absolutely.

Ms. FOXX. —to assert that.

Ms. WEICHERT. Yes, we absolutely assert that we believe that the oversight responsibilities of Congress are paramount.

Ms. FOXX. Thank you. To what extent did OMB ensure that GAO and Inspector General reports and recommendations were fully considered in developing the crosscutting proposals?

Ms. WEICHERT. So they were very important in considering the crosscutting proposals. As I mentioned earlier, reorganization is one tool among many, and we wanted to look at those things where there were known problems and intractable problems that did not seem to get traction without a reorganization purpose, and so much of the thinking really was, you know, where are there places where time and time again has GAO said this is a problem.

Ms. FOXX. You have indicated several times that this is right in the beginning stages.

Ms. WEICHERT. Correct.

Ms. FOXX. But has the—how does the administration propose Congress address authorizing the government reform plan proposals which require congressional action if you have such plan already?

Ms. WEICHERT. So what we are planning to do this summer—so we were genuine about saying this is a framework and a plan but that we need to engage with key constituencies, especially Congress but also other stakeholder groups, including unions and civil servant—service representatives. And so, over the course of the summer, we will be working with agencies. I am very happy to take feedback and input on highlighting what is a proposed implementation construct and what would require legislative input, what could be proceeded with administratively, and then what would be expected to be in the 2020 budget.

Ms. FOXX. And the last question. If the administration believes the proposal does not need congressional approval, can you commit to notifying Congress in advance of any proposed action so we can evaluate to propose change?

Ms. WEICHERT. So what we can do is commit to the dialogue around all of these proposals and incorporate the feedback and the insights from the people who have oversight over those.

Ms. FOXX. Thank you very much.

Mr. Sarbanes, you are recognized for 5 minutes.

Mr. SARBANES. Thank you, Madam Chair. Thank you for being here today, Ms. Weichert. I want to thank you for your testimony.

My understanding is that part of the proposal would be to eliminate OPM or absorb its functions into the executive office of the President. Is that correct? Can you explain that a little bit more?

Ms. WEICHERT. Sure. So the proposal is not to eliminate OPM. It is actually to take and follow leading practice for modern human capital management and take the administrative transaction processing, essentially the paperwork functions, and move them into shared services context, and then focus the efforts of the core human capital elements of the organization, focus those more strategically on workforce needs for the future, reskilling, redeploying civil service reform, and elevating that into the executive office of the President, ensuring it gets the right level of attention, resources, and priority.

Mr. SARBANES. So let me express the concern I have. From what I can gather, looking at the way the executive office of the President has operated, there is a real kind of partisan edge to it.

There is plenty of evidence of a kind of ethical blindness, which has afflicted the office overall, which is a bad combination, politicizing things, being overly partisan, not observing ethical boundaries, transparency, accountability, you put all that together, and it can really undermine and corrode the effectiveness of government.

Mr. SARBANES. And what I worry about is pulling more functions and key decisions around how human resources are deployed across the Federal Government and all of its various agencies, pulling that into an environment where you've got this kind of partisan politicized outlook, where there's—there's these examples of not observing transparency accountability, ethical norms, et cetera, which could just make the overall situation that we see even worse.

So I'm extremely concerned about the potential for this reorganization to the extent some of the human resources decisionmaking is being into a place that has that edge to it, how that will ripple through. So what I'd like you to address is, you know, how are you going to have safeguards?

What kind of safeguards will be in place to prevent nepotism, because we've definitely seen that, operating close—in the close quarters of the White House and the executive office, to safeguard against political patronage in the executive branch, and others things like that, which, frankly, undermine the confidence of the public in government's ability to act on the public's behalf and in the public interest, rather than to act to serve special interests or insiders or what have you.

So what kind of safeguards are there going to be in place to address that potential concern?

Ms. WEICHERT. So I appreciate the question. I think it's a fantastic question. And it's actually one that has good precedent.

So the office I run—so deputy director for management has responsibility for a range of functions that expand across the Federal Government, around IT, around—so the Federal CIO is in my office. The Comptroller of the United States is in my office and is re-

sponsible for finance and accounting policy, procurement policy. The Office of the Federal Procurement Policy administrator is in my office. And Congress has actually put in safeguards around those key functions and elevated them into the Executive Office of the President precisely so that they can get the attention that Congress over time has felt it's needed.

The lack of an office of equivalent heft in the EOP for people is actually in some ways conspicuous by its absence. I mentioned earlier that most OECD countries have people up there with IT, with finance, accounting and—

Mr. SARBANES. Okay. Well, thank you. I'm still nervous, because you take functions of heft and you put them in a place where ethical boundaries are ignored on a daily basis, And I think it complicates the situation.

Ms. WEICHERT. I push back, though—I appreciate, absolutely appreciate the concern. What I would say is if you could—and I'd be happy to talk to you more about your concerns. But when it comes to the functions that are already there, we have a range of vehicles, including performance.gov, data.gov, and other vehicles to ensure not less, but more accountability and oversight. We work very closely with the congressional committees that have oversight—

Mr. SARBANES. Well, then I'd just ask you to work harder at that, because I'm not necessarily seeing the results that you're suggesting when it comes to observing accountability and transparency and all.

I'll yield back my time. Thank you.

Ms. FOXX. The gentleman's time has expired.

Mr. RASKIN, you're recognized for 5 minutes.

Mr. RASKIN. Thank you very much, Madam Chair.

Welcome, Ms. Weichert. I notice you're planning to reorganize a whole bunch of departments, from the Postal Service to OPM, but curiously absent on the list was the Department of Defense, which has a \$700 billion budget. And our committee has seen a report just a couple of years ago saying \$125 billion could be saved in efficiency. So I'm just wondering why it's missing.

Ms. WEICHERT. So we looked at the areas where, again, mission, service, and stewardship were having the most challenges in moving forward. I absolutely appreciate the concerns. And we did look at GAO studies in that realm.

In order to focus this activity, we wanted to look at those things where we had enough information, we had the ability.

Mr. RASKIN. Okay. I'm going to get you this report. You check it out. There's about \$125 billion that could be saved almost overnight by improving efficiencies there.

I represent Maryland's Eighth Congressional District, which is home to more than 88,000 Federal employees who've come under some harsh rhetorical treatment by this administration, but also some attacks on their pay and benefits. And also, I hear regularly from Federal employees who love their jobs and love the country, as do you, and you're committed to your government job, whose mission has been interfered with for political reasons, they believe.

And I'm wondering, what are you doing now or what are you hoping to do in the future to protect the Federal workforce, the in-

tegrity of the civil service, and to prevent corruption by political interference?

Ms. WEICHERT. So I think it's a great question. And again, I will say it as many times and as many ways as I can, that it is enlightened self-interest for us as the largest enterprise employing people to really understand and internalize the importance of the Federal worker to the—

Mr. RASKIN. Cool. So that's your value, but do you have any specific actions that you're taking to protect the Federal workforce today?

Ms. WEICHERT. Absolutely. So one of the cross-agency priority goals that was released in the President's Management Agenda is looking explicitly at people in the workforce in the 21st century and the civil service reforms we need to do that. And we're focusing very heavily on the areas where the employees themselves have said that, you know, the merit systems principles that were enshrined in the 1978 Civil Service Reform Act where they are not actually being aligned with—

Mr. RASKIN. If I could, I've got to cut you off there because I've got a few more questions, but I'd love to hear more specifics from you about that.

Ms. WEICHERT. Absolutely

Mr. RASKIN. The administration's been rolling back proudly workplace, consumer, and environmental protections deemed to be overly intrusive. For example, Mr. Mulvaney has ordered that the Consumer Financial Protection Bureau drop enforcement against payday lenders. Do you have any plans to somehow honor the commitment of the CFPB to protect borrowers in the wake of that announcement?

Ms. WEICHERT. So I am not involved in the activities of the CFPB.

Mr. RASKIN. Okay. Similarly, you might not be involved in this one. What about in the area of HUD? Do you have any plans to follow through on HUD's commitment to fair housing in the wake of the administration's nullification of the fair housing rule that had been promulgated to address patterns of discrimination and segregation?

Ms. WEICHERT. So I can't comment on that specifically.

Mr. RASKIN. I saw yesterday, there's a rule called the hog carcass cleaning rule which says, quote: All hair, scurf, and dirt, including all hoofs and claws, shall be removed from hog carcasses and the carcasses thoroughly washed and cleaned before incision is made for evisceration or inspection.

This is for food protection. Sounds like a pretty good idea to me. But the Department of Agriculture just posted its intent to repeal this rule last month. Do you know how that particular mechanism of deregulation would work to protect consumers or is that being done at the behest of the slaughterhouse operators?

Ms. WEICHERT. I am not familiar with that.

Mr. RASKIN. Okay. Can you tell us what the role of The Heritage Foundation was in the development of this plan?

Ms. WEICHERT. So there was no specific involvement, other than the review of the materials that are listed on—

Mr. RASKIN. Do you know of anything that The Heritage Foundation recommended that was not incorporated in the final plan?

Ms. WEICHERT. I don't have the plan in front of me, but if you actually compare our document and the document that we reference, there's a significant difference.

Mr. RASKIN. Okay. I didn't see it, but thank you very much. I appreciate it.

Ms. WEICHERT. It's page 128 of the report.

Mr. RASKIN. I'll check it out. Thank you.

Ms. FOXX. The gentleman's time has expired.

Mr. Scott, you're recognized for 5 minutes.

Mr. SCOTT. Thank you, Madam Chair, and I thank you for your courtesies.

Ms. Weichert, I agree with you that you shouldn't question people's motives in legislation. But in this case, isn't it true that many Republicans have run on platforms that include the total abolition of the Department of Education?

Ms. WEICHERT. So I'm not aware of anyone specifically. If there's information, I'd be happy to look at it.

Mr. SCOTT. You're not aware of any Republican who's run on a platform that included the abolition of the Department of Education?

Ms. WEICHERT. So I'm a management consultant who came to Washington in August of last year. I haven't spent my time focused on the political realm. What I've spent my time looking at is how to drive transformational change—

Mr. SCOTT. Okay. Well, let me just say that a lot of Republicans have run on that platform, and so you have to understand why there's skepticism—

Ms. WEICHERT. Absolutely.

Mr. SCOTT. —when you want to merge. And some think it's submerge the Department of Education.

The Department of Labor is essentially law enforcement at its core. It enforces wage and hour, it enforces OSHA, labor standards, like unfair labor practices; basically a law enforcement agency. A very small portion is in job training and unemployment situations. Education is education policy.

You see the difference in their missions when you look at their civil rights focuses. You're aware that the Department of Education, when you say civil rights, you're talking about Brown v. Board of Education, desegregation, equity in education, rights of disabled students, disparities in discipline. And when you talk civil rights in the Department of Labor, you're talking about affirmative action, and contracts, implementing the Janus decision that just came down today, employment discrimination, and things like that.

How would a civil rights division of this combined thing actually operate?

Ms. WEICHERT. So I think that is one of the areas where we would look forward to working with the Oversight Committee on the operationalization of this. Most of the enforcement components were going to simply be moved as they were and then look at if there were synergies going forward.

To the extent the missions are distinct, and particularly the skill sets or the core needs or the players involved are different, that is

absolutely a reason you could have organizationally distinct activities. But our belief is that there probably are some synergies to the extent enforcement involved a range of like skill sets. Whether it's law or compliance, that would be something to look at.

Mr. SCOTT. Is this expected to save any money?

Ms. WEICHERT. So the vision for all of these things is to, at a minimum, improve mission and service and not cost any more. The goal in a perfect world would also save money, but that—

Mr. SCOTT. But you don't expect to not necessarily save any money. One of the rationales was overlapping workforce programs. When we passed the Workforce Innovation and Opportunity Act in 2014, we thought we had taken care of the unnecessary overlaps. Can you name any programs that are still, quote, duplicative?

Ms. WEICHERT. So I would submit that if there are 40 workforce development programs or 46 or 47, that there would be duplication among those.

Mr. SCOTT. Can you name the ones that are duplicative?

Ms. WEICHERT. I cannot.

Mr. SCOTT. Can you say a word about what would happen in the school nutrition programs from a public school perspective? I know we have the school lunch program and one agency. Most of the child nutrition programs are under Agriculture and they are going to be moved around. Can you say from a school perspective what's going to happen?

Mr. Cummings mentioned WIC and other programs kind of moved around.

Ms. WEICHERT. So only SNAP and WIC, which are near-cash programs, would be proposed for moving. All of the commodity assistance programs, particularly as it relates to school lunch, would remain as is.

Mr. SCOTT. And would—this Child and Adult Care Food Program moves to the Department of Health and Human Services?

Ms. WEICHERT. So, again, the SNAP program and the WIC program would move to HHS.

Mr. SCOTT. And how would that operate in a school system? Like an afternoon snack program.

Ms. WEICHERT. So, essentially, the programs that would move to HHS are the near-cash programs that are largely administered by States and local entities. And what this would essentially do is streamline the provision of resources, the dollars from the Federal Government to those agencies that actually administer them. So presumably, it would make the job of anyone whose doing that administration at a State or local level easier.

Mr. SCOTT. Thank you, Madam Chairman.

Ms. FOXX. Thank you, Mr. Scott.

I'm now prepared to make some closing comments.

Ms. Weichert, I want to thank you very much for the excellent presentation that you made and the superb way in which you have handled the questions, and some animosity, it appeared to me, directed at you, which I think was inappropriate, but I appreciate very much.

And I read the paragraph given to us about you. And I can understand that you are a consummate professional. And I think we are extraordinarily fortunate to have had someone with your expe-



rience come in and help shepherd this study that was done and be able to explain it to us. I will compliment Director Mulvaney very highly for having the good sense to bring you in to work with him on this project.

I particularly appreciated the fact that you kept coming back to mission, service, and stewardship as your guiding principles. I do think that—we do that with the committee too. When we propose legislation, we outline what our principles are in putting forward the legislation and make sure they are like a North Star for us. And I believe you have come up with three very, very good ways to anchor what it is you've done.

I think, again, many of the comments and questions that were directed to you were not in your bailiwick to answer and I appreciate, again, the way you handled that.

I believe that we here have a great responsibility to spend hard-working taxpayer dollars as well as we can spend them. We are taxing the American people at a very high rate, in my opinion. And when we take on a responsibility to do something for the American people here at the Federal Government level, then I think we need to be doing the best we can.

And the world is changing, and it's changing rapidly. And again, with your background in information technology and other areas, you see that. Unfortunately, I think people who get entrenched in government jobs, who get entrenched in elected office, sometimes cannot see what is happening out there in terms of change and the need to change that.

I heard you say one of your missions is to have the Federal Government better serve the public. That should be the mission of all of us here. And if it requires change with an organization, then we should be out there joining you in saying this needs to be changed.

I've always believed we should sunset every piece of legislation that passes here. That would help us gain much better control over making the adjustments that need to be made every 3 years, every 5 years, whatever, instead of having to wait for these reports to be done and these studies to be done periodically, and then have agencies be very defensive because they do not want to make the changes that are necessary. I think they forget, people in the agencies, often why they are here. They think the public is here to serve them. We are here to serve the public.

I also want to thank you very much for emphasizing that this is the beginning of a conversation which Congress should engage in and not just discount out of hand the kinds of comments you made because the motives are questioned. I think you did an excellent job of representing the administration. And I realize you came into the administration, I believe from the comments, to specifically do the thing that you have done and that you do not have a political agenda. And I appreciate that very much.

If the Federal Government does not make the kinds of changes that you all are recommending here and many, many more, we are failing the American people. And the American people, I believe, will hold us responsible for that, and they should hold us responsible for it. Again, and I think what we are seeing—while I don't like the vitriol that's going on, I think that there are people out there very frustrated because the Federal Government is not doing

its job. In some cases, it's doing jobs it has no business doing, and we need to sort those things out better.

So I want to thank you very much for the excellent presentation and for the way that you have responded to members today in a very open and fair and honest way.

I would like to take a point of personal privilege and recognize Nathaniel Wallace and his parents, who are here. Nathaniel is the art competition winner for the Fifth District of North Carolina. And I'm a little late for my appointment with Nathaniel and his parents, as they're going to go over to the reception for the art competition winners who are here in town today.

I'm sure, Mr. Scott, you want to mention yours?

Mr. SCOTT. Yes. Right over here. Please stand.

Thank you.

Ms. FOXX. Great. We're glad to have both of you all here. And I appreciate Mr. Scott speaking up.

So again, I thank you for being here today, Ms. Weichert.

The hearing record will remain open for 2 weeks for any member to submit a written opening statement or questions for the record. And if there is no further business, without objection, the committee stands adjourned.

[Whereupon, at 12:21 p.m., the committee was adjourned.]

## **APPENDIX**

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MATERIAL SUBMITTED FOR THE HEARING RECORD



**CONGRESSIONAL  
TESTIMONY**

**STATEMENT FOR THE RECORD**

**J. DAVID COX, SR.  
NATIONAL PRESIDENT  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO**

**BEFORE**

**HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE**

**ON**

**EXAMINING THE ADMINISTRATION'S REORGANIZATION PLAN**

**June 27, 2018**

Chairman Gowdy, Ranking Member Cummings, and Members of the House Oversight and Government Reform Committee, on behalf of the more than 700,000 federal and District of Columbia government employees represented by the American Federation of Government Employees, AFL-CIO (AFGE), I submit this statement for the record of the Committee's hearing to examine the Administration's government-wide reorganization plan on June 27, 2018.

On June 21, 2018, the Trump Administration issued a document entitled "Delivering Government Solutions in the 21<sup>st</sup> Century -- Reform Plan and Reorganization Recommendations." The plan outlines the Administration's recommendations for reorganizing the federal government. AFGE objects to many recommendations of this plan as implementation will result in inefficient allocation of agency resources and workload, and politicization of the civil service.

### **Background**

Prior to public dissemination of the Administration's reorganization plan, on March 13, 2017, the President issued an Executive Order<sup>1</sup> mandating that the Director of the Office of Management and Budget (OMB) and the heads of executive branch agencies create agency reorganization plans within 180 days. In April 2017, the OMB Director also issued a memorandum<sup>2</sup> with instructions stating what reorganization plans were supposed to include and the policies they were supposed to implement. Although the April OMB memorandum included the following sentence: "When developing their Agency Reform Plan in coordination with OMB, agencies should consult with key stakeholders including their workforce . . .," very few agencies complied with this direction. With a few rare exceptions, national AFGE bargaining councils and AFGE locals were not consulted or even informed of reorganization plans. The same is true for the Administration's recent reform plan and reorganization recommendations.

As public servants, federal employees take very seriously their duty to provide vital services to the American public. Federal employees are dedicated to their professions and are experts not only in their field of work, but also, through years of service, many federal employees understand what is needed to improve the internal workings of their agencies far better than private consultants. Federal workers and their representatives should play an important role in the development of organizational changes involving federal agencies and the services they provide. Neglecting to seek input from employee representatives in the development of government-wide reorganization plans is counterproductive to any genuine effort to increase the efficiency and effectiveness of government.

### **Reformation and Reorganization—Privatization**

In introducing its government reorganization plan, the Administration has stated that there are no plans to cut jobs, and that job reductions were not a factor in devising the plan. However, the recommendations of the plan, as outlined, are contrary to the Administration's statements. The reorganization plan contemplates privatization of the Postal Service, the various Department of Energy Power Marketing Administrations, and the Tennessee Valley Authority,

<sup>1</sup> EO 13781

<sup>2</sup> OMB M-17-22, April 12, 2017

to name but a few. In addition, the Administration's plan constantly uses words such as streamlining, consolidating, restructuring, realigning and transferring. No one opposes these actions in principle. In practice, however, words like "streamlining" often just mean reduction or degradation of service delivery.

The reorganization plan promotes a particularly pernicious governmentwide "consolidation" of so-called "shared services." The substance of this concept is that all federal administrative service functions should use or will be required to use centralized cross-agency administrative support for these "common functions" of government. The theory behind the "shared services" concept is allegedly based on economies of scale; when multiple federal agencies make use of administrative services functions, centralizing these services in a limited number of providers and requiring that every agency use the centralized source(s) to obtain the services will supposedly reap cost savings. However, AFGE believes that the concept of "shared services" encourages private sector entities to either compete with government-sponsored service providers or to enter into "partnerships" with government agencies to provide the services. It is not efficiencies that drive this quest for consolidation, but rather profits for the private sector.

It must be noted that consolidation of services, "shared services," is actually at odds with maximizing flexibility and agency responsiveness to the public. Mandatory centralization of administrative services has proven to result in less responsive government and will have a negative impact on agency head accountability for the efficient and effective administration of their own Departments.

While AFGE strongly objects to many of the consolidations and mergers of agencies recommended by the Administration's reorganization plan, we would like to explicitly object to the following reorganization of agencies:

***Consolidation of the Army Corps of Engineers Civil Works with the Department of Transportation and the Department of Interior***—The realignment of the Civil Works funded programs of the U.S. Army Corps of Engineers into the Department of Transportation and Department of Interior will significantly weaken a war-fighting capability of the Department of Defense. Specifically, both the military and civilian skill sets and capabilities that are partially funded on a civil basis in the U.S. Army Corps of Engineers provide a reach-back capability for the military during national emergencies and contingency operations. For instance, a civilian employee may be performing civil works functions, but based on that employee's skill set, he or she may also be regularly called upon to perform military functions when the need arises. Such mission support will not be as readily available if the civil works functions are transferred to the Department of Transportation and the Department of Interior. We acknowledge that the Civil Works programs are separate funding streams from the Military funded appropriations in the Defense budget and therefore, on the surface it may seem harmless to simply transfer the civil works functions to other agencies, but such a transfer ignores how the Army Corps of Engineers actually operates in support of the military, and how it manages its human capital planning and workforce development.

***Merge the Department of Education with the Department of Labor***—The missions of the Department of Education and the Department of Labor are distinctly different. The merger of

these two agencies would directly undermine the public education system and the opportunity for equal access to a quality education afforded to all Americans. The Administration is misleading the American public by insinuating that merging these two agencies, which both have substantial organizational structures and missions that touch every American, will lead to improved public services as it relates to our nation's schools and education system, and increasing employment opportunities. In fact, it is more plausible that such a merger will have the exact opposite effect as combining two agencies with such expansive missions will likely result in limited resources, reduction of services to the public, and increased bureaucracy.

***Transfer the Office of Personnel Management (OPM) Policy Functions to the Executive Office of the President***—Moving OPM policy functions into the Executive Office of the President is direct politicization of personnel policy. The Administration's reorganization plan would designate the Executive Office of the President as responsible for policy decisions in areas such as employee compensation, workforce supply and demand, and employee performance. The Administration's plan also refers to the existing framework of the civil service as "archaic." AFGE believes that the current framework of civil service rules and regulations is anything but archaic. Rather, the current civil service is based on merit system principles and focuses on employees' skills, qualifications and experience instead of discriminating based on race, sex, gender or age. A "merit-based" civil service system is a cornerstone of all modern Western democracies. It ensures that technical expertise is brought to bear on performing agency missions, without the threat of overt partisan agendas driving day-to-day operations. Moving the OPM policy functions to the Executive Office of the President will undermine this system.

These and many other recommendations from the reorganization plan are shortsighted and do not fully take into consideration how such changes will hinder agencies' mission fulfillment. Many agency leaders have already made the decision to not only consolidate offices, but to close agency offices. These decisions to close offices were made prior to the Administration making the reorganization plan public. Office closures are directly affecting federal employees and their families with many employees forced to relocate or lose their jobs. AFGE urges this Committee to conduct oversight of these office closures and assess the impact that the closures will have on the public's access to important public services.

### **Conclusion**

The Administration's reorganization plan does not provide any information or indication that an analysis has been conducted to project how employees will be affected by the recommendations of the plan. Without any type of reliable analysis on the impact to the workforce, we can only assume that little analysis has been conducted to determine how the recommendations will affect the services provided to the American public.

AFGE strongly supports examining effective approaches to accomplishing government work. While AFGE supports initiatives to improve delivery of government services, the Administration's reorganization plan is a thinly veiled attempt to devolve federal involvement in everything from education to postal delivery to energy research and development. AFGE would welcome the opportunity to work collaboratively with the Committee and Congress to identify ways in which we can improve the delivery of our important public services.



**Statement of**

**Anthony M. Reardon  
National President**

**National Treasury Employees Union**

**House Committee on Oversight and Government Reform**

**“EXAMINING THE ADMINISTRATION’S GOVERNMENT-WIDE  
REORGANIZATION PLAN”**

**June 27, 2018**



Chairman Gowdy, Ranking Member Cummings and members of the Committee, thank you for allowing NTEU to share its thoughts on the Administration's plans to reorganize the federal government. As National President of NTEU, I represent over 150,000 federal employees in 32 agencies and I appreciate the opportunity to discuss this important issue.

As the committee is aware, on June 21st, the White House released a report detailing its plans to reorganize the executive branch entitled, "*Delivering Government Solutions in the 21<sup>st</sup> Century: Reform Plan and Reorganization Recommendations*." The report is in response to the President's March 2017 Executive Order directing the Office of Management and Budget (OMB) to propose a comprehensive plan to reorganize federal agencies. The report highlights 32 proposals, which impact the following agencies with employees represented by NTEU: Health and Human Services (HHS), the Department of Energy (DOE), the Department of Agriculture (USDA), the Food and Drug Administration (FDA), and the Consumer Financial Protection Bureau (CFPB).

#### **Reorganization Proposals**

The Administration proposal would separate Food and Nutrition Service (FNS) voucher programs from the Department of Agriculture's commodity-based programs. Specifically, the Administration proposes to move the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program (CACFP), and the Farmers' Market Nutrition Programs into the Department of Health and Human Service's Administration on Children and Families (HHS-ACF). USDA, whether with a smaller FNS or a different division, would continue to administer the commodity-based programs, including the National School Lunch and School Breakfast Programs, the Emergency Food Assistance Program, the Commodity Supplemental Food Program, and others. The Administration also proposes to rename HHS the Department of Health and Public Welfare. It is unclear from the Administration's plan what the impact would be on the USDA/HHS workforces, and whether employee reductions and program elimination are in fact the main goals.

A new Federal Food Safety Agency would combine the "food" duties of the Food and Drug Administration (FDA) with the USDA's Food Safety and Inspection Service. This new Food Safety Agency would become part of USDA. Following the food reorganization, FDA (which would be renamed the "Federal Drug Administration") would focus on drugs, devices, biologics, tobacco, dietary supplements, and cosmetics. The proposed consolidation would merge approximately 5,000 full-time equivalent (FTE) employees and \$1.3 billion from FDA with about 9,200 FTEs and \$1 billion in resources in USDA.

The proposal calls for a reorganization within the Department of Energy, with an emphasis on consolidating currently existing applied energy research programs offices and programs including the Advanced Research Projects Agency-Energy (ARPA-E). However, there are few concrete details. It is important to note that Congress has continued to recognize the value of, and the role of ARPA-E, the Office of Energy Efficiency and Renewable Energy (EERE), and the Office of Science in maintaining our nation's current capabilities and competitiveness in scientific research.

The Administration also proposes to require the Department of the Treasury to develop recommendations for federal financial literacy and education activities that would be shared with OMB before October 1, 2018. The Federal Deposit Insurance Commission (FDIC) and the National Credit Union Administration (NCUA) both perform valuable distinct financial research and education, while the Consumer Financial Protection Bureau (CFPB) performs significant and important work on financial literacy. NTEU is concerned that overall policy differences with the mission of the CFPB could be a reason for its inclusion in this reorganization proposal.

In addition, the report proposes to break apart the Office of Personnel Management (OPM), moving core employee policy divisions to the White House. Additionally, retirement policy and the processing of annuities, as well as the administration of the Federal Employees Health Benefits Program (FEHBP), would move to a renamed GSA, the Government Services Agency, and federal employee background investigations would be transferred to the Department of Defense. While NTEU does not represent OPM employees, we are concerned about the break-up of retirement and health care policy and operations, and the loss of needed independence from all White Houses for federal employee and workforce management policy-making and decisions. The White House's Office of Presidential Personnel has rightly been responsible for the selection and hiring of presidential appointees; however, OPM's independent authority over the career civil service-and employing agency human resources' actions and decisions-must be maintained for our government not to revert to the spoils system.

It is clear the majority of the Administration's reorganization proposals will require congressional action, and that further details on the impact on the workforce and programs are needed before serious consideration can occur. NTEU has always supported efforts to improve agency performance and eliminate government waste and inefficiencies. However, previous reform and reorganization efforts failed to accomplish these goals. Instead, we've seen overly ambitious efforts to reform the civil service that eroded employee rights and employee morale or haphazard efforts to reduce the number of federal workers by cutting an arbitrary number of personnel, implementing a hiring freeze, or failing to replace employees who had retired resulting in gutted agencies and largely contributing to the looming retirement crisis facing the federal government today. In fact, one of the biggest lessons and failures of the Clinton-Gore Administration's so-called "Reinventing Government" initiative was the hollowing out of positions, leaving agencies unable to conduct proper workforce planning, and without a skilled workforce in place---which devastated agency's abilities to effectively perform their responsibilities, opening up federal agencies and workers to criticism. Under this Administration, it is unfortunate that there has already been a lost opportunity to improve government by not engaging with, and including, frontline employees in ways to improve agency functions and operations from the very beginning.

#### **Agencies Consulting with Employee Representatives**

Effective government management does not attempt reform efforts in a vacuum. Senior agency officials and political appointees do not have all of the relevant information or ideas on where to focus reform efforts. Rather, we believe that only by having senior officials working closely with front-line employees and their representatives will real positive reform take place.

Front-line federal employees and their union representatives are an essential source of ideas and information about the realities of delivering government services on-the-ground to the American people.

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

According to the October 2014 Labor-Management Relations in the Executive Branch report, there are numerous instances where PDI and employee engagement efforts have been successful. These examples demonstrate how PDI has increased agency productivity as well as significantly increased employee satisfaction and morale. I see no reason why similar success cannot be had with this new government-wide reform effort.

#### **Suggestions for Agency Reform Plans**

The President's March 13, 2017 EO tasked the Director of OMB, to formulate a proposal to reorganize Executive branch agencies, components, and functions. Notably, the EO also required agencies "to develop a long-term workforce reduction plan." Additionally, the EO directed OMB to evaluate whether a program is federal in nature, whether programs and functions would be better out-sourced to the private-sector, whether agencies or programs are relevant or duplicative, whether internal, administrative operations are necessary, efficient, and duplicative, and whether the costs to continue current operations, or to close or merge agencies are justified, and in the public interest. The OMB Director was also directed to include any personnel costs associated with the impact on "affected agency staff."

Following release of the March EO, in May of 2017, I met with then OMB Senior Advisor Linda Springer and discussed our desire to be part of the Administration's reorganization planning. I also discussed how our chapter leaders were engaged in soliciting reform recommendations from our members. However, we did not hear back from OMB regarding our request to have OMB counsel agencies to reach out and involve front-line employees. We fear that such reform efforts without employee involvement will fail; adversely impacting the morale of the federal workforce as well as the services we provide to the American people, and ultimately wasting taxpayer dollars. Not deterred, I then sent a memo to our chapters, asking them to provide ideas I could share with agency heads. I am pleased to say that the response from our members was overwhelming. After collecting these ideas, I then wrote letters to agency heads summarizing our members' suggestions and offering a meeting to discuss them in depth and answer any questions they might have so that they could fully appreciate how these recommendations would improve Agency and employee performance. Unfortunately, other

than a meeting with Customs and Border Protection (CBP) and a perfunctory response in a few cases, we did not hear back from agencies, nor were we consulted about the proposals they submitted to OMB. While we held no illusions that all of our ideas would be accepted, it is important for agencies, the Administration, Congress and the public to understand that when it comes to meeting the public's expectations for their government, front-line federal employees have much to offer.

In June, I sent letters to CBP, the Internal Revenue Service (IRS), Commodity Futures Trading Commission (CFTC), the Environmental Protection Agency (EPA), the Social Security Administration (SSA), and to HHS, among others, to share our members' recommendations for the agency reform plans. Although the recommendations were specific to each agency, they fell into similar themes.

Increase telework and/or hoteling to reduce real estate costs and wasted travel time

At the IRS, we recommended eliminating the requirement that employees report to their assigned posts-of-duty (POD) at least two days each pay period. Many employees report that they do not have any work-related need for reporting physically to work, and that it is sufficient that the Agency have the ability to direct telework-eligible employees to report to their POD on special circumstances. In addition, it would also include expanding the "Home as POD" program to include any employee who volunteers to telework full-time and is willing to surrender their permanent office space/cubicle. These changes would increase employee morale and reduce Agency rent expenses.

Similarly, at the CFTC we recommended an increase in telework. With increased telework, CFTC could promote office sharing and reduce rented office space. In addition, one additional telework day per week could save up to an estimated \$300,000 per year in transit subsidies. We also recommended increased flexibility in work schedules, which would increase productivity and staff retention as well as reduce the amount the Agency spends on transit subsidies.

Consolidate Management Layers

According to the OMB memorandum, as part of their reform plans, agencies are to consider consolidating higher-grade positions, downgrading management-level positions, and ensuring that they have the fewest amount of management layers needed to provide for appropriate risk management, oversight and accountability.

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

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

In another example, units such as the National Case Assistance Centers (NCAC) in the Office of Field Operations (OHO, formerly Office of Disability Adjudication and Review) at the SSA have four layers of management ranging from GS 13s to GS 15s. First line supervisors are GS 13s. They directly interact with and supervise bargaining unit employees. The group supervisor reports to a unit manager, who reports to an associate director, who then reports to the Director. The multiple layers of management in these offices are not only wasteful, but also make communication less effective and efficient.

In addition, the Baltimore NCAC was initially set up to manage approximately 300 employees. Due to transfers and attrition, the Baltimore NCAC employs approximately 181 employees. Despite the reduction in the frontline workforce, NCAC management remains at the same level. The Baltimore NCAC, as well as the St. Louis NCAC, have four levels of management- 1 Director, 1 Deputy Director, 2-3 Unit Managers, and a number of Group Supervisors. NTEU proposes eliminating the NCAC Unit Manager position. These are GS 14 positions and the resulting savings would total \$698,495 to \$778,338 annually. NTEU also proposes eliminating the two NCAC Deputy Director Positions, which would result in additional saving totaling \$208,794 to \$271,437 annually.

At OHO, NTEU proposes eliminating the Quality Review Officer (QRO) positions in the Regional Offices and shifting oversight of the quality review specialists to the Regional Attorney. The Regional Attorney position description outlines that one task to be performed is to "coordinate and evaluate the work of Attorney Advisors and other support staff." Often Regional Attorneys review cases sent to them by hearing offices asking for guidance on issues identified in decisional drafts. They provide guidance and feedback to the hearing offices. These duties go hand in hand with the duties performed by the QRO, which results in duplicative processes. QROs are GS 14 positions. Eliminating the 6 QRO positions would result in savings ranging from \$598,710 to \$779,338, based on the Rest of the US pay scale.

Furthermore, at the IRS Office of Chief Counsel, we recommend eliminating the approximately 200 non-bargaining unit (NBU) GS-15 905 Senior Technician Reviewer and Special Counsel, and Special Trial Attorney positions in Chief Counsel and converting these positions to bargaining unit (BU) GS-15 Senior Counsel positions. These positions are not used or needed for management functions, but are needed for performing complex legal and review work. The Office has too many GS-15 attorneys designated as NBU who are not really managers. These employees generally do not perform or are not needed to perform managerial functions. They act as reviewers and lead attorneys and work on the more complex matters. Essentially, they perform functions that are substantively indistinguishable from Senior Counsel BU attorneys. All of these positions should be converted to a single Senior Counsel bargaining unit position both in the National Office and the Field offices.

In addition, NTEU recommends reducing the number of front line managers in the Field Offices, Associate Area Counsel (AAC), and Deputies/Assistants NBU GS-15 905 positions at the IRS and converting them to BU Senior Counsel positions. Field attorneys should continue to perform litigation functions and not only administrative managerial tasks. The Assistant Branch Chief or Assistant to the Branch Chief NBU GS-14 position could be eliminated.

#### Hire more support staff

For many agencies, we recommended the hiring of additional support staff so that staff members with more complex work could spend less time performing administrative functions. At OHO, for example, we believe that by simply focusing on hiring more Administrative Law Judges (ALJs) without the support staff of Attorney Advisors and Decision Writers is counter-productive to reducing the backlog.

#### Empower front-line decision making

We believe that by empowering employees, agencies breed individual and group confidence, enabling people to work both more efficiently and more effectively. When employees are confident within their work and with their employer, they are more willing to identify problems and suggest ways to improve the quality of their work.

#### Fill existing vacancies

While this recommendation may seem counter to the goals of the agency reorganization efforts by the Administration, we believe that efficiencies can be achieved by fully staffing agencies so that agencies can meet their missions. For example, we recommend OHO staff approximately 200 unfilled Senior Attorney Advisor (SAA) positions via promotion. Filling these SAA positions with current Attorney Advisors will allow a number of significant tasks to be performed which will improve case processing.

A Senior Attorney can conduct prehearing conferences with unrepresented claimants just about anywhere – using the phones or video hearings or other modalities. Feedback indicates that unrepresented claimants appreciate the opportunity to talk to someone about their appeals and what to expect. This provides excellent public service and the data we have seen indicates prehearing conferences reduce the numbers of no shows/continued hearings to obtain representatives, allowing ALJs to be more efficient. Moreover, rocket dockets for unrepresented claimants can be set with Senior Attorneys and after a prehearing conference type meeting, could go to an ALJ hearing when appropriate or possibly an on-the-record (OTR) recommendation.

At the IRS, we recommend increasing the number of Department of the Treasury, Office of Tax Policy GS-15 docket attorneys to expedite work on published guidance regulations and legislation. The Office of Tax Policy attorneys in TLC (Tax Legislative Counsel), BTC (Benefits Tax Counsel) and ITC (International Tax Counsel) work with IRS Office of Chief Counsel attorneys in publishing tax guidance including regulations, revenue rulings, notices and announcements. Inadequate staffing in the Office of Tax Policy results in a bottleneck in issuing

tax guidance to the public. Hiring attorneys for very short-term tenures (1 – 2-year stints) further exacerbates the problem.

Another option is to insource work currently being performed by contractors. Contracting companies charge overhead costs while contract employees lack the accountability, expertise, and institutional knowledge of federal employees. Moving these contractor responsibilities in-house would translate into improved productivity, better work product, and savings in overhead costs. The CFTC currently has just under 700 full-time equivalent employees and 400-600 contractors and could realize significant savings by insourcing work.

### **Concerns Over Outsourcing**

Relatedly, one of the major concerns NTEU has with reorganization efforts is that such plans often are intended as a way to increase the outsourcing of government functions. In fact, the 2017 OMB Reorganization Memorandum states that agencies should consider leveraging outsourcing to the private sector when the total cost would be lower. It also states that agencies should consider government-wide contracts for common goods and services to save money and free-up acquisition staff to accelerate procurements for high-priority mission work.

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

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

One of the most egregious examples of the outsourcing of inherently governmental functions was the 2006 IRS private tax collection program. The program, under which private collection agencies were paid to collect taxes on a commission basis, was an unmitigated disaster. The program resulted in a net loss of almost \$5 million to the federal government and lead to taxpayer abuse. Further, at one juncture in the program, the IRS had to assign 65 of its own employees to oversee the work of just 75 private collection agency employees. Given the obvious failures of this undertaking, and in the face of strong opposition by NTEU and a broad range of consumer and public interest groups, Congress voted to cut off funding for the program. Then, in March 2009, after conducting a month-long, comprehensive review of the program, including the cost-effectiveness of the initiative, the IRS announced it was ending the program.

Yet, Congress reinstated the program in late 2015 to offset the costs of the long-term highway funding bill, and NTEU remains highly concerned by the use of private collection agencies, which not only are costly to taxpayers, but run the risk of exposing the public to scam

artists. According to a recent analysis of the program's first year by the National Taxpayer Advocate, these private tax collectors who are collecting tax debts on a commission basis, have been forcing many taxpayers into payment plans they simply cannot afford. The National Taxpayer Advocate's analysis found that of the taxpayers put into payment plans by these private collectors, 43 percent had income lower than their allowable living expenses. The Taxpayer Advocate was so concerned about this finding that it issued a directive on April 23, 2018 that the IRS stop assigning to private collection agents any cases where the taxpayer had income below 250 percent of the federal poverty level. NTEU is pleased with bipartisan legislation approved by the Ways and Means Committee this April as a first-step to limiting the damage, but continues to believe that Congress must act to allow only fully-trained IRS professionals to handle debt collection and payment duties.

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

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

By ensuring that the outsourcing process is fair and that federal employees are able to compete for work with contractors on an even playing field, federal agencies will be better able to provide high quality services and will save taxpayer dollars and achieve the goals for the OMB Memorandum. NTEU strongly supports both the House Appropriations Committee's FY 2019 Financial Services and General Government (FSGG) measure, and the Senate Appropriations Committee's FSGG FY 19 bill, that would maintain the A-76 moratorium.

### **Conclusion**

There are many challenges facing the federal government, including a need to invest wisely in the federal workforce, and to provide agencies with stable, timely, and adequate funding resources. The Administration's plans to re-shuffle, or to eliminate offices and programs, coupled with previous stated goals of reductions to the overall workforce--without real input from frontline federal employees, require serious congressional review and ultimately approval. We remain deeply concerned with directions to agencies requiring reductions to their workforces, based only on proposed budgets or plans. Overall, we fear the potential for a real opportunity for change will be wasted, along with taxpayer dollars, subjecting federal agencies



and employees to further charges of being a failed bureaucracy, when it will be one of failed leadership. The proposed pay freeze for January 2019 during a time of a robust economy, FY 2019 budget proposals to slash earned retirement, health care, leave benefits and workers' compensation, the recent May 25<sup>th</sup> EOs to decimate representation and collective bargaining rights of frontline employees, and the lack of action to invest in training and professional development for federal workers, all serve to demonstrate an Administration that fails to understand that agencies cannot hope to successfully implement federal programs and policies without providing for and valuing a skilled workforce. Thank you again for the opportunity to share NTEU's views.

**Richard G. Thissen**  
National President



**Jon Dowie**  
National Secretary/Treasurer

June 26, 2018

Committee on Oversight and Government Reform  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairman Gowdy, Ranking Member Cummings, and members of the House Committee on Oversight and Government Reform:

In advance of the House Committee on Oversight and Government Reform's hearing, titled "Examining the Administration's Government-wide Reorganization Plan," I write to share the views and concerns of the National Active and Retired Federal Employees Association (NARFE). NARFE is dedicated to advancing the interests of the more than 5 million federal employees and retirees, as well as their spouses and survivors, and has more than 205,000 dues-paying members across the country and abroad.

NARFE appreciates the swiftness with which the Oversight Committee scheduled a hearing to discuss and debate the president's reorganization plan. Most of the changes proposed would require action by Congress. As these changes would not only impact the more than 2 million federal employees who carry out the work of our nation, but also the American taxpayers who rely on their services, NARFE commends the Committee for taking the time to give these proposals the thoughtful and deliberative attention they deserve. At this time, I share some initial thoughts on the reorganization proposal by the White House, but NARFE is continuing to evaluate these and other proposals as more details are provided.

**First, transferring federal personnel policy to the Executive Office of the President threatens to politicize the federal civil service.** While some have expressed support for this move, as it has the potential to elevate the attention the largest workforce in our country receives from the White House, NARFE has serious concerns that this move could prove detrimental to career civil servants. With an administration that has shown disdain at times for a professional, merit-based civil service, this raises red flags that the move is intended to exert undue political influence on non-political hiring and firing decisions. Political influence in civil service hiring and firing allows jobs to be handed out or taken away based on political contributions or affiliations rather than individual capabilities. The history of the spoils system that existed in the 1800s shows that this leads to corruption and incompetence in the civil service. It would also shift substantial power from Congress to the Executive as federal jobs could depend more on allegiance to the President or political party than to the Constitution and laws enacted by Congress. While this element of the reorganization does not achieve this by itself, it removes important safeguards in the process. While the current administration has proposed policies that alarm NARFE, we would express the same concerns with moving policy

**National Active and Retired Federal Employees Association**

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from the Office of Personnel Management (OPM) to the Executive Office of the President regardless of which political party is currently in the White House.

**However, we cannot ignore that this Administration has proposed substantial cuts to federal pay and retirement benefits, and therefore elevating federal personnel policy to the White House is troubling.** In exchange for hard work and public service, often over long careers, federal employees and retirees earned the retirement benefits they have been promised. Diminishing their value in any way for those who have already earned them – including by eliminating or reducing COLAs, altering how they are calculated, or eliminating an entire element of the pension – fails to honor the basic commitments made to our public servants. While in most cases reorganization proposals should be considered independent of the current administration, policies that would roll back retirement benefits for individuals approaching, and even in, retirement are particularly egregious. Elevating responsibility for these policies to the Executive Office of the President would undoubtedly raise their profile, which is a potential consequence of the reorganization to consider.

**Third, eliminating OPM entirely and transferring its remaining programmatic functions to the newly-named Government Services Agency (GSA), or other agencies, raises concerns that OPM's important functions – such as administering federal retirement and health benefit programs – will not receive the attention and resources that they deserve.** Public servants put in hard work often over long careers to serve the needs of the American people. In exchange, they earn both pay and benefits. It is OPM's job to make sure our government is upholding its end of the bargain. More than eight million people rely on the highly-acclaimed and model Federal Employees Health Benefits (FEHB) Program to meet their health care needs. In terms of federal retirement benefits, while OPM has had its challenges in modernizing retirement processing, we should evaluate whether simply moving this program to another agency will accomplish the modernization it sorely needs. In considering this recommendation, we urge Congress to give careful thought as to whether OPM's current mission will receive the appropriate prioritization and resources if moved to an entirely new agency with larger responsibilities.

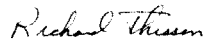
**Fourth, privatizing the United States Postal Service (USPS) undermines the provision of universal services that has existed for more than a century and threatens the jobs, pay, health and retirement security of hard-working, middle-class postal employees.** NARFE wholeheartedly opposes privatization of the USPS, which is not a privately-owned business because it has a constitutional obligation to provide universal public services. Transforming it into a private entity unnecessarily threatens the continuation of the public services it provides. It also would promote a race to the bottom in terms of basic pay and benefits for postal workers. The timing of this proposal is perplexing given the president has formed a cross-agency task force currently working to provide recommendations on postal reform in mid-August. If the recommendations will be the same – to privatize USPS – what is the point of the task force? If not, why muddy the waters with potentially conflicting administration views? The Oversight Committee has prioritized reforms of USPS operations in the past, and

even though NARFE has not always agreed with the path forward the Committee has recommended, we strongly urge the Committee not to abdicate its jurisdiction in this arena.

**Finally, in evaluating the reorganization proposals, I urge the continuation of careful, thoughtful deliberation and consideration of how the proposals will affect the public servants within the affected agencies who are tasked with carrying out the important work our country asks of them.** Government reorganization aims to improve government efficiency and performance to better carry out the missions directed by Congress and the president. As the individuals who dedicate their work, day-in and day-out, to these goals, federal employees share a desire to align the federal government to best serve the American public. They should be viewed as necessary partners in any reorganization effort. At the end of the day, no reorganization can be successful if agencies, whatever their names and whatever their new structures, are not equipped with a competent and effective federal workforce to carry out their missions.

Thank you for considering NARFE's views. If you have any questions or comments regarding this request, please contact NARFE Staff Vice President, Advocacy, Jessica Klement at 703-838-7760 or [jklement@narfe.org](mailto:jklement@narfe.org).

Sincerely,



Richard G. Thissen  
National President

“Two Years Not Ten Years Redesigning Infrastructure Approvals,” Common Good, submitted by Mr. Palmer can be accessed at: <https://www.commongood.org/wp-content/uploads/2017/07/2YearsNot10Years.pdf>

“Assessing the Costs Attributed to Project Delays” submitted by Mr. Palmer can be accessed at: <https://ftp.dot.state.tx.us/pub/txdot-info/fed/project-delay-summary.pdf>

## **New York Times: How One Conservative Think Tank Is Stocking Trump's Government**

By placing its people throughout the administration, the Heritage Foundation has succeeded in furthering its right-wing agenda.

**By Jonathan Mahler**

June 20, 2018

On the day after Thanksgiving in 2016, Ed Corrigan, then the vice president for policy promotion at the Heritage Foundation, was summoned to Trump Tower in New York to join the senior leadership team of the Trump transition. From inside the building where the climactic personnel decisions of "The Apprentice" were once taped, Corrigan oversaw the staffing of 10 different domestic agencies. Donald Trump, the former reality-TV star, was now the president-elect of the United States, and he had an administration to fill.

The job of staffing the government is the first, and in many ways defining, challenge faced by every president. As the size of the government has grown to accommodate the nation's economy, frequent military interventions and increasingly complex geopolitical obligations, so have the scale and gravity of the task. In 1933, there were just over 200 presidential appointees in the executive and legislative branches. At the end of the Barack Obama's second term, there were 4,100.

Filling enough of these jobs in time to get the government off the ground on Jan. 20 is difficult in the best of circumstances, which is to say when the president-elect has some sort of pre-existing political infrastructure to draw upon. Even Ronald Reagan, who, like Trump, campaigned as a Washington outsider, relied on both his inner circle from the California Statehouse and a kitchen cabinet of mostly self-made millionaires who helped finance his political rise. Trump would be coming to the White House with little more than the remnants of a campaign staff that included his daughter and son-in-law, a contestant from his reality-TV show and his longtime bodyguard. What is more, in the days after his election, Donald Trump replaced the head of his preliminary transition operation, Gov. Chris Christie of New Jersey, with Vice President-elect Mike Pence and purged Christie's allies from the team, throwing away months' worth of their work recruiting and vetting personnel; a

senior Trump aide, Stephen K. Bannon, made a show of gleefully dumping binders filled with résumés into the trash.

The Trump team may not have been prepared to staff the government, but the Heritage Foundation was. In the summer of 2014, a year before Trump even declared his candidacy, the right-wing think tank had started assembling a 3,000-name searchable database of trusted movement conservatives from around the country who were eager to serve in a post-Obama government. The initiative was called the Project to Restore America, a dog-whistle appeal to the so-called silent majority that foreshadowed Trump's own campaign slogan.

#### ADVERTISEMENT

In some ways, Trump and Heritage were an unlikely match. Trump had no personal connection to the think tank and had fared poorly on a “Presidential Platform Review” from its sister lobbying shop, Heritage Action for America, which essentially concluded that he wasn't even a conservative. (“Despite his rhetoric, Trump's history suggests a reluctance to engage in debates over protecting civil society from the imposition of left-wing values,” it read in part.) After Trump mocked John McCain's P.O.W. experience in Vietnam, Heritage Action's chief executive, Michael Needham, called the candidate “a clown” on Fox News and said “he needs to be out of the race.” Trump claimed to want to shake up the Washington establishment. The Heritage Foundation is a Washington institution. Its large, stately headquarters sits just a few blocks from Capitol Hill.

And yet Heritage and Trump were uniquely positioned to help each other. Much like Trump's, Heritage's constituency is equal parts donor class and populist base. Its \$80 million annual budget depends on six-figure donations from rich Republicans like Rebekah Mercer, whose family foundation has reportedly given Heritage \$500,000 a year since 2013. But it also relies on a network of 500,000 small donors, Heritage “members” whom it bombards with millions of pieces of direct mail every year. The Heritage Foundation is a marketing company, a branding agency — it sells its own Heritage neckties, embroidered with miniature versions of its Liberty Bell logo — and a policy shop rolled into one. But above all, Heritage is a networking group. It has spent decades fashioning itself into the hub of a constellation of conservative individuals and organizations united by their opposition to government regulations — from taxes to gun control to environmental protections — and socially progressive causes like same-sex marriage.

Today it is clear that for all the chaos and churn of the current administration, Heritage has achieved a huge strategic victory. Those who worked on the project estimate that hundreds of the people the think tank put forward landed jobs, in just about every government agency. Heritage's recommendations included some of the most prominent members of Trump's cabinet: Scott Pruitt, Betsy DeVos (whose in-laws endowed Heritage's Richard and Helen DeVos Center for Religion and Civil Society), Mick Mulvaney, Rick Perry, Jeff Sessions and many more. Dozens of Heritage employees and alumni also joined the Trump administration — at last count 66 of them, according to Heritage, with two more still awaiting Senate confirmation. It is a kind of critical mass that Heritage had been working toward for nearly a half-century.

**“Feulner’s first law** is people are policy,” Ed Feulner, Heritage’s founder and former president, told me recently. Feulner was the head of domestic policy for the Trump transition, charting the direction of the Environmental Protection Agency, the Department of Agriculture and several other agencies. We met late on a Friday afternoon, in a sitting room at the Metropolitan Club in Washington, a private social club founded by a group of Treasury Department officials during the Civil War. At his feet as we spoke sat a small box of table cards for a dinner he was hosting at the club that evening for the newly appointed director of Trump’s National Economic Council, the television personality Larry Kudlow — another name on Heritage’s Project to Restore America list. Now 76, ruddy, white-haired and content, almost jovial, Feulner founded Heritage decades ago as an ambitious young legislative aide with a radical dream built on a simple concept. As he put it, sinking deeper into his club chair: “First, you have to have the right people.”

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Heritage was born in the spring of 1971 in the basement cafeteria of the United States Capitol. Feulner had just turned 30 and was working for Representative Philip Crane, an Illinois Republican who had written a book, “The Democrat’s Dilemma: How the Liberal Left Captured the Democratic Party,” arguing that left-wing radicals inspired by the Fabian Society, a socialist group in Britain, were secretly trying to turn America into a socialist state via the Democratic Party. As an undergraduate at Regis College, Feulner had been drawn to an emerging conservative movement that saw as its enemy not only Democrats but also moderate Republicans who threatened to do to their party what they believed the Fabians had done to the Democrats. In 1964, as a graduate student at the Wharton School, he organized a campus group to support the insurgent presidential candidacy of his political hero, Senator Barry Goldwater of Arizona.



Over breakfast at the Capitol, Feulner and another Hill aide, 28-year-old Paul M. Weyrich — later credited with coining the phrase “moral majority” — commiserated over a recent study from the American Enterprise Institute, an established conservative think tank, about a proposed supersonic transport plane. The report could have helped buttress their argument that the government should continue to fund the plane as part of its effort to win the Cold War, but A.E.I. had withheld it until after the Senate voted on the issue so as not to bias the debate. This was, to their thinking, the wrong approach. What if they could create a new sort of think tank, one that would actively seek to cultivate and influence politicians, and in the process advance the cause of movement conservatism?

Soon after, they made their pitch to Joseph Coors, the highly motivated Colorado beer baron who would later, at the suggestion of the Reagan White House aide and future National Rifle Association president Oliver North, wire \$65,000 to a Swiss bank account to buy a cargo plane for Nicaraguan rebels. Coors had come to Washington in search of a conservative institution in which to invest. The meeting was held in the office of the irreverent ex-newspaperman and Nixon aide Lyn Nofziger. Weyrich had heard that Coors was also considering investing in A.E.I., which gave Nofziger the idea for “a little artifice,” as the official history of the Heritage Foundation describes it. Before Coors arrived, Nofziger sprinkled some cigar ashes on a thick American Enterprise Institute study resting on his bookshelf. When Coors asked about A.E.I., he took the book off-the-shelf and blew off the ashes. “A.E.I.?” he asked. “That’s what they’re good for — collecting dust.”

Coors invested \$260,000 in the new venture, and within a few years, Heritage had taken its place at the center of the growing conservative counterestablishment. Its initial fund-raising success foreshadowed the rise of the Republican donor class as a political force: Another early and generous giver was the banking and oil heir Richard Mellon Scaife, who went on to invest hundreds of millions of dollars in conservative media outlets and nonprofit organizations that, among other projects, targeted the Clintons during the 1990s. (Heritage trustees used to joke that Coors gave six-packs; Scaife gave cases.)

Feulner packaged his fledgling think tank’s ideology into five basic principles: free enterprise, limited government, individual freedom, traditional values and a strong national defense. They would guide Heritage’s agenda, which would be set by Feulner and his senior leadership team. Feulner also anticipated the danger of his new think tank’s being dismissed as a tool of rich Republicans. To build a Heritage member base that would assert the

foundation's anti-establishment identity, he turned to Richard Viguerie, the conservative marketing pioneer known for his high-quality mailing list and his uniquely apocalyptic warnings of imminent national collapse.

Think tanks are sometimes referred to as universities without students, suggesting intellectual diversity within a general philosophical orientation. Heritage, by contrast, was strictly results-oriented. Feulner once likened his strategy to Procter & Gamble's approach to Crest toothpaste: "They sell it and resell it every day by keeping the product fresh in the consumer's mind." One way to promote Heritage's brand was to inundate Congress with an unending barrage of bite-size "backgrounders"; another was by networking. Heritage hosted weekend retreats for lawmakers, study groups for young congressional staffers and semester-long internships for college students, complete with Heritage housing. In its early years, Heritage took up numerous political battles: It published papers advocating making Social Security voluntary, argued against giving striking workers access to food stamps and warned parents about the danger posed by the advancement of "secular humanism" in public schools. To Feulner, they were all worthy fights, but they were just a prelude to what Heritage's official history calls "the Big Gamble" — its decision to invest in the presidential candidacy of the 68-year-old Ronald Reagan.

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Feulner saw something in Reagan long before he became president. "We had met with him when he was governor in California; we had visited his ranch and seen copies of Milton Friedman and Friedrich Hayek with marginal notes in the book," Feulner told me. "So we knew that he was one of us." In the run-up to the 1980 election, Heritage spent \$250,000 to assemble a comprehensive guidebook for conservative rule that it called "Mandate for Leadership" and aggressively marketed it to members of Reagan's transition team, in particular Edwin Meese, who was Reagan's chief of staff in California and later became his attorney general in Washington. The big gamble paid off: Meese told me that Reagan asked that the 1,093-page document be distributed at his first cabinet meeting. Reagan also turned to Heritage and Feulner to help staff and organize his administration. An enduring, mutually beneficial friendship was born. Meese wrote a letter on White House stationery stating that members of Heritage's President's Club — at the time, donors of \$1,000 or more — would "provide a vital communications link between policymakers and those key people who made possible Reagan's victory," as Sidney Blumenthal reported in his 1986 book "The Rise of the Counter-Establishment." The relationship worked both ways. When Reagan's second term ended, Meese joined Heritage as its first Ronald Reagan Fellow in Public Policy, with an annual salary of more than \$400,000. Now 86, he remains at

the think tank as distinguished fellow emeritus of the Meese Center for Legal and Judicial Studies.

Image

Reagan's image is everywhere at Heritage, the informal poses and settings — on a horse, on a putting green, relaxing at his ranch — suggesting less a political actor than a beloved family member. But Heritage had its complaints about Reagan at the time. On the first anniversary of his presidency, the think tank issued a report characterizing his tenure as a disappointment to conservatives. Heritage laid much of the blame on personnel who were insufficiently committed to the president's agenda. "They were looking for competent people," Nofziger, who had gone on to become a key political strategist for Reagan, later recalled. "I tried to explain to them that the first thing you do is get loyal people, and competence is a bonus."

Over the following decades, Feulner continued to pursue his dream of turning the counterestablishment into the establishment. The prospects had perhaps never looked bleaker than they did in 2012, when Obama was easily elected to his second term. Having just turned 70, Feulner decided that it was time to retire. At that moment in conservative history, it was not difficult for him to see where the future of the think tank lay: the Tea Party. Heritage had helped organize and underwrite the anti-tax, anti-government — and, most of all, anti-Obama — movement, even creating a lobbying organization, Heritage Action, to help harness the energy it unleashed.

A couple of years earlier, in 2010, Feulner heard a talk given by one of the movement's leading figures, Senator Jim DeMint of South Carolina, at a meeting of a conservative dinner group in Georgetown. "When it was over, Richard Viguerie said to Jim: 'That was such a fantastic speech. Why don't you run for president?'" Feulner told me, recounting the events of the evening. "DeMint locked eyes with me and said, 'The only thing I've ever wanted to be president of is the Heritage Foundation.'"

Feulner decided DeMint was someone to watch, and the next year, the senator earned the highest possible rating on Heritage Action's new congressional scorecard, which evaluated lawmakers' voting records on the think tank's principles — higher than Michele Bachmann and much higher than Paul Ryan or Mitch McConnell. ("With each vote cast in Congress, freedom either advances or recedes," Needham said when Heritage Action unveiled the new rating system.) DeMint had fought the federal bailouts of the banks and carmakers, supported school prayer and opposed abortion and Obamacare. No less important, DeMint, who had an M.B.A. from Clemson University,

shared the Heritage belief that politics was as much about sales and recruiting as it was about legislating or governing. Before running for office at the age of 47, he had operated his own marketing company; as a senator, he created a political-action committee, the Senate Conservatives Fund, to raise cash for select conservative candidates. He was clearly a skilled fund-raiser, which was a big part of the Heritage job. He would have to be willing to give up his Senate seat to run a think tank, which was maybe not as far-fetched as it sounded. In addition to influence, Heritage offered something the government couldn't: money. Without even having to taint his reputation by becoming a lobbyist, he would get a roughly 400 percent raise from his government salary, to nearly \$900,000 in his first full year.

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DeMint started at Heritage in 2013. He created a new layer of senior staff that included allies from Capitol Hill, in the process effectively demoting many of Heritage's veteran leaders. He also went on a hiring spree of young conservatives for the think tank's media and internet operations. "Conservative ideas are invigorating," DeMint told *The New York Times* in 2014. "We had allowed them to become too serious." (DeMint declined to be interviewed for this article.)

While Feulner and his senior staff had reserved the right to review policy papers, they generally avoided intervening in the research and publication process. DeMint and his leadership team were much more aggressive. Papers were heavily edited or even withheld from release altogether. Several scholars quit. DeMint replaced them, bringing in as Heritage's chief economist Stephen Moore, a *Wall Street Journal* editorial writer and a founder of the Club for Growth, a lobbying group that advocates cutting taxes.

DeMint intensified the think tank's marketing efforts, targeting Obamacare in particular. A Heritage billboard went up in Times Square — "Warning," it read, "Obamacare may be hazardous to your health" — and DeMint led a "Defund Obamacare Tour" across the country. In Congress, he had been something of a one-man ideological enforcer. Now he had at his disposal the power of an \$80 million institution whose name was a one-word shorthand for movement conservatism; the backing of some of the country's richest, most politically engaged Republicans; and a significant slice of the conservative base. Within months of his arrival, he was pressing House Republicans to send the president a spending bill that wouldn't fund the Affordable Care Act, thus inviting a government shutdown. "There's no question in my mind that I have more influence now on public policy than I did as an individual senator," he said in an interview with National Public Radio in 2013.

But his most audacious bid for influence came the following year, when he inaugurated the Project to Restore America. “What we learned from talking to Heritage folks who had been in the Reagan administration was that we needed to be in the game early,” Ed Corrigan, one of DeMint’s Capitol Hill hires, told me. With its focus on staffing, the new effort was the logical extension of his fixation on recruiting the right conservatives for Congress, not to mention the concept at the very heart of Feulner’s vision for Heritage. To lead the project, DeMint turned to a woman who had spent decades building Heritage’s network and knew just how to staff a government: Becky Norton Dunlop, a former deputy personnel director for Reagan. “I know this is going to be hard to believe, but he said — and I agreed — that it was highly likely that a conservative would be elected president,” Dunlop told me, recalling her first conversation about the effort with DeMint. “We needed to be prepared.”

Dunlop’s name may be unfamiliar to most Americans, but she is something of a legend among movement conservatives. She came to Washington in 1973 straight from college to work for the American Conservative Union, the lobbying group best known for organizing the annual Conservative Political Action Conference, and later married an aide to Senator Jesse Helms of North Carolina, who gave her away at their wedding. (Her father, a Baptist minister, officiated.) Congress eventually pushed her out of the Interior Department for trying to demote or fire several National Park Service employees and replace them with political appointees. Years later, after a controversial stint as Virginia’s secretary of natural resources — “Gunning for the Environment?” was the headline of a 1997 Washington Post profile in the Style section — she landed at Heritage as its vice president for external relations and has been there ever since.

Dunlop tapped her extensive network, groups like the Family Research Council, Liberty University and the Council for National Policy, an organization that brings together advocates of various conservative causes. “I talked to them all,” Dunlop said. “You need to think about this, and you need to spread the word. If you’re interested, get your house in order, talk to your spouse and get ready, because we need to save our country.”

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Not only was Trump an awkward fit for a staunch conservative like DeMint, but the Heritage president had strong ties to two of his primary opponents. His PAC had raised close to \$600,000 for Marco Rubio’s 2010 Senate campaign, and he and Rubio were both associated with the C Street house, a group residence on Capitol Hill affiliated with the Fellowship Foundation, the nonprofit organization that sponsors the National Prayer Breakfast. Ted Cruz

— to whom DeMint’s PAC had given nearly \$1 million for his 2012 Senate run — had been a featured speaker on DeMint’s “Defund Obamacare” tour. Trump’s campaign promises to punish American companies that export jobs were anathema to Heritage’s 45-year history of support for free trade, not to mention the interests of some of its biggest donors. Even as Trump was gaining momentum, some senior staff members continued to resist the idea of embracing him, arguing that it would damage Heritage’s reputation, but DeMint decided to get out ahead of the rest of his party and work with Trump’s insurgent campaign.

DeMint understood better than most what lit up the conservative base; after all, he had spent years stoking its anger at the Republican establishment. At a private dinner on Capitol Hill in January 2016, two weeks before the Iowa caucuses, DeMint was the only one of a group of a dozen conservatives, including Yuval Levin of the Ethics and Public Policy Center and Fred Barnes of The Weekly Standard, who predicted that Trump would win the nomination.

Trump’s political views were less important than his approach to hiring. With DeMint’s guidance, he could bring in trusted conservatives who supported a Heritage agenda that included opening offshore drilling on federal lands; opposing mandatory labeling of genetically engineered food; reducing regulations on for-profit universities; revoking an Obama executive order on green-energy mandates for federal agencies; phasing out federal subsidies for housing; and opposing marriage equality and nondiscrimination protections based on sexual orientation and gender identity. “The watchword of personnel is: Get people who you want on the bus, and then figure out what seat you want to put them in,” Dunlop said.

**In March 2016**, the Republican establishment stepped up its effort to stop Trump. More than 100 Republican national-security experts signed an open letter publicly committing to fight his election, calling him a “racketeer” and denouncing his dishonesty and “admiration for foreign dictators.” A number of the signatories were fellows of conservative think tanks; none were affiliated with Heritage at the time. Heritage treated Trump as it would any other candidate, giving his campaign staff more than a dozen briefings and sending them off with decks of cards bearing Heritage policy proposals and market-tested “power phrases.” At the same time, Heritage’s leaders were lobbying furiously behind the scenes to secure senior appointments to Trump’s post-nomination transition team. “It was the top priority for *everyone* at Heritage,” Dunlop told me.

Later that month, Trump's campaign lawyer (and future White House counsel) Donald McGahn convened a gathering of conservative leaders at the Capitol Hill offices of his law firm, Jones Day. Only a small group attended: Newt Gingrich, Senator Jeff Sessions, a handful of other sitting lawmakers who were supportive of Trump — and DeMint. "At that time," Gingrich told me, "Trump's views were so unknown to the average conservative the concern was, is he going to be reliable?" As the conversation evolved, an idea emerged: What if Trump could present to the public a list of Supreme Court nominees? DeMint enthusiastically volunteered to help provide one. When he returned to Heritage's offices, though, some senior staffers balked. One concern they raised was that it would be counterproductive for Heritage to explicitly endorse possible judicial appointees: Because the think tank was considered to the right of the Republican mainstream, its approval of candidates could make them toxic in the confirmation process. But DeMint was adamant, insisting that this was an opportunity Heritage should not pass up. The head of Heritage's Center for Legal and Judicial Studies, John Malcolm, ultimately wrote the list in the form of a post for Heritage's news and commentary website, The Daily Signal. By then, Trump had already singled out Heritage at a news conference, announcing that it was one of the groups he was working with on a Supreme Court list.

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Feulner, still active at Heritage as a member of its board, was the first from the think tank to join the Trump transition after the Republican National Convention. "August 2016, Christie calls, and then candidate Trump calls to confirm: Would I take over the domestic side?" Feulner told me. As he saw it, Trump held even more promise for Heritage than Reagan had. "No.1, he did clearly want to make very significant changes, and No.2, his views on so many things were not particularly well formed," Feulner said. "And so if he somehow pulled the election off, we thought, wow, we could really make a difference."

Yet even as he was drilling further into the Trump team, DeMint was running into trouble inside his own building. Over the summer, complaints about his heavy-handed management style started to reach some members of Heritage's 22-person board. DeMint and his loyalists rejected the criticisms of his leadership, suggesting that they were the work of Mike Needham, the 36-year-old chief executive of Heritage Action. Needham came from a different world than DeMint. He grew up on the Upper East Side of Manhattan and joined the think tank straight out of Williams College, beginning as Feulner's research assistant and rising to become his chief of staff. He left in 2007 to work on the presidential campaign of Rudolph W. Giuliani and then went on to attend Stanford Business School but returned after he graduated. As DeMint and his

allies saw it, Needham was trying to orchestrate a palace coup, turning a handful of isolated complaints about his hiring practices and handling of Heritage's research into a major case against DeMint as part of his own campaign to take control of the think tank. They knew, too, that Needham and Feulner were close and were convinced that Needham was trying to undermine DeMint with Heritage's founder.

By early November, the tension between DeMint and Needham had escalated, and the senior staff was divided by their respective loyalties. It was just the sort of factionalism that would soon come to define the nascent Trump administration, with its personnel conflicts and firings. As the election approached, it seemed to some at Heritage that DeMint's future was uncertain. The Republican Party appeared to be headed for defeat and years of soul-searching, which might present a natural occasion for new leadership at the think tank.

**On election night**, Heritage turned its first floor over to a viewing party with an open bar, chicken wings and red, white and blue cupcakes. The mood grew increasingly celebratory as the evening wore on and Trump's tally of electoral votes built toward 270. Some staff members stayed until dawn, went out for breakfast and came back for an all-staff meeting called by DeMint in the larger of Heritage's two auditoriums. "As you know, I'm kind of a serious guy, so it's rare that I feel giddy," he began. DeMint said that Heritage had taken a huge risk — "we were criticized by a lot of our friends in the movement for even going to meetings with Trump" — but that it had paid off. "Most of you are too young to remember the old 'Mission: Impossible' series on television, but after they had accomplished their impossible mission, they were all sitting around lighting cigarettes, and the commander would always say, 'I love it when a plan comes together!'" (He was most likely recalling another television program, "The A-Team.")

Corrigan had been in close contact with the Trump campaign for months. Now he told the assembled crowd of about 200 people what Heritage had been doing for the campaign and previewed the opportunities ahead. There were thousands of jobs to fill, and the priority was to fill them with "change agents," he said. "When it comes to personnel decisions, that is the most frequently asked question, even before 'Are they qualified?' 'Are they a change agent?'" In the coming days, employees were encouraged to join the transition and were assured that as long as they were working as volunteers, Heritage could continue to pay their salaries and hold their jobs for them.



The Trump transition offices quickly filled with Heritage staff members recruiting and vetting hires for the administration. The upheaval inside the transition caused by Christie's firing worked to DeMint's advantage: Pence was an old friend and conservative ally on Capitol Hill. Christie's departure also opened the way for Rick Dearborn to take control of the daily decision-making. Dearborn, the longtime chief of staff to Jeff Sessions, had already been a strong presence on the transition team. He went back years with Corrigan, who was the director of the Senate's conservative caucus for nearly a decade before joining Heritage with DeMint. Corrigan had been informally feeding Dearborn names for months.

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Matthew Buckham, a project administrator in Heritage's communications department who joined the transition to vet ambassadors and diplomats, told me that he and the rest of Heritage's staff on the transition tried to put forward every Heritage employee who wanted to work for the administration, whether in policy, administration or management jobs. "Any list we touched we made sure had as many Heritage people as possible," he said. One of Heritage's labor economists, James Sherk, an advocate of rolling back labor rights, joined the White House domestic-policy council; another, David Kreutzer, who was a co-author of a Heritage policy paper arguing that "no consensus exists that man-made emissions are the primary driver of global warming," joined the Environmental Protection Agency. Roger Severino, the director of Heritage's DeVos Center for Religion and Civil Society, who has opposed extending civil rights protections to gay, lesbian and transgender people, joined the Department of Health and Human Services to run its Office for Civil Rights. Sean Doocey, a former Heritage employee who had worked at the think tank's Training and Recruitment Center, joined the Presidential Personnel Office — the little-known agency responsible for recruiting and vetting appointees for the executive branch — as its deputy director.

Heritage helped place countless others, from staff assistants to cabinet secretaries. In some cases, DeMint intervened directly, calling Pence to argue for Mick Mulvaney, a former congressman whose political career DeMint helped start years earlier in South Carolina. Mulvaney is now the director of the Office of Management and Budget, and as this article went to press, he was serving out the remaining time in a stint as the acting director of the Consumer Financial Protection Bureau, a consumer-protection watchdog agency that he had voted to disband in Congress. (He recently fired all 25 members of the agency's advisory board.) "Not only were we not going to bash the president," Buckham told me. "We were going to help him *and* push our friends into positions of policy and influence."

In the spring of 2017, just a few months into his tenure, President Trump expressed his gratitude to both DeMint and Heritage in a speech at the National Rifle Association: “Those people have been fantastic; they’ve been real friends.” And yet even in this moment of triumph, DeMint was losing the battle to keep his job. Emboldened by Trump’s victory, he asked for a new contract on the eve of the inauguration. (He earned \$1.2 million the previous year.) Heritage’s three-person leadership team — Barb Van Andel-Gaby, a member of one of the families that founded the multilevel-marketing company Amway; Thomas A. Saunders III, a private-equity executive; and Nersi Nazari, a Silicon Valley entrepreneur — were noncommittal. Soon after, they came to Washington for a few days to perform their own internal investigation of the personnel problems, interviewing various staff members about DeMint’s leadership.

By the time the foundation’s largest donors — \$10,000 or more a year — gathered in April 2017 for their annual retreat at the Fairmont Grand Del Mar in San Diego, Heritage’s senior management, like that of the administration it was staffing, was consumed by chaos, confusion, resentments and infighting. DeMint, by now, was blaming Feulner as well as Needham; he was certain that Feulner still effectively controlled the board and was turning it against him. Shortly after DeMint and his management team returned to Washington, he was stripped of his power while his severance package was negotiated. Many of the people he had brought in, including Corrigan, James Wallner (a research executive), Wesley Denton (a communications executive) and Buckham, soon left, too. Rumors swirled that Stephen Bannon would be taking over. He was still at the White House at the time, but he was close to Mercer, and it was no secret that Trump was turning on his power-hungry, attention-seeking chief strategist.

Amid the upheaval, Saunders, the board’s chairman, issued a statement on the ouster. “Heritage is bigger than any one person,” it read. In his first address to the staff, the think tank’s new interim president, Ed Feulner, assured them that Heritage would continue to be “Donald Trump’s favorite think tank.”

Heritage’s longer-term future was placed in the hands of an 11-person presidential search committee, made up of trustees. They spent months looking for a candidate who could provide continuity, building on the relationship with Trump that DeMint had established, but also signal a departure from the DeMint era. By last fall, they had assembled a short list that was leaked to The Washington Post. It included Marc Short, the White House legislative director and longtime aide to Mike Pence; Todd Ricketts, the Chicago Cubs co-owner and major Republican donor who had recently been

nominated as deputy commerce secretary; and David Trulio, then the vice president for international government affairs at the defense contractor Lockheed Martin. None of them got the job. Just as Dick Cheney had once led George W. Bush's search for a vice president before securing the position for himself, the presidency of Heritage went to the chairwoman of the search committee, Kay Coles James.

James, who is 69, is an almost total anomaly in the political world: a black female Republican who supports Donald Trump. In her first address to the Heritage staff, she spoke about her difficult childhood in Richmond, Va., with an absentee father and a mother on welfare. The hiring of a black woman as its president seemed like a coup for an institution that has been widely accused of representing only the interests of white men. "She did not get the job because of her gender or race," Feulner told me. "She got it because she's such an extraordinary individual. My only regret is that she's not 10 years younger."

In many respects, James does have the perfect résumé for Heritage. She served under Reagan and George Bush and was the director of the office of personnel management for George W. Bush. Along the way, she worked for several conservative organizations, including Pat Robertson's Regent University, and served on the board of Focus on the Family, the evangelical group known for its opposition to abortion, premarital sex and gay and transgender rights. In 2005, she did a brief stint with a defense contracting firm whose founder, Mitchell Wade, pleaded guilty a year later to bribing a congressman with more than \$1 million in return for favors and earmarks. James went on to start her own nonprofit, the Gloucester Institute, which describes itself as a leadership training center; it offers mentoring and networking programs to black and Latino undergraduate and graduate students. According to Gloucester's 990 tax form, she earned \$50,000 as president of the organization in 2016, the year before she became president of Heritage.

James worked on the Trump transition, overseeing the White House's budget and personnel management offices. In March, on a Politico podcast, she said that she had been eager to join the administration to work on the president's "urban agenda." She was blocked by Omarosa Manigault Newman, the former "Apprentice" villain and director of communications for the White House Office of the Public Liaison, who during the campaign was charged with African-American outreach. "The way it was described to me is she approached the whole thing like it was 'The Apprentice,'" James said on the podcast. "So she looked around Washington and said, 'O.K., who do I need to get rid of first?'" (Newman herself was pushed out last year.)

I met James, who has short, graying hair and favors colorful blazers, in May in her new Heritage office, which is enormous and looks out at the Capitol. After we settled onto a large, comfortable couch, she described her new job at Heritage as “the crown jewel” of her career in the conservative movement. I asked James how she thought Trump was doing. “People are focused up here on the trouble and all of the noise that you hear in Washington,” she said, gesturing at eye level. “But down here, the bass notes are strong and loud. There’s a lot of good that is going on, but we are in such a partisan, vitriolic atmosphere in this town right now that very often we overlook the bass notes.”

In recent months, James has applauded Trump’s tax cuts and deregulatory agenda; his crackdown on illegal immigration; his choice of the hard-liner John Bolton as national security adviser; his effort to rescind funding for a variety of federal programs, including the Children’s Health Insurance Program; and an executive order that will curtail the amount of time that federal union representatives can spend helping colleagues file claims for workplace grievances, including sexual harassment. Part of her task at Heritage, James told me, will be to expose a more diverse audience to the think tank’s ideology. “If you talk to anyone about shaping the future of this nation, they will tell you that there are certain demographics that must be touched — millennials, women and minorities,” she said. “And so I tell people that unless our ideas are reaching those demographics, then we are going to be looking at a shrinking minority view in this country.”

A few weeks later, on a rainy morning in Washington, Heritage held a party for the dedication of a new dormitory for its interns, a gift from the family of E.W. Richardson, a World War II bomber pilot who went on to become a successful Ford dealer. Donors ate finger food and drank mimosas under a tent on Heritage’s rooftop. Some wore name tags on their lapels and dresses identifying them by their level of giving; those who had added Heritage to their wills wore an extra ribbon: “Legacy Society.” James was the only person of color I saw in a crowd that easily exceeded 200 people.

Forty-five years after its founding, Heritage may finally be the establishment, but its self-image remains fixed in time. It is, as ever, the nation’s last line of defense against the advancing forces of progressivism, perpetually in need of financial reinforcements. Speaking to the gathered group of donors and Heritage staff members, James, standing beside an American flag and a large portrait of Richardson in his flight gear, described the new intern dorm as an expansion of the think tank’s “base of operations” against what she characterized as a “very determined and very well-resourced foe. They want to

change America into something she was never intended to be. And they might succeed if we don't fight every single day of our lives."

**On the first anniversary** of Trump's inauguration, Heritage marked the occasion with news releases and a booklet, "Blueprint for Impact," promoting how much of Heritage's agenda Trump had already embraced — 64 percent, according to the think tank's analysis. Heritage's director of congressional and executive branch relations, Thomas Binion, went on "Fox & Friends" to discuss the report, saying the think tank was "blown away" by Trump's performance. The president, apparently watching in the White House, promptly tweeted, inaccurately: "The Heritage Foundation has just stated that 64% of the Trump Agenda is already done, faster than even Ronald Reagan."

The president and his favorite think tank continue to draw closer. Administration officials speak regularly at Heritage and give frequent interviews to The Daily Signal. In April, Pruitt and Attorney General Jeff Sessions were both scheduled to speak at a Heritage donor conference in Palm Beach, Fla. (Sessions, under fire from the president because of the Russia investigation, dropped out.)

Even with DeMint gone, Feulner is enjoying unique access to the Trump administration. During one of our conversations, he told me he had recently accompanied the vice president on Air Force Two to Hillsdale College, a Christian stronghold of conservative thought in Michigan. And last year, he was the lone think-tank head invited to a White House dinner for the conservative movement's "grass-roots leaders." He was seated right beside the president. Feulner's dream had finally been fulfilled. I asked him if he believed the Trump presidency would be transformative for the country. "I think we're very, very optimistic," he said.

There is still a huge number of vacancies across the administration. At this point in their presidencies, Obama had filled 584 of his politically appointed, Senate-confirmed positions, and George W. Bush had filled 652; Trump has filled just 450. The Presidential Personnel Office was portrayed in a recent Washington Post article as a frat house, with widespread workplace vaping and happy-hour drinking games involving Smirnoff Ice.

The turnover rates have also been historic. In March, The New York Times reported that nine of the top 21 White House and cabinet positions have been emptied and refilled at least once; neither Obama nor Bush had lost a single cabinet member by that point in their administrations. Since taking office, Trump has replaced more than half of his 65 most influential advisers,

according to a tracker created by the Brookings Institution. Christie recently laid the blame for the turnover on what he described as a “brutally unprofessional” transition, saying that proper vetting would have caught a lot of Trump’s most problematic appointees. A number of other senior advisers seem to be on shaky ground with the president, and an exodus is anticipated after the November midterm elections.

Churn is a central feature of this administration, even for its unofficial staffing agency. Paul Winfree, a Heritage economist who helped draft Trump’s first budget, is back at the think tank. So are Stephen Moore, who worked on the Trump tax cuts; David Kreutzer, who played a key role in dissolving a White House working group that was studying the monetary costs associated with climate-warming carbon dioxide; and Hans von Spakovsky, who helped run the now-defunct voter-fraud commission, which was created to find evidence to support Trump’s baseless claim that millions of people voted illegally for Hillary Clinton.

In a sense, the transition is still going, and as long as Trump remains in office it may never end. “I get calls from people every day who still want to go in,” Dunlop told me. “Or I’ll hear from the White House, or I’ll run into someone at a reception or over coffee, and I’ll say, ‘I’ve got a name for you. I’ll send it along.’”

***Correction:*** June 20, 2018

*An earlier version of this article did not fully identify two employees who left the Heritage Foundation soon after the departure of Jim DeMint, its president. They are James Wallner, who was a research executive, and Wesley Denton, who was a communications executive.*

**Questions from Chairman Mark Meadows**  
**Subcommittee on Government Operations**

June 27, 2018, Hearing: "Examining the Administration's Government-wide Reorganization Plan"

1. Question: Of the thirty-two reorganization proposals contained in the government reform plan, what actions can be implemented without congressional action? What is the timeframe for implementation of those actions?

Answer: The Administration continues to examine what additional statutory authorities are required to implement elements of the reorganization proposals. We believe that many of the proposals can be implemented in whole or in part through existing administrative authorities. Plans to put several of these proposals into effect are actively underway. For instance, on July 24, the White House issued a Request for Information (RFI) to devise a strategy to create and maintain the GEAR Center (Government Effectiveness Advanced Research Center)<sup>1</sup>, a non-governmental public-private partnership to address operational and strategic challenges facing the Federal Government, both now and into the future. The RFI explains that the GEAR Center's initial focus would include reskilling the workforce and improving citizen services.

Similarly, the Administration is leveraging the Performance Accountability Council (PAC)<sup>2</sup> process to work through the administrative process for implementation of the proposal to Transfer Background Investigations from the Office of Personnel Management to the Department of Defense.<sup>3</sup>

2. Question: For those reorganization proposals which require congressional action, does the Administration want Congress to re-authorize the presidential reorganization authority which provides for an expedited congressional approval process? Or would the Administration prefer to submit individual legislative proposals?

Answer: I appreciate the recent introduction in the Senate of a bill (S. 3137) renewing Presidential reorganization authority, which existed for most of the 20<sup>th</sup> Century, until expiring in the mid-1980s. Such authority could facilitate Congressional consideration of elements of the President's Reorganization Plan. Similar legislative authority was used by a series of Presidents – Republican and Democrat – who worked in conjunction with

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<sup>1</sup> Delivering Government Solutions in the 21<sup>st</sup> Century: Reform Plan and Reorganization Recommendations, June 2018, pp. 112-114.

<sup>2</sup> The Suitability and Security Clearance Performance Accountability Council (PAC) is the principal interagency forum for ensuring the alignment of security clearance and suitability processes across the Executive Branch. This council is chaired by the Deputy Director for Management at the Office of Management and Budget, and includes as its principal members, the Director of National Intelligence, the Director of the Office of Personnel Management, the Director of the National Security Council, the Director of the Office of Management and Budget and the Deputy Secretary of the Department of Defense.

<sup>3</sup> Delivering Government Solutions in the 21<sup>st</sup> Century: Reform Plan and Reorganization Recommendations, June 2018, p. 115.

Congress to enact lasting changes in Executive Branch structure and management. My understanding is that the authority in S. 3137 would be in effect for two years from the bill's enactment date, and would allow for expedited Congressional consideration of either an omnibus reorganization package or a series of discrete proposals that could be taken up individually. I expect that the Administration would utilize such reorganization authority if granted by Congress, while remaining open to other appropriate vehicles for advancing reorganization proposals through the legislative process.



**Questions from Representative Dennis A. Ross**

June 27, 2018, Hearing: "Examining the Administration's Government-wide Reorganization Plan"

I am a cosponsor of Rep. Royce's HR 5381, the Government Risk and Taxpayer Exposure Reduction (GRATER) Act. This bill would direct federal agencies to consider using private risk capacity to reduce risk to federal credit, guarantee, and insurance programs.

1. Question: Has OMB identified areas of the federal balance sheet where risk transfer could be used to protect taxpayers? If not, what sectors of the government services are most right for risk transfer?

Answer: The Administration shares the goal of achieving policy outcomes at the lowest cost to taxpayers and that the Government should look for opportunities to transfer cost and risk to the private sector where possible, prudent, and cost-effective. We are happy to work with you to explore a targeted approach to reducing the Federal Government's risk exposure and ensure the GRATER Act effectively complements existing guidance and legislation.

2. Question: Has OMB conducted studies to estimate how much taxpayers could save if it shared some of the risk with the private sector?

Answer: The Administration shares the goal of achieving policy outcomes at the lowest cost to taxpayers and that the Government should look for opportunities to transfer cost and risk to the private sector where possible, prudent, and cost-effective. We are happy to work with you to explore a targeted approach to reducing the Federal Government's risk exposure and ensure the GRATER Act effectively complements existing guidance and legislation.

3. Question: What lessons has OMB learned with the successful pilot program at NFIP? How about Export-Import bank and Fannie Mae and Freddie Mac?

Answer: The Administration shares the goal of achieving policy outcomes at the lowest cost to taxpayers and that the Government should look for opportunities to transfer cost and risk to the private sector where possible, prudent, and cost-effective. We are happy to work with you to explore a targeted approach to reducing the Federal Government's risk exposure and ensure the GRATER Act effectively complements existing guidance and legislation.

4. Question: Could you provide the Committee with any feedback on ways to improve or strengthen the GRATER Act to meet the Presidents goal of rethinking the way government operates?

Answer: The Administration shares the goal of achieving policy outcomes at the lowest

cost to taxpayers and that the Government should look for opportunities to transfer cost and risk to the private sector where possible, prudent, and cost-effective. We are happy to work with you to explore a targeted approach to reducing the Federal Government's risk exposure and ensure the GRATER Act effectively complements existing guidance and legislation.

