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# CHAPTER



# Reforming the Bureaucracy

BY CHARLES S. CLARK

The White House wants to streamline operations and cut costs.

The Trump administration's \$4.1 trillion spending blueprint for fiscal 2018 puts dozens of agencies and programs in the crosshairs of White House budget cutters. In keeping with President Trump's campaign promises, the White House proposes to substantially shift government's resources from anti-poverty, diplomacy and environmental programs toward the priorities of tax cuts and enhanced defense and border security.

Titled "A New Foundation for American Greatness," the document marks "the first time a budget has been written through the eyes of people paying the taxes," Trump Budget Director Mick Mulvaney says. The plan would boost the Pentagon by \$52 billion (to \$639.1 billion) and propose \$4.5 billion to help the Homeland Security Department implement executive

orders, while making \$1.4 trillion in cuts to domestic agencies over 10 years and killing at least five dozen programs. It also offers \$200 billion for infrastructure projects.

As announced in March with what was called "the skinny budget," this fuller budget would slice the Environmental Protection Agency by 31 percent and the State Department by 29 percent, as well as impose dramatic cuts in education, labor and arts programs.

Republican leaders in Congress are generally supportive of the administration's goals, although many details will change as lawmakers negotiate the final spending plan. According to House Speaker Paul Ryan, R-Wis., "President Trump has proven his commitment to fiscal responsibility with a budget that will grow the

economy. It prioritizes American taxpayers over bureaucrats in Washington, while making our military stronger so we can face the threats of a modern world." Senate Majority Leader Mitch McConnell, R-Ky., said Trump's prioritizes important investments in technology, infrastructure and security.

But other Republicans were less enthused. "Dead on arrival," said Senate Armed Services Committee Chairman John McCain, R-Ariz., speaking at a fiscal summit sponsored by the Peter G. Peterson Foundation. "It's only a 3 percent defense hike, not 10 percent" at a time when "we are ramping up and have to do more in Afghanistan." He mentioned Air Force fighter jets not flying for lack of parts and a shortage of 1,000 pilots.

Sen. Chuck Grassley, R-Iowa., said, "The president is right to take a close look at spending," but "Congress has the power of the purse strings. I've never seen a president's budget proposal not revised substantially."

Sen. Mark Warner, D-Va., also speaking at the summit, said the budget was dead because of its cuts in food stamps and welfare programs, which would affect "an America I don't think the president has any idea of." Mulvaney told reporters the targeted programs were chosen after evaluation showed "they help only one in 15 people, or there's no good research in 10 years, or they're not paid for." He cited \$300 billion in unauthorized programs that Congress didn't think "were important enough to take up." For example, the Education Department's McNair Scholars Program under the TRIO grants for higher education aid had "only a 6 percent effectiveness rate the last time it was evaluated," he said, and the 21st century Community Learning Centers grants (for K-12) are less than 20 percent effective. "20 percent doesn't cut it anymore," Mulvaney said.

Cuts in food stamps and disability payments, he said, are aimed at encouraging able-bodied people to end their dependency on government. "We need everybody pulling in the same direction."

#### TAKE ONE

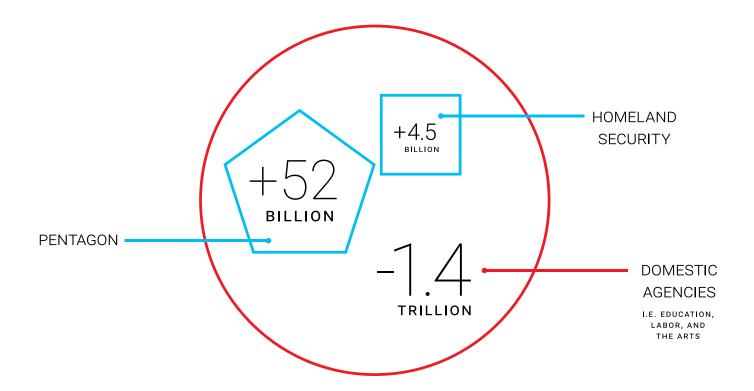
"President Trump has proven his committment to fiscal responsibility with a budget that will grow the economy. It prioritizes American taxpayers over bureaucrats in Washington, while making our military stronger so we can face the threats of a modern world."

HOUSE SPEAKER PAUL RYAN

#### **TAKE TWO**

The budget is dead because of its cuts in food stamps and welfare programs, which would affect, "an America I don't think the president has any idea of."

SENATOR MARK WARNER



Much of the savings would come from outright elimination of such agencies as the national endowments for the arts and humanities, the Legal Services Corp., the Overseas Private Investment Corp., the Commerce Department's Economic Development Administration, the Appalachian Regional Commission, the Delta Regional

Authority, the Corporation for National and Community Service, the U.S. Institute for Peace and the Woodrow Wilson International Center for Scholars.

The budget's justification for killing the independent Chemical Safety Board said the agency's recommendations have been "focused on the need for greater regulation of industry, which has frustrated both regulators and industry. The pressure to tie investigations to management priorities culminated in whistleblower complaints that led to critical reports issued by both the Environmental Protection Agency Office of the Inspector General" and the House Oversight

and Government Reform Committee. "While CSB's new leadership is making progress on the previous management challenges, due to the duplicative nature of its work, the budget recommends eliminating the agency," the document said.

Other cuts, such as those at State, are policy choices.

"The budget... renews attention on the appropriate U.S. share of international spending at the United Nations, at the World Bank, and for many other global issues where the U.S. currently pays more than its fair share," the document said. "Additionally, this budget request focuses on making the Department of State

The president's budget includes significant spending-side deficit reduction, but it also relies on unrealistic growth assumptions to make its numbers look better. Without that added growth, debt in the budget would total 72 to 83 percent of GDP by 2027 instead of the 60 percent estimated by OMB... The deficit in 2027 would total \$480 billion to \$1.1 trillion rather than the budget being in balance.

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

and USAID leaner, more efficient, and more effective, and streamlines international affairs agencies more broadly through the elimination of federal funding to several smaller agencies."

The programs offered for elimination, mostly due to alleged duplication, include the Agriculture Department's Rural Economic Development program and McGovern-Dole International Food for Education program; the Army Corps of Engineers' involvement in the Washington Aqueduct providing water to the nation's capital and Northern Virginia; the National Oceanic and Atmospheric Administration's grant and education programs; the Labor Department's Migrant and Seasonal Farmworker Training Program; the Health and Human Services Department's Low Income Home Energy Assistance Program; the Transportation Department's postrecession economic development TIGER Grant program; and the EPA's Energy Star appliance certification program.

More broadly, the administration counts on ambitious savings by cutting in half the estimated \$144 billion that various agencies mistakenly pay out in improper payments, and eliminating redundant spending on Pentagon service contracts. The budget would also save, it argues, by enacting a current House proposal to privatize air traffic control, "restructuring" the leadership of the Consumer Financial Protection Bureau, and cutting the Broadcasting Board of Governors by 12.9 percent. It would give the Census Bureau a \$51 million increase

The Internal Revenue Service would be cut by \$239 million, or 2.1 percent, which would eliminate 5,800 full time employees, according to the National Treasury Employees Union. This is "another example of short-sightedness," said National President Tony Reardon. "How can we consider further hamstringing the agency responsible for collecting 93 percent of the money that keeps our country running? This only makes our country's financial situation worse" while also causing taxpayer

services to further decline, he told reporters.

The Trump budget is designed foremost to produce economic growth with a target of 3 percent, the White House stressed. The anti-debt advocacy group called the Committee for a Responsible Federal Budget said, "The president's budget includes significant spending-side deficit reduction, but it also relies on unrealistic growth assumptions to make its numbers look better. Without that added growth, debt in the budget would total 72 to 83 percent of GDP by 2027 instead of the 60 percent estimated by OMB," it said. "The deficit in 2027 would total \$480 billion to \$1.1 trillion rather than the budget being in balance."

Douglas Criscitello, a former Housing and Urban Department chief financial officer and now managing director for public sector at Grant Thornton LLP, sees a "new voodoo" in the administration and Congress's assumption that "the path to fiscal sustainability is through spending cuts and growth. There's something to be said for reducing unnecessary

#### **ELIMINATING AGENCIES WHOLESALE**

The White House wants to cut entirely dozens of programs and agencies, including the following:

- National Endowments for the Arts and Humanities
- Legal Services Corp.
- The Overseas Private Investment Corp.
- The Commerce Department's Economic Development Administration
- The Appalachian Regional Commission
- The Delta Regional Authority
- The Corporation for National and Community Service
- The U.S. Institute for Peace
- The Woodrow Wilson International Center for Scholars
- The Chemical Safety Board
- The Agriculture Department's Rural Economic Development program
- The McGovern-Dole International Food for Education program
- The Army Corps of Engineers' involvement in the Washington Aqueduct
- The National Oceanic and Atmospheric Administration's grant and education programs
- The Labor Department's Migrant and Seasonal Farmworker Training Program
- The Health and Human Services Department's Low Income Home Energy Assistance Program
- The Transportation Department's post-recession economic development TIGER Grant program
- The EPA's Energy Star appliance certification program

tax burdens. But the whole notion of achieving fiscal sustainability with no pain, and some spending cuts, that generates so much growth that the budget balances within a decade is audacious," he told *Government Executive*. "Today's platforms are built on science, data and technology, but the budget makes major cuts in scientific infrastructure."

## Cutting Red Tape

BY ERIC KATZ

To combat excess bureaucracy, the White House creates a new oversight office.

President Trump has pledged to transform government and hold bureaucrats accountable. To help do that, the White House is creating a new office with the goal of slashing red tape.

The office will be housed in the White House's Council on Environmental Quality to help federal, state and local entities more quickly launch building and infrastructure projects. Trump repeatedly bemoaned the lengthy and bureaucratic process federal and other projects face when seeking approval for permits.

The new layer of bureaucracy tasked with eliminating bureaucracy will "root out inefficiency, clarify lines of authority, and streamline federal, state and local procedures so that

communities can modernize their aging infrastructure without fear of outdated federal rules getting in the way," Trump said at the Transportation Department's headquarters in Washington.

The president also vowed to issue "tough, new penalties" to any federal agency that delays projects by missing deadlines. "We will hold the bureaucracy accountable," Trump said.

Interior Department Secretary Ryan Zinke promised his agency would no longer be a "stick in the mud" preventing projects from getting off the ground. Interior, he said, is "about to embark on one of the largest reorganizations" in the department's history. He vowed to reexamine interagency collaboration with departments such as Agriculture, Energy

and Transportation to ensure public and private sector investment no longer is "shopping through five or six or seven different bureaus to get a permit."

"We're going to change that," Zinke said.

Trump's proposals received lukewarm reaction from some lawmakers. Sens. Clare McCaskill, D-Mo., and Rob Portman, R-Ohio, said in



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United States Senate

LETAPP DIRECTOR HOMELAND

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS WASHINGTON, DC 20510-8250

June 8, 2017

President Donald J. Trump The White House 1600 Pennsylvania Ave, NW Washington, D.C. 20500

Dear President Trump:

We were pleased that your Administration's recently released budget proposal recognized the need to improve the permitting process for major infrastructure projects. As the co-sponsors of the Federal Permitting Improvement Act, which was enacted into law last Congress as Title 41 of the Fixing America's Surface Transportation Act (FAST-41), however, we are concerned that your Administration is not making use of important tools Congress has given it to accomplish this goal.

The budget correctly notes that "the legal requirements and processes for the permitting and review of major infrastructure projects have developed in a siloed and ad-hoc way, creating complex processes that in some cases take multiple years to complete." And, furthermore, that "Idjelays and uncertainty in project review timelines can affect critical financing and sting decisions fandly postpone needed upgrades, replacements, or new development. "We could not agree more strongly that the federal government needs to make timely and coordinated decisions regarding permits, and those same concerns drove us to author FAST-41. This bipartisan effort gave the federal government tools to streamline and improve the federal permitting process, which, as you have noted, is laden with uncertainty that hinders investment, economic growth, and job creation.

Through FAST-41, we sought to improve the permitting process for major capital projects across all sectors in three ways: better coordination and deadline-setting for permitting decisions; enhanced transparency; and reduced litigation delays. Despite deep divisions in other areas, we were able to come together to create a smarter, more transparent, better-managed process while not altering substantive public input or safeguards that exist in the review process.

Since Congress enacted FAST-41, however, neither the past Administration nor your Administration has realized the Federal Permitting Improvement Steering Council's (FPISC) potential. It took President Obama seven months to appoint an Executive Director, and FPISC barely got off the ground before the election. And now, given the Administration's stated interest in facilitating the permitting process and infrastructure development, it is perplexing that the Administration has not taken full advantage of the powerful tools Congress gave it in FAST-41 it to accomplish those goals. Moreover, Executive Order 13,766, Expediting Environmental

h Priority Infrastructure Projects, issued on January 24, 2017, with many of the permit streamlining provisions in FAST-41. Chairman of the Council on Environmental Quality (CEQ)—a lled—to identify "High Priority Infrastructure Projects" and to agency heads to clarify deadlines for such projects. While these lready requires FPISC and its Executive Director to identify then work across all government agencies to set timetables and to sve heard from numerous stakeholders that the executive order is thing process even more complex—the exact opposite result of led.

singly concerned that the Administration's failure to appoint a s significantly impairing the ability of FPISC to achieve its across government. We have heard from a number of entities overed projects that a lack of clear leadership from the top has and allowed permit siloing to continue.

ou expeditiously fill the role of FPISC Executive Director and applement rather than conflict with FPISC's statutorily-mandated

ittention to this critical issue and look forward to working with you on efforts to improve the federal permitting process so that we can deliver a smarter, faster, and more responsive government to the American people.

Sincerely,

Rob Portman

Chairman
Permanent Subcommittee on Investigations

Claire McCaskill

Ranking Member Senate Committee on Homeland Security & Governmental Affairs a letter to the president that they were pleased he was devoting attention to the issue and wanted to work with him, but faulted his administration for ignoring reforms recently approved by Congress. They reported hearing from stakeholders that a January executive order on the federal permitting process has actually made it "more complex — the exact opposite result of what seems to have been intended."

The 2015 Fixing America's Surface Transportation (FAST) Act, also known as the latest highway bill, attempted to make federal agencies work more closely together to coordinate deadlines for permitting decisions, boost transparency and minimize litigation delays. Trump made his announcement as part of the White House's "infrastructure week," during which the president has made several appearances to lay out \$200 billion in government spending to spur \$1 trillion in public and private investment.

### Supporting Evidence

BY CHARLES S. CLARK

There's bipartisan agreement that investments in federal programs should be based on hard data.

The administration's fiscal 2018 budget encourages agencies to engage in evidence-based evaluation of programs. That discipline—embraced by the Obama administration and the subject of a new statutorily created study commission—has bipartisan backing. It is designed to rely more heavily on continuous evaluation of objective data from multiple sources to measure a program's effectiveness and outcomes, while relying less on "input" measures such as spending levels and numbers of people participating in a program.

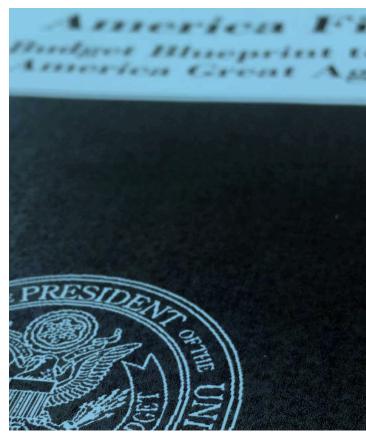
But some specialists fear that when applied alongside a shrink-the-government political agenda, the process might lead to distortions.

In a section titled "Building and Using Evidence to Improve Government

Effectiveness," the Trump budget recommends that centralized agency evaluation offices play an "important role in an evidence infrastructure that can develop and sustain agency capacity to build and use evidence." It noted that a recent Government Accountability Office report found that "federal agencies with a centralized evaluation authority reported greater evaluation coverage of their performance goals and were more likely to use evaluation results in decision making."

One example provided was the Education Department's "signature tiered evidence program" called the Education Innovation and Research grant program for "private school choice." Trump is requesting \$370 million for that program, with \$250 million reserved for building





AP Photo/Jon Elswick

evidence. As another example, the administration "is requesting that Congress give the government's disability programs authority to mandate participation in demonstration projects. With this authority the administration proposes to conduct an aggressive set of rigorous experiments to improve the labor force participation of people with disabilities."

Overall, the budget encourages agencies to adopt a "learning agenda, in which they collaboratively iden-



tify the critical questions that, when answered, will help their programs to be more effective, and to plan to answer those questions using the most appropriate tools." That should produce "questions that reflect the priorities and needs of administration and agency leadership, policy and program offices, program partners at state and local levels, researchers" and other practitioners, the budget said.

The Trump team's effort to build on the movement for evidence-based policy "is worth celebrating," said Robert Shea, an Office of Management and Budget performance specialist during the George W. Bush administration and now a principal for public sector at Grant Thornton LLP. "To ensure we build on past efforts to use evidence in our oversight, management, and budgeting of programs will take the concerted efforts of officials across all agencies and branches of government," he told *Government Executive*.

Shelley Metzenbaum, a data and performance official at OMB under Obama, agreed that the Trump

My fear is that claims of evidence without supporting credible documentation will be used primarily to justify program cuts, not to improve the effectiveness, efficiency, and understanding of government operations.

#### - SHELLEY METZENBAUM

team's sentiment is "sound. The question is: how will this administration translate those words into practice?" she wrote in an email. "Will agencies be supported in their efforts not just to strengthen their and their delivery partners' measurement, analytic, and evaluation capacity, but also to use data to set priorities, find 'bright spots,' test hypotheses, test to see if what works well in one place can be replicated in others, and promote broader adoption of increasingly effective and cost-effective practices? Will agencies be able and encouraged to share current and historic data, trends, and evaluation findings in open and easily accessed ways, or will efforts to generate the data

needed for strong evidence-based decisions be squashed?"

Metzenbaum wondered whether the administration will ignore "robust evidence" that, for example, boosting Internal Revenue Service taxpayer compliance efforts can make the tax system fairer. "My fear is that claims of evidence without supporting credible documentation will be used primarily to justify program cuts, not to improve the effectiveness, efficiency, and understanding of government operations," she said.

The thrust of Trump's budget, said Patrick Lester, director of the non-profit Social Innovation Research Center in Annapolis, Md., who writes frequently on program evidence for *Government Executive*, appears to be "drawing on evidence to justify cuts." He said he would like to see a debate over budget increases and decreases in which evidence plays a role. "But rather than seeing evidence drive policy making in a nice and rational way, we are in danger of letting evidence be driven by politics," he added.

"At the end of the day, politics is about politics, and it's not surprising that the administration might be cherry-picking evidence to justify its proposed cuts" in such programs as Medicaid, teacher quality, college aid and international food aid, Lester said. He added that narrower legislation advancing evidence-based reviews often passes quietly if no one makes a political issue of it. He expects the administration to continue its consideration of reinstating the George W. Bush administration's Program Assessment Rating Tool.

The Trump budget's call for agencies to recommend efficiencies comes at a time when agencies are designating new program management officers under a law signed by President Obama late last year and designed, not simply to cut, but to reduce waste and improve performance.

One of that bill's key backers, Mark Langley, president and CEO of the nonprofit Project Management Institute, told *Government Executive*: "To the extent the administration seeks to promote the critical assessment of programs before they are formally undertaken to anticipate challenges, identify solutions and clearly establish their strategic value, we favor the effort. If the evidence-based approach is designed and implemented in a way that builds upon strong implementation of legislation such as the Program Management Improvement and Accountability Act, we believe Americans will benefit from more efficient investment of their tax dollars."

### Tapping the Private Sector

BY ERIC KATZ

The administration has a plan to improve healthcare for veterans.

A top priority for the Trump administration is to improve the timeliness and quality of health care veterans receive. In June, Veterans Affairs Department Secretary David Shulkin outlined how the government plans to fulfill that goal. In short, the administration wants to integrate private sector health care into the services VA provides for its patients.

At a Senate Veterans' Affairs Committee hearing, Shulkin called the new plan the Veterans Coordinated Access Rewarding Experience (Veterans CARE), saying it would overcome challenges that make access to private care arbitrary and cumbersome. At the heart of the new system, he said, would be allowing a veteran to call a VA doctor and decide in tandem whether to seek care in-house or in the community. If the

veteran were seeking a service VA did not offer, if VA could not provide the service in a timely manner or if the local facility was failing to meet metrics for the desired service, the doctor would recommend a private facility.

The system would move away from the current requirements that measure distance from a facility and wait times in determining whether veterans are eligible for community care, Shulkin said. VA's "high performing integrated network" would, Shulkin said, include the department's own facilities, federal partners, academic affiliates and community providers. VA would coordinate all of those networks and ensure they maintained patient satisfaction, adequate payment models, positive health care outcomes and a smooth





Photo credit: Pfc. Loren Cook

exchange of health information. He also said VA will ease the process for veterans to receive urgent care.

VA did not formally roll out its plan for a new health care model, instead providing a framework through Shulkin's testimony. Addressing one of the major concerns veterans service organizations have voiced during previous conversations on increasing the private sector's role in providing care, the secretary vowed to deal with all the records and payments directly with the providers. Shulkin acknowledged to the committee VA "can't do this without your help and without legislation."

Several Democratic senators, however, while voicing some interest in expanding community care, expressed skepticism toward Shulkin's blueprint. Sen. Patty Murray, D-Wash., for example, said in regard to any privatization effort that she would "fight them with everything I have."

Shulkin acknowledged that there are some who wish to privatize the Veterans Health Administration, but said he is not among them. When the

congressionally chartered Commission on Care issued its **final report** last year, for example, several members refused to sign on because they said it did not go far enough in pushing private care. The leader of that group, Darin Selnick, is now a senior adviser to Shulkin. Still, the secretary said he had no interest in privatizing VHA.

"I am not in support of the goal to shut down the VA system," Shulkin said, later adding, "This will not be an unfettered choice program."

He explained that some people have suggested the best approach is to give people a card or a voucher "and let them go where they want to go." (President Trump pitched this very idea on the campaign and the proposal still sits on his campaign's website.) "Unfettered choice," Shulkin said, "would lead to the elimination of the VA system." He added it would leave veterans "out in the community with no one to help" and cost \$20 billion more annually than the current system. He said he could envision a system such as the voucher idea someday, but not in 2017.

Sen. Johnny Isakson, R-Ga., said the system Shulkin was proposing would in fact "put greater pressure on VA and VA health care." He added no one on his panel wanted to "dissolve VA, do away with VA health care or close anything." Shulkin has previously said he is looking to close hundreds of buildings, but is not focusing on medical facilities.

Sen. Jon Tester, D-Mont., the committee's ranking member, noted that Trump's budget would increase funding for community spending by 33 percent and VA facilities by just 1 percent. To do that, he said, "We're privatizing the VA."

Several veterans groups also testified at the hearing, where they generally supported getting rid of "arbitrary" requirements to qualify for private care such as distance from a facility or wait times as long as it was not funded by taking away from earned benefits. They also emphasized that VA's own services must improve side-by-side with the private sector integration.

### About the Authors



CHARLES S. CLARK
Senior Correspondent

Charlie Clark joined *Government Executive* in the fall of 2009. He has been on staff at *The Washington Post, Congressional Quarterly, National Journal,* Time-Life Books, *Tax Analysts,* the Association of Governing Boards of Universities and Colleges, and the National Center on Education and the Economy. He has written or edited online news, daily news stories, long features, wire copy, magazines, books and organizational media strategies.



ERIC KATZ
Staff Correspondent

Eric Katz joined *Government Executive* in the summer of 2012 after graduating from The George Washington University, where he studied journalism and political science. He has written for his college newspaper and an online political news website and worked in a public affairs office for the Navy's Military Sealift Command. Most recently, he worked for *Financial Times*, where he reported on national politics.