



PARTNERSHIP FOR PUBLIC SERVICE

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

Hearing entitled,

**“Examining OMB's Memorandum on the Federal Workforce, Part II:
Expert Views on OMB's Ongoing Government-wide Reorganization”**

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Chairman Lankford, Ranking Member Heitkamp, members of the Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs and Federal Management, thank you for the opportunity to submit a written statement for the record to inform the Subcommittee's oversight of ongoing government-wide reorganization efforts and the role of the Office of Management and Budget (OMB). Your interest in how government is resourced, shaped and organized contributes to better oversight and a deeper understanding of the opportunities and challenges associated with the executive branch's ongoing government-wide reform efforts.

If government doesn't work, it has real consequences. As noted in the Partnership's 2017 report with Booz Allen Hamilton, *Mission Possible: How Chief Operating Officers Can Make Government More Effective*, "significant changes are needed in the management and operation of the federal government for it to become the best version of itself and serve the needs of the American people more effectively."¹

The current administration has made a positive start. It launched an early and ambitious reform agenda to reorganize departments and agencies, demonstrating its commitment to address deep and longstanding challenges that impact government's ability to serve its citizens efficiently and effectively.² It laid out a management framework in its first 100 days, committing to work with congressional committees that have jurisdiction over government organization "to ensure the needed reforms actually happen."³ It worked with Congress to introduce legislation designed to modernize federal IT infrastructure and help agencies fulfill mission-critical priorities. It established the White House Office of American Innovation to bring new ideas from the private sector to bear, solving intractable government problems, and convened the American Technology Council to discuss IT modernization and identify cross-sector solutions to government technology challenges.

The successful implementation of this or any reform agenda, however, will require sustained leadership and commitment of the executive and legislative branches of government over the long term. Reorganizing and reforming the federal enterprise will require good information to drive decisions, creative thinkers who emphasize results, a regular flow of information between the executive and legislative branches, and sustained attention for years, not months, to get it right. This Subcommittee should continue to monitor the development and implementation of agency reorganization plans and hold agency leaders accountable for making good decisions that will improve transparency and services to the American people.

For OMB, a successful government reform plan starts at home

The Partnership's 2016 report *From Decisions to Results: Building a More Effective Government through a Transformed Office of Management and Budget*⁴ (OMB Report), acknowledged that OMB is central to the effective functioning of government. OMB is a small agency with fewer than 500 employees and a budget of less than \$100 million, but its responsibilities are massive.⁵ Despite its modest size, OMB is the one executive branch agency with an enterprise-wide perspective, overall responsibility for the federal budget, convening power, policy and management levers, institutional expertise on how government works and knowledge about where talent lies. As it stands today, OMB is operating with fewer resources in both absolute and relative terms than it has had historically and is often assigned new responsibilities without increases in staff or funding, stretching its capacity to deliver.⁶ When OMB succeeds, that success often ripples across the entire government. When it struggles, the negative consequences can be significant.

¹ Partnership for Public Service and Booz Allen Hamilton, *Mission Possible: How Chief Operating Officers Can Make Government More Effective*, June, 2017. Available at

<https://ourpublicservice.org/publications/viewcontentdetails.php?id=1875>

² Office of Management and Budget, *Memorandum for Heads of Executive Departments and Agencies: Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce (Memorandum 17-22)*, April 12, 2017. Washington, D.C.

³ Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017. Washington, D.C.

⁴ Partnership for Public Service and Laura and John Arnold Foundation, *From Decisions to Results: Building a More Effective Government through a Transformed Office of Management and Budget*, September, 2016. Available at <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1349>

⁵ *Ibid.*, 3

⁶ *Ibid.*

OMB's success in coordinating and driving government reform may be inhibited by its own organizational structure and processes. Fragmentation among its components—especially budget, management, regulation, information, procurement and technology—limits its ability to coordinate government-wide activities. In its 2017 report, *The Promise of Evidence-Based Policy Making*,⁷ the Commission for Evidence Based Policy (CEP) acknowledged that OMB has a central and critical coordinating role for enterprise-wide processes, yet its current structure does not put it in a strong position to coordinate the federal government's evidence-building capacity: "As the demand for evidence to support the policymaking process continues to grow, the operational silos within OMB will likely only become more constraining for the timely production of evidence across government."⁸

Historically, OMB's mission has been to make sure agencies' agendas and the annual budget request to Congress promote the president's priorities. It scrutinizes agency proposals and operations and challenges those that do not fit with the administration's priorities or budget realities. However, that too often has made OMB into what some perceive as a hurdle instead of an arm of the White House that drives the government toward success. In a December 2016 interview published in *Politico*, the outgoing U.S. Secretary of Agriculture was quoted as saying, "Early in the administration I would get quite a rise out of people when I would say to them, 'I never thought I would meet God on Earth, but OMB is about as close to that as possible.' I never realized there was a department that had that much clout with not much statutory authority, and very few people. But they do."⁹ Incoming political appointees need to understand the role of OMB, and how to work with OMB collaboratively to deliver on mission priorities and improve agency performance and efficiency.

OMB can strengthen its ability to lead reorganization and reform efforts across government

The Partnership's 2016 report *From Decisions to Results: Building a More Effective Government through a Transformed Office of Management and Budget*¹⁰ highlighted several opportunities to maximize OMB's impact. We encourage the Subcommittee to focus on these areas of OMB as you continue to oversee progress on executive branch reorganization efforts and OMB's leadership role.

OMB must drive implementation. As the primary force for ensuring that federal agencies effectively implement the administration's priorities, OMB must hold agencies accountable for effective policy and program implementation, including the proposals contained in agency reform plans. OMB should build on its efforts to use performance metrics to demonstrate whether results have been achieved and goals are being met. OMB is often at its most effective when it uses its expertise and its role at the center of government to convene stakeholders, ensure political leaders and the career staff are working together,¹¹ learn from their operating experience, devise new problem-solving strategies and build cross-agency collaborations to carry them out. The president's recent nomination of OMB's deputy director for management will strengthen OMB's leadership capacity to do these things.

OMB must lead collaboration across agencies. The most complex challenges facing our country span across the government enterprise and require effective coordination across federal agencies. OMB is uniquely placed to drive cross-agency collaboration on government reform and reorganization efforts through forums such as the President's Management Council (PMC) and cross-functional "CXO" councils. The PMC is valued for providing departments' chief operating officers with the opportunity to connect with each other on

⁷ The Commission for Evidence Based Policy, *The Promise of Evidence-Based Policy Making*, September 8, 2017. Retrieved from <https://www.cep.gov/content/dam/cep/report/cep-final-report.pdf>

⁸ *Ibid.*, 96

⁹ Ian Kullgren, "Vilsack discusses 'God on Earth,'" *Politico*, December 8, 2016. Retrieved from <http://www.politico.com/tipsheets/morning-agriculture/2016/12/vilsack-discusses-god-on-earth-217775>

¹⁰ Partnership for Public Service and Laura and John Arnold Foundation, *From Decisions to Results: Building a More Effective Government through a Transformed Office of Management and Budget*, September, 2016. Available at <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1349>

¹¹ Partnership for Public Service and Deloitte, *Moving the Needle on Employee Engagement during Presidential Transitions*, August, 2017. Available at <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1221>

items of strategic importance.¹² Having members from OMB’s senior leadership team and the White House involved and invested in PMC’s success would further increase its effectiveness. Led by OMB, these central forums will continue to be important for cross-agency collaboration and coordination of government reorganization efforts.

OMB must promote innovation. Making government work better requires innovative approaches, yet OMB has been viewed in the past by many federal leaders as an impediment rather than a champion for innovation. In considering ideas submitted by agencies and the general public on how to reorganize the federal government, OMB should focus on how it can improve the climate for sensible risk-taking, incubate innovation and bring in new talent and innovative thinking from outside of government to implement the administration’s reform agenda.

OMB must bring better information to government. Government needs reliable information to make well-informed decisions, yet many decisions are not based on strong data or evidence. In his FY 2019 budget guidance to heads of departments and agencies, OMB director Mick Mulvaney reinforced the administration’s commitment to “building evidence and better integrating evidence into policy, planning, budget, operational, and management decision-making.”¹³ In the CEP’s 2017 report, the Commission recommended that Congress and the president direct OMB to “coordinate the federal government’s evidence-building activities across departments, including through any reorganization or consolidation within OMB that may be necessary and by bolstering the visibility and role of interagency councils.”¹⁴ OMB should continue to lead efforts to use and produce better evidence across government and help agencies build their capacity to inform decisions about what works and what doesn’t.

OMB must strengthen and better coordinate internally. OMB’s own staffing patterns and organizational structure, like the disproportionate emphasis on the “budget side” over the “management side,” can contribute to fragmentation across government more generally. As the reorganization efforts are being led from the management side, it is critical that OMB as a whole organization is able to coordinate its efforts. OMB should be responding to its own guidance and finalizing its reform proposal, including plans to reduce duplication, increase efficiency and maximize employee performance at OMB.

Congress must also play its part to implement reform

Oversight of the executive branch is a primary duty of Congress – inquiring into how policy is implemented, how programs are administered, how agencies are managed and how money is spent. Congress can play a critical role in overseeing progress and asking the tough questions to understand how the federal government can be more effective, efficient and accountable. The scope of the reorganization plans reportedly under consideration by the administration will demand strong congressional oversight.

Efforts to make government more efficient, effective and accountable are not new. Both the legislative and executive branches have initiated improvements in financial management, human capital, acquisition, information technology, data, performance improvement, cost savings, customer service and government-wide approaches to solving problems - factors that are critical to a well-functioning government.¹⁵ And we know that reform is most successful when the legislative and executive branches work together. In March 2012, the Senate Homeland Security and Governmental Affairs Committee hearing on the previous administration’s plans to reorganize government and reduce duplication acknowledged that solving the challenges facing government would require concerted action by Congress working with the executive

¹² Partnership for Public Service and Laura and John Arnold Foundation, *From Decisions to Results: Building a More Effective Government through a Transformed Office of Management and Budget*, September, 2016, 11. Available at <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1349>

¹³ Office of Management and Budget, *Memorandum for the Heads of Departments and Agencies: Fiscal Year (FY) 2019 Budget Guidance (Memorandum 17-28)*, July 7, 2017. Washington, D.C.

¹⁴ The Commission for Evidence Based Policy, *The Promise of Evidence-Based Policy Making*, September 8, 2017, 96. Retrieved from <https://www.cep.gov/content/dam/cep/report/cep-final-report.pdf>.

¹⁵ Partnership for Public Service and IBM Center for the Business of Government, *Making Government Work for the American People: A Management Roadmap for the New Administration*, September, 2016. Available at <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1291>

branch.¹⁶ That need for cooperation is still true today, and we applaud the Subcommittee for its ongoing interest in government reorganization and reform.

We also note that successfully reforming government requires capable leaders, and the Senate plays an important role given its constitutional responsibility to advise and consent on senior-level presidential appointments. As of September 11, only 117 of 599 key positions requiring Senate confirmation have been filled with a Senate-confirmed appointee.¹⁷ Of the 15 Cabinet deputy secretary positions, only 8 have been filled, and many other top leadership positions, including those key to reorganization efforts, remain vacant.¹⁸ We urge the administration and the Senate to work together to fill government's top management positions with qualified appointees as quickly as possible.

Recommendations

The Partnership would like to offer the following recommendations to the Subcommittee about ongoing efforts to reorganize the federal government.

1. Congress should continue its oversight of agency reform and reorganization plans. All congressional committees overseeing federal departments and agencies, including the Senate Homeland Security and Governmental Affairs Committee, should engage in active and regular oversight of government reorganization efforts. This Subcommittee is certainly the leader in this respect and we encourage you to continue your active oversight, particularly of agency and government-wide crosscutting reform plans.
2. Congress should increase collaboration across committees to address overlap, duplication and cross-agency challenges. To accomplish these goals, Congress should make greater use of joint hearings between oversight, authorizing and appropriations committees to improve coordination and promote better understanding of cross-cutting management challenges. Congress' committee structure can make it difficult to address enterprise-wide issues, but joint hearings can raise the profile of these issues so they receive appropriate attention from all congressional stakeholders. These types of convenings will become much more important as the administration begins to release the details of agency reorganization plans.
3. The Subcommittee should develop and execute an OMB oversight hearing plan and request OMB's agency reform plan. OMB is one of the most critical agencies to the effective functioning of government, yet it has been subject to minimal oversight by Congress. As agencies submit their budget submissions and reform plans to OMB, the focus will shift to OMB's development of the president's FY 2019 budget and government-wide reform plan. An OMB-focused congressional oversight plan should therefore examine the resourcing, structure, relationship and capacity of OMB to implement the reform priorities of the administration. This Subcommittee should also request from OMB its own agency reform plan so it can conduct appropriate oversight.
4. Congress should seek more information from agencies, including OMB, about how data and evidence has been used to inform big, bold reform ideas proposed in agency and government-wide reform plans. Congress should seek better information to understand agency and government-wide programmatic and operational challenges. Members of Congress and staff should proactively seek opportunities to visit agency headquarters or field offices to meet with agency leaders and staff in order to learn more about management and program challenges and how they are being addressed. Greater use of congressional delegations could also be made for this purpose. Congress should also invest in congressional staff education and training about how to interpret and analyze data, especially as it seeks to review agency reorganization and reform plans.

¹⁶ *Retooling Government for the 21st Century: The President's Reorganization Plan and Reducing Duplication: Hearings on S.Hrg. 112-537, before the U.S. Senate Committee on Homeland Security and Governmental Affairs, 112th Cong. 2 (2012).* Available at <https://www.gpo.gov/fdsys/pkg/CHRG-112shrg73680/pdf/CHRG-112shrg73680.pdf>

¹⁷ The Washington Post, "Appointment Tracker." <http://wapo.st/appointee-tracker>

¹⁸ Ibid.

5. Agencies should enhance their engagement with Congress on agency reform and reorganization plans. The executive branch must also play its part. OMB and agency leaders should communicate regularly and candidly with Members of Congress about the status of agency and government wide reform plans so they are aware of implementation issues and challenges, and can take appropriate steps to address them. They should be willing to appear before congressional committees when invited, and speak openly about what is working well, what issues require additional work, and what they need from Congress in order to be successful.
6. Civil service reforms should be pursued complementary to agency reforms. Federal employees are highly committed to the work and missions of their agencies but in many cases operate within a structure that limits their ability to be successful. Doing things better and smarter in government depends on having great people, yet our broken civil service system hinders government's efforts to hire, retain and manage its talent. The fractured nature of the federal government's personnel system creates have and have-not agencies in terms of flexibility to pay, reward and manage talent, and forces agencies to compete not just with the private sector but with other agencies as well. While civil service reform is complex, the administration's mandate to address longstanding intractable challenges means that now is the best time to reform the civil service. This Subcommittee should quickly advance legislation authorizing short-term workforce reforms, such as giving agencies more flexibility to use Voluntary Separation Incentive Payment/Voluntary Early Retirement Authority and creating a public-private talent exchange. These would allow agencies to more effectively implement reorganization plans so they are positioned to take advantage of these flexibilities when they are needed.

Conclusion

Chairman Lankford, Ranking Member Heitkamp and Members of the Subcommittee, thank you again for the opportunity to share the Partnership's views on the challenges and opportunities OMB, other federal departments and agencies, and Congress face in implementing significant reforms to the organization and operation of the federal government. We look forward to being of assistance to this Subcommittee and to Congress as you continue your oversight of these significant reforms.