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MANAGING THE CHALLENGES OF THE FEDERAL GOVERNMENT TRANSITION

HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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CONTENTS

	Page
Opening statements:	
Senator Akaka	1
Senator Voinovich	3

WITNESSES

WEDNESDAY, SEPTEMBER 10, 2008

Gene L. Dodaro, Acting Comptroller General, U.S. Government Accountability Office	5
Hon. Clay Johnson III, Deputy Director for Management, Office of Management and Budget	6
Hon. Robert I. Cusick, Director, Office of Government Ethics	8
Gail T. Lovelace, Chief Human Capital Officer, U.S. General Services Administration	9

ALPHABETICAL LIST OF WITNESSES

Cusick, Hon. Robert I.:	
Testimony	8
Prepared statement	56
Dodaro, Gene L.:	
Testimony	5
Prepared statement	29
Johnson, Hon. Clay III:	
Testimony	6
Prepared statement with attachments	44
Lovelace, Gail T.:	
Testimony	9
Prepared statement	61

MANAGING THE CHALLENGES OF THE FEDERAL GOVERNMENT TRANSITION

WEDNESDAY, SEPTEMBER 10, 2008

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE,
AND THE DISTRICT OF COLUMBIA,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:32 p.m., in room SD–342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senators Akaka and Voinovich.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Good afternoon, everyone. This hearing of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia is called to order.

Today's hearing will discuss the important task of transitioning the Federal Government to a new Administration. Every 4 or 8 years, the Executive Branch of our government changes hands to a new leader through a peaceful transfer of power not possible in many countries around the world. However, with this peaceful change comes many challenges for both the incoming and the outgoing Administrations.

On January 20, 2009, we face the certainty of having an entirely new Administration, one in which neither the sitting President nor Vice President will be taking the oath of office. With both major parties' political conventions over, now is a good time to focus on the looming challenges ahead. As is the case before almost every general election, both candidates no doubt have already begun laying groundwork for a potential move into the White House.

The issue of especially great importance for this Subcommittee is bridging the gap between January 19 and January 21, 2009, to ensure there is continuity in leadership and management at all Federal agencies. Now, Presidential appointees must be acted upon quickly. They should be ready to lead when they assume their new positions.

Going back to the first transition between George Washington and John Adams, no two transitions have ever been the same. While every single one is different, many share the same potential barriers to success. Probably the most difficult problem for us to face is that of the Presidential appointment and nomination proc-

esses. The Senate has a direct role in this, but cannot act until the Administration has done its job.

Previous Administrations typically have not filled critical positions for up to 6 months, or longer, after taking office. Unfortunately, much of the delay can come from the tedious vetting process that is used to get appointees confirmed. The White House can take its time selecting a nominee. Then the nominee can take his or her time filling out the paperwork required by both the Senate and Executive Branch before any hearings are scheduled. Even after that information is submitted, getting final security clearance determinations and ethics sign-off for certain positions can take a very long time.

Another one of the biggest challenges to a successful transition lies in the transfer of knowledge from one Administration to the next. I know that Director Johnson has been aggressive in getting agencies ready for January. I want to thank him for his long service to our country and to this Subcommittee. This is likely the last time he will testify before us, and I want him to know that I do appreciate his leadership and his willingness to work with us over the years. One of his top priorities has been making sure that career civil servants are in place to bridge the gap until Presidential appointees are confirmed, and I strongly support that effort. I suspect that he holds the record for appearing before this Subcommittee, and I think, if I heard it correctly, you appeared before this Subcommittee more than half a dozen times. And he has been a very valuable witness before us.

Unfortunately, the Federal Government is already facing a human capital crisis. Agencies will rely on career individuals to continue the critical needs of agency management, not the least of which is continuing to recruit, train, and retain an outstanding Federal workforce. This will be especially important at agencies with non-career chief human capital officers. I hope the President-elect will even consider keeping some of these political appointees in their positions.

There is also a new issue for the incoming Administration. Unlike the past, especially since the creation of the Department of Homeland Security, there has been an explosion of contractors doing government work. Tremendous numbers of contract staff work side by side with Federal employees across the government. The next Administration will need to make oversight of contracts and contractors a high priority. With fewer and fewer career employees at agencies and more and more contractors, it is important to fill leadership positions quickly to ensure proper oversight.

In closing, I want to especially thank Senator Voinovich for his partnership on this issue and his continued work on the important management issues that this transition will highlight. It is a testament to the bipartisan nature of our job here which is to make sure that the government works and continues to work under a new Administration. For our part, we will be working closely with the outgoing and incoming Administrations over the next 5 months. While the Senate likely will wind down for the year in the next few weeks, I can assure you that this Subcommittee and our staff will continue to conduct rigorous oversight of these issues.

Let me now call on Senator Voinovich for his opening statement. Senator Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Thank you, Senator Akaka, for calling today's hearing to examine the Administration transition. I would also like to acknowledge the partnership that I have had with you. We have been at this at least 8 to 10 years. The two of us have tried conscientiously to provide legislation that will make it easier for the Federal Government to recruit and to retain and to reward individuals, and hopefully this Administration and the one coming in will benefit from that effort.

I know that we are very familiar with the transition progress of certain agencies, and I think that it is fair to say that the creation of a chief management officer whose statutory duties include transition planning is one of the reasons DHS continues to lead by example in this area. I had met Secretary Mike Chertoff in Cleveland and congratulated him on the wonderful transition plan that he has put together. He is conscientiously trying to make sure that when he hands off the baton, it is not going to be dropped. And I think that is pretty important, particularly in that agency.

With just over 4 months before inauguration, I look forward to hearing our witnesses discuss our general level of readiness for the transition. I also hope we will use this time to take a fresh look at the Presidential Appointments Improvement Act and determine whether additional reform is needed. Since 1937, when the Brownlow committee issued the first report on improving the appointments process, Congress has enacted incremental changes, including most recently the Intelligence Reform and Terrorism Prevention Act. As the sponsor of the last comprehensive Presidential appointment reforms bill before the full Committee, I believe our transition process could benefit from further reform, including streamlining the financial disclosure process and reducing the time it takes for individuals to be nominated and subsequently confirmed. And we will probably be hearing from you about some of your ideas on that.

The management challenges of GAO's high-risk list should serve as a reminder that all leaders, regardless of the position to which they are nominated, will face unique challenges critical to the effective functioning of our government. Thus, the quality of each Presidential nominee must be carefully scrutinized to ensure our next class of leaders has the capacity to identify plans for and implement reform. It is my hope that my colleagues in the Senate will use the questions being developed by GAO to assess the management experience and capabilities for nominees to leadership positions. The Senate needs to send a clear and consistent message that a nominee's management qualifications will be an important consideration in their appointment.

And, by the way, it is disappointing to me that one of the first impressions of government for the new class of political appointees will be the antiquated security clearance system. And I know, Mr. Johnson, you are working on that.

As qualified leaders begin their new roles, they must also dismiss the rhetoric and bias against individuals who have chosen to serve

the public as members of the civil and uniformed services. The next team of political leaders must find ways to better engage these individuals, who often bring the institutional knowledge and a valid perspective to the task at hand. And based on my observation, it seems too often that these capable men and women selected on the merits are ignored when new political leadership takes hold.

Last, agency management will be hindered by Congress' inability to pass appropriations bills, and I intend to spend some time on the floor of the Senate. We have been working on that for over a year, and I think, Mr. Dodaro, you have been helping us, and the Congressional Research Service. It is just unacceptable that we continue to pass continuing resolutions and omnibus appropriation bills. The impact that this has on the management of government is just horrendous. And then you cascade that down to State and county government.

The new Presidential team will begin on an uneven playing field, with agencies trying to meet their program needs under a continuing resolution while preparing for their first budget of the new Administration, scheduled for release less than 20 days after the inauguration. The fiscal health of our Nation will require tough choices at every agency, an unenviable but necessary task.

Mr. Chairman, before I conclude, I would like to take a moment to thank Mr. Johnson for his dedicated service. I think the Chairman of the Subcommittee has laid out pretty clearly that you have been around here quite often.

Mr. JOHNSON. A usual suspect.

Senator VOINOVICH. Yes. I suspect you have spent more time here than any of your predecessors. And I know that you have had a very difficult job. When I came here, my goal was to reinsert the "M" into OMB, and I think that when you leave, you can say, "I was responsible for putting the 'M' back into OMB." I really appreciate your service. Senator Akaka and I also appreciate the strategic plans that you have put forward to address the management challenges of agencies that are on the high-risk list. We are going to take all of that material and build on it.

So, again, sharing what Senator Akaka said, you can be assured, all of you, particularly you, Mr. Johnson, that we are going to take the work that you have done, and we are going to continue to stay on top of it and build on what you have been able to achieve during your time in the Administration. We really appreciate the fact that you are sticking around until the end and not tipping your hat and leaving. Thank you.

Senator AKAKA. Well, thank you very much, Senator Voinovich, and I always appreciate your strong interest in oversight of the Administration transition.

It is now my pleasure to welcome our witnesses here today. Gene Dodaro is the Acting Comptroller General at the Government Accountability Office.

Clay Johnson is the Deputy Director for Management at the Office of Management and Budget. Mr. Johnson also led the transition team for President Bush in 2001.

Robert Cusick is the Director of the Office of Government Ethics.

Gail Lovelace is the Chief Human Capital Officer at the General Services Administration.

As you know, it is the custom of this Subcommittee to swear in all witnesses, so I ask all of you to stand and raise your right hand. Do you solemnly swear that the testimony you are about to give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. DODARO. I do.

Mr. JOHNSON. I do.

Mr. CUSICK. I do.

Ms. LOVELACE. I do.

Senator AKAKA. Thank you very much. Let the record note that our witnesses responded in the affirmative.

Thank you, and I look forward to this hearing, and I would like to ask Mr. Dodaro to please proceed with your statement.

TESTIMONY OF GENE L. DODARO,[1] ACTING COMPTROLLER GENERAL, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. DODARO. Thank you very much, Mr. Chairman and Senator Voinovich. We are very pleased to have this opportunity to talk about GAO's planning for the upcoming transitions.

As you well know, we have a long tradition of helping each new Congress get its agenda together and begin its progress. But there were amendments made to the Presidential Transition Act in the year 2000 that also cite GAO as a resource for incoming Administrations to tap to learn about their management challenges and risks. And so we take these responsibilities very seriously and are planning our efforts to support these transitions with several objectives in mind.

First, we want to provide our insights based on work we have done, our institutional knowledge, and to pressing national issues. Some examples include the oversight of the housing and financial institutions and markets, including recent developments regarding Freddie Mac and Fannie Mae, as well as the status of the Bank Insurance Fund, and a range of national security and homeland security issues, including U.S. efforts in Iraq and Afghanistan.

Second, we want to underscore the need for the incoming Administration to realize there is a growing need to not only organize within departments and agencies, but more issues require collaborations and partnerships at different governmental levels and with other countries and with the nonprofit sector. Some examples here that we will highlight are financing challenges associated with modernizing our transportation infrastructure, food safety issues, a range of planning efforts for health care, emergencies as well as the National Response Plan for both potential manmade and natural disasters.

Third, given the pressing budget challenges that we have, we are going to highlight and target areas where resources could be conserved to help support new initiatives. There are improper payments being made right now, over $55 billion a year. Efforts have been made to try to bring that down, but that can be a source of additional savings, as well as trying to bring the cost growth of DOD weapons systems under control. Our last report showed that

[1] The prepared statement of Mr. Dodaro appears in the Appendix on page 29.

the cost growth had been $295 billion over a few years, and so that is another area.

We also have a tax gap that IRS estimates, a net tax gap of $290 billion. And so there are ways to really begin with concerted efforts to try to tackle these areas. They will not be easy, but with concerted efforts, we think they could yield substantial benefits.

Also, we want to highlight the capacity-building efforts that are required within individual departments and agencies. If these capacity-building efforts are not attended to, they are going to affect the policy implementation of whatever agenda the new Administration is going to pursue. Over one-third of the Federal workforce will be eligible to retire on the next Administration's watch. As has been pointed out here today, we are going to emphasize the need to fill some of the senior leadership teams in those departments with experienced managers.

We also agree with statements that have been made, Senator Akaka, by you and Senator Voinovich that there is an increasing reliance on contractors to carry out activities, and the new Administration needs to approach their management responsibilities with that recognition as well as bringing poor-performing information technology projects into line going forward.

Also, we are going to continue to emphasize the need to maintain the momentum on the high-risk efforts. This Subcommittee is to be commended for the attention that it has given to that area. I would like to acknowledge the commitment that Mr. Johnson has made, and OMB, to that area. The high-risk area really has helped serve as a management improvement agenda, not only for the Bush Administration but for the Clinton Administration before then. And I think that great progress has been made, but attention needs to be continued on these efforts, and we are going to emphasize that going forward.

Last, I would say we are going to evaluate how this Presidential transition unfolds. A lot of things have changed since the Presidential Transition Act provisions were put in place, and there may be a need in a post-September 11, 2001 environment to look at other legislative provisions that could be modernized to help provide better transitions in the future.

We hope that our efforts support both new leaders as well as returning leaders, and we look forward to working with the Congress and the new Administration on these challenges facing our country.

I would be happy to answer questions when we get to that stage.

Senator AKAKA. Thank you for your statement, Mr. Dodaro. Now we will hear from Mr. Johnson.

TESTIMONY OF HON. CLAY JOHNSON III,[1] DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Mr. JOHNSON. Senator Akaka, Senator Voinovich, thank you very much. Let me in my opening remarks talk about the specific issue about what we are doing, what all agencies are doing to maximize the chance and the probability that the next Administration will come in and take up where this Administration left off in terms of

[1] The prepared statement of Mr. Johnson with attachments appears in the Appendix on page 44.

working to cause the Federal Government to better spend, more effectively spend the taxpayers' money, and more effectively every year.

We cannot mandate what the next Administration is going to do on any management front, but the one thing we are doing is making sure that every Federal program, every management area, procurement, financial management, IT management, people management, program management, for every GAO high-risk list item, for security clearance reform, for national security professional development, for every do-it-better initiative, that by the end of the year there is a very clear definition of success; what the definition of success is for financial management at DOD and by what approximate time frame. Weapons system acquisition, what is the definition of success for weapons system acquisition at DOD by what general time frame? Make sure that this is a definition of success that GAO is in agreement with, that anybody relevant to this issue in the Senate or the House is comfortable with and OMB is comfortable with and the people in the agencies are comfortable with; that they agree with the time frame, they agree for the implementation plan to get there; it is clearly defined who is accountable; and all of this is made very transparent and very public. It is made available on every agency's home page on their website, you are aware of it, GAO is aware of it, all the interest groups are aware of it, all constituent groups are aware of it, and employees are aware of it. And all SES who work on these GAO high-risk list items or on the programs or on financial management, whatever it is, those 2009 activities that are involved in getting to where we want to be on all these matters are built into the senior executives' formal performance goals for fiscal year 2009.

This is something that would not have been possible 8 years ago because we were not able to hold—we did not have legislation that allowed us to hold senior executives accountable for performance. They were held accountable for having certain levels of competencies. Now they can be held accountable for the performance. And I believe you were integrally involved in passing that legislation. But that is a very valuable tool that we have now.

But the definitions of success, what we are trying to accomplish, how we are trying to accomplish it, and who is accountable will be very clearly defined to everybody's mutual satisfaction, and it will be very apparent, very public, and very transparent.

The next Administration, when they come in and they are trying to sort out what their priorities are, will inherit a lot of purposefulness, a lot of do-it-better, a lot of spend-the-money-more-effectively purposefulness. They will come in and almost certainly seek to install different priorities. But they will inherit a lot of purposefulness, and they will benefit from the capability that agencies have now, the greater capability that agencies have now to spend taxpayers' money more effectively. Every agency can more effectively spend taxpayers' money today than they could 8 years ago. So that will benefit this next Administration and all subsequent Administrations. They will not inherit an empty blackboard. They will inherit a blackboard full of lots of clear goals, lots of accountability, lots of specific ways forward. They can replace that. They can choose to go faster. They can choose to go slower. But they will in-

herit a lot of way forward, and I am confident that GAO and you and your counterparts in the House will ensure that the next Administration continues to place the priority on spending the taxpayers' money effectively that this Administration has placed on it.

I look forward to your questions, and anything else between now and the end of the year you want to engage in.

Senator AKAKA. Thank you very much, Mr. Johnson.

And now we will hear from Mr. Cusick and your statement.

TESTIMONY OF HON. ROBERT I. CUSICK,[1] DIRECTOR, OFFICE OF GOVERNMENT ETHICS

Mr. CUSICK. Thank you, Chairman Akaka, Senator Voinovich, for inviting me here today to talk about the role of the Office of Government Ethics (OGE) in the Presidential transition. I welcome the opportunity to share with you some of what has gone on to prepare for this important task. Even though the transition will be peaceful, it will be difficult nevertheless.

Our role as the leader within the Executive Branch in ethics is never more important than during a Presidential transition. Since I became Director over 2½ years ago, I learned and OGE has learned the lessons from past transitions and has prepared diligently for this one.

There are over 1,100 presidentially appointed, Senate-confirmed positions in the Executive Branch. As the Director of OGE, it is my responsibility under the law to certify that a nominee's financial interests do not conflict with his or her prospective government duties.

This is not an easy process because the financial disclosure reports are like snowflakes. No two are alike, and the duties and issues that may pertain to a nominee will vary from agency to agency. Additionally, the complexity of investments and financial instruments is boundless and continues to expand.

Frequently, a nominee will need to take certain steps in order to avoid conflicts of interest. These may include the sale of stock or other financial interests, and working with the White House and the agency where the individual will serve, we develop ethics agreements to memorialize what a nominee must do, or refrain from doing, in order to avoid conflicts. I understand fully the need for the President to have critical members of the national security team and others in place as soon as possible. And OGE is prepared to do its part to meet this challenge.

My written testimony, which I ask be made part of the record, gives more detail about what OGE has done to prepare for the transition. But I do want to give the Subcommittee some brief examples.

We have met with Mr. Johnson to discuss a number of possible actions that will speed up the financial disclosure vetting process. We have also had meetings with appropriate officials of the Department of State and have scheduled meetings with the Department of Defense and the Department of Homeland Security in order to discuss what we see as possible improvements to the process. We have contacted representatives of both Presidential campaigns to

[1] The prepared statement of Mr. Cusick appears in the Appendix on page 56.

offer briefings at their earliest convenience concerning OGE's role and responsibilities.

As the leader in Executive Branch ethics training, OGE trained over 250 ethics officials last February here in Washington. They were from more than 70 departments and agencies, and the training referred specifically to nominee financial disclosure. That training was very well received.

We have issued written guidance to help agencies deal with complex financial instruments. Next week, OGE will conduct the 16th National Government Ethics Conference. This is a week-long training event for over 600 Executive Branch agency ethics officials, and the entire theme of this year's conference is transition. We are producing a short video presentation introducing the financial disclosure process and conflicts-of-interest analysis for PAS appointees to assist them in this process and help them understand it.

After the election and before the inauguration, we will work intensively to review financial disclosure reports of potential nominees. We will ensure clear channels of communication between the transition teams. And we will make OGE personnel available to brief members of the new Administration. These steps will ensure, we believe, expeditious clearance and certification of financial disclosure.

It is an honor to be here today. It is an honor to lead the Office of Government Ethics, and I welcome any questions you may have.

Senator AKAKA. Thank you very much, Mr. Cusick.

And now we will hear the statement from Ms. Lovelace.

TESTIMONY OF GAIL T. LOVELACE,[1] CHIEF HUMAN CAPITAL OFFICER, U.S. GENERAL SERVICES ADMINISTRATION

Ms. LOVELACE. Good afternoon, Chairman Akaka and Senator Voinovich. I am pleased to be with you here this afternoon on behalf of the General Services Administration. Presidential transition is the top priority for GSA, as stated by our Acting Administrator, Jim Williams, during his confirmation hearing before the full Homeland Security and Governmental Affairs Committee. Acting Administrator Williams, and all of us at GSA, are fully committed to a successful and smooth transition from the current Administration to the next.

I believe that the transition from one Administration to the next is an exciting time for government. I am honored to be able to play a role in ensuring the smooth transition as envisioned by the Presidential Transition Act of 1963. Part of GSA's mission is to leverage the buying power of the Federal Government to acquire best value for taxpayers and our Federal customers. We deliver superior workplaces, quality acquisition services, and expert business solutions.

Our responsibility during Presidential transitions is to provide many of these same services to the President-elect, Vice President-elect, and members of their President transition team. We have started early and have good teams in place. We have secured space in Washington, DC for the Presidential transition team and are currently well positioned to provide furniture, parking, office equipment, supplies, telecommunications, mail management, travel, fi-

[1] The prepared statement of Ms. Lovelace appears in the Appendix on page 61.

nancial management, vehicles, information technology, human resources management, contracting, and other logistical support as necessary and appropriate. We are partnering with the Secret Service and the Federal Protective Service as they provide security for the President-elect and Vice President-elect.

We recognize that a transition can be perceived as a time of vulnerability for our country, and we have identified alternate locations and workplace solutions for the Presidential transition team in the event of an emergency.

GSA provides space, services, and logistical support to the Presidential Inaugural Committee and the team that plans and stages the various events that make up a Presidential inauguration. GSA similar logistical support services to President Bush and Vice President Cheney to help them establish their offices when they depart the White House. GSA assists in establishing the former President's office, as we do for all former Presidents.

The Presidential Transition Act of 2000 expanded GSA's role in transition specifically in two areas. We now prepare a transition directory, in conjunction with the National Archives and Records Administration, and we assist the incoming Administration with appointee orientation.

The President's fiscal year 2009 budget requested $8.5 million to support the Presidential transition. In the event of a continuing resolution, GSA will need to make sure that funds are available for obligation by the incoming Administration. This will require a special provision in the continuing resolution. We have notified the Appropriations Committee, and we are hopeful that Congress will ensure that these funds are in place.

Looking inside Federal agencies, I have had the pleasure of meeting with many agencies, individually and in groups, to explain GSA's unique role with them and to share some ideas about getting ready for transition. We have created a special section on our gsa.gov website to share information across agencies and with the public. We are actively working with Mr. Johnson to bring all agency transition directors together for a special session focused on transition. This session will reinforce the recently transition guidance that was issued by the Executive Office of the President.

Like all other agencies, GSA is diligently working to ensure smooth transition within our agency. As part of our internal efforts, GSA has created four teams to plan for a successful transition. These teams are focused on: One, support to current political appointees leaving; two, continuity of GSA programs, operations, and services; three, logistical support to Presidential transition team members that may come into GSA; and, four, preparing a new team of appointees. As an agency, I believe we are well positioned to do our part to ensure a smooth transition.

In closing, Chairman Akaka and Senator Voinovich, I want to thank you again for the opportunity to address you this afternoon. I will be happy to answer any questions you may have.

Senator AKAKA. Thank you very much, Ms. Lovelace.

My first question is to Mr. Dodaro. As you know, this Subcommittee has worked closely with GAO over the years to improve management at all agencies. Many of the issues you bring up in your testimony speak to the importance of management issues for

the next Administration. Unfortunately, new Administrations often do not recognize this importance early enough. GAO, along with the Congress, has made it a point to educate Administrations about management, but often the information is just lost in the blizzard of other issues.

What can we all do to focus incoming policymakers on management issues?

Mr. DODARO. Mr. Chairman, I think, first, what we are trying to focus on is to distill down very precisely what the biggest challenges are. So, in other words, prioritizing what those challenges are, I think, is pivotal.

Second, I think illustrating and underscoring the effect that unless those challenges are made, they are going to implement whatever policy agenda is being pursued.

I have been in a number of transitions over a number of years with different Administrations, and I would say my one observation consistently is that people underestimate the implementation challenges associated with any new policies they want to put into effect. And unless they understand that and we can communicate that to them, I think there is a tendency not to take some of these management challenges as seriously as possible.

Third, unless the challenges are addressed, they can sometimes consume attention if management problems all of a sudden reach the point of a public story about waste or inefficiencies, or whatever, that divert their attention from other issues that they want to spend their time on and that are important for the country for them to spend their time on.

So I am planning in my current capacity to try to outreach to new leaders as they are put in place and to underscore these basic points, which I think are very important and I think are going to become even more important given the serious budgetary and fiscal constraints that our government is going to face going forward.

Senator AKAKA. Thank you.

Mr. Johnson, you suggest that for a successful 2008 transition the new Administration will need to work closely with Congress very early on. Given your experience leading the 2000 transition for President Bush, what should the new Administration do differently in working with Congress?

Mr. JOHNSON. To get its new team on the field or to work on management matters, or both?

Senator AKAKA. Yes, both.

Mr. JOHNSON. OK. Let me talk about the management challenges first.

I know the next Administration is going to come in and inherit a lot of goals—goals that you think are important, that GAO thinks are important, and that career employees think are important—in terms of how to do their business, how to spend this amount of money to teach illiterate adults how to read. They are going to inherit a policy on this issue or that issue. And they can change those priorities. They could decide to do it faster or slower, but they are going to have to do that in the light of day, and I bet you they have to do it with your agreement and GAO's maybe editorial comment.

So if you are inclined to encourage them to pay as much attention to management or even more attention to management matters than we did, I bet you will be able to communicate that to them, and they will have little choice but to take what they inherit and build from there. I cannot imagine that they can in the middle of the night simply walk away from the whole challenge of working to make the Federal Government more effective.

So I personally am confident that the stage has been set primarily by the work of this Subcommittee and comparable committees in the House and by the continued good work with GAO and a little assistance from OMB and agencies and, most importantly, the Federal employees and agencies understand all this work is good for them. It is good for their agencies. It helps their agencies be more effective. It makes them better places to work. And they would make it very difficult for a new Administration to come in and say, we really do not care about this anymore.

So I think you emphasizing, as you can do very effectively, to the next Administration how important these things are, and if they decide to change the priorities, that you ask why. Why are you choosing to go slow? Or why are you choosing to place less emphasis on this than in previous Administrations if that is the case? So you can bring a lot of pressure to bear on their continued attention to management matters?

In terms of working with the Senate, getting the new team on the field, the biggest responsibility is on the new Administration to do the work they need to do before the election and during the transition and then in the early part of the new Administration to identify qualified people that they want to nominate to you and load up the Senate with lots of nominations. The thing that drives the Senate primarily in terms of the timeliness of their confirmation process is having a big stack of nominees that they have to process. They do not like it being said by the press that they are not doing a good job of helping the new Administration get their team in place.

So it is their responsibility to put a lot of pressure by doing a lot of their work quickly, to put pressure on the Senate to do their work quickly. And when they are ready—so they need to prepare you for the kind of volumes that they are hoping to bring forward to the Senate. If they expand the capacity or change the ability to clear people more quickly, they need to make sure they do that in partnership with you because you look at the same clearance information that the White House looks at, and it has to be clearance information that you are satisfied with and that you can make a proper confirmation determination from.

So when this Administration, the current Administration, is ready to suggest possible changes for the new Administration, they will come up and talk to the appropriate leaders up here. But all this will be done with the Senate, and it is supposed to be and it will continue to be.

Senator AKAKA. Thank you. Ms. Lovelace, let me ask you to put your CHCO hat on for a moment. Can you discuss how human capital leaders in career positions at agencies such as yourself prepare for new political leadership at their agency?

Ms. LOVELACE. Senator Akaka, I would be happy to answer that question. The Chief Human Capital Officers (CHCO) Council have spent much time talking about preparedness for the upcoming transition. We have spent much time talking about ensuring that there are no gaps behind the political leaders who will likely be walking out during the time of transition and right after the inauguration. I believe that we are all well positioned or well on our way to be positioned to ensuring that there are people ready to step up and take those positions, those critical positions. After all, we are there to ensure that agencies continue to be able to carry out their mission, which does require that we have people in senior leadership positions and in other roles within our agencies.

I can assure you that through the Chief Human Capital Officer Council and some other venues, we are actively discussing exactly those issues at the CHCO Council.

Senator AKAKA. Thank you. Senator Voinovich.

Senator VOINOVICH. Thank you, Mr. Chairman.

Mr. Johnson, I would again like to congratulate you on identifying individuals in each department to handle transition. I understand it takes some scheduling, post-employment training, and documenting agency priorities and missions for the incoming Administration.

What efforts have you made to make sure that they get the job done?

Mr. JOHNSON. I knew you were going to ask that question because we had a meeting at noon today with the President's Management Council, and I said, "I will bet you one of the two Senators is going to ask me, 'Are you doing what we instructed every agency to do in that memo of July 18th?'" And so was anybody not aggressively doing what we instructed you to do. And they all agreed that they were going to accomplish all those goals at least by the date that was laid out, and most of them are October 15 and November 1, 2008.

Most of that work had already begun before I met with the PMC on this subject in May. As Ms. Lovelace said, the career staff and the political leadership of agencies understand full well what the challenges are at the end of this year, and they did not need much whip-popping by me. It is really just a little orchestration and facilitation. Everybody was working on it. We just made sure everybody was working on the same thing and had the same set of priorities.

So we are looking forward to this meeting that Ms. Lovelace referred to on September 24, when we are bringing in all the transition leaders, because they have approached Ms. Lovelace with questions that they have above and beyond the kinds of answers that I thought we provided in that July 18 memo. And they have other more detailed questions that we will provide them. And if the transition leads in every agency want to meet every week, we will meet every week. We will get them together and provide them with answers to whatever questions they have.

So there is a really strong commitment by every agency and by the Administration to provide whatever support is called for by both candidates for President and by the career leadership in every agency, as we have all said, to make this as effective a transition

as there has ever been and hopefully one that can be used as a model for years to come.

Senator VOINOVICH. Thank you. At the July meeting that we had, you made reference to reforming the White House vetting process for high-level appointees and that you were working with Fred Fielding and the FBI on that.

Mr. JOHNSON. Yes, sir.

Senator VOINOVICH. How are you coming on that? Is it something that you can do from an administrative point of view that does not require legislation?

Mr. JOHNSON. I think most of it can be done administratively. Fred Fielding is working with the FBI, and the Presidential personnel are looking at—and talking to both campaigns to impress on both campaigns the importance of preparing to make appointments—nominations to the Senate faster than ever before and what kind of work has to be done before the election and after the election and during the transition to make that possible. And they are meeting with the FBI to impress upon them the importance of clearing people faster than ever before and working through what has to be done to make that possible.

So the leadership of the transition planning is within the White House, in the Chief of Staff's office, and work with White House Counsel and Presidential Personnel. At an appropriate time before you recess, they will want to come up and make sure that the committees know, particularly the committees that deal with Homeland Security, Defense, and State, which will be the most important nominees to deal with in the very month or two in the Administration, understand what kind of volumes both candidates hope to be presenting to the Senate so that the Senate is prepared to receive those and quickly dispense with them and effectively dispense with them in terms of the nomination process.

So they will be up here when they have something that specifically they want to brief you on.

Senator VOINOVICH. Is there a boilerplate letter that you send out to the candidates, Ms. Lovelace? And who sends out the letter to the candidates saying, "Hey, you might get elected. Let's think about doing something, about putting your team in place?" Who does that?

Mr. JOHNSON. First of all, let me jump in here before you violate a law. I think that is against the law to promise—not that you would break the law, sir, but to promise the possibility of an appointment.

Senator VOINOVICH. No, you misunderstand, what I am saying is to tell them what it is that they ought to be doing in terms of putting together some kind of task force to deal with the transition, to get them to start thinking about it. Is that a boilerplate letter that you send out to them and say, "Hey, here are things you better start thinking about in the event that you are elected."

Mr. JOHNSON. Yes. I don't know of a letter. One thing that the Intelligence Reform and Terrorism Prevention Act allows is both candidates identifying before the election people that they want to use to advise the President-elect during the transition, between election and inauguration, and it calls for them to provide the names and background material of those people that they want to

serve as their adviser during the transition to update their clearances, to provide them clearances, so that they are able to deal with secure information——

But my point is that will allow on the national security front the preclearance of some number of people that will almost certainly be considered for Cabinet and sub-Cabinet positions. But I am not aware of a standard boilerplate letter that is typically sent out——

Senator VOINOVICH. Well, having been through transitions as mayor and then as governor, I know that in both instances, as kind of a gift to the new Administration, I put a lot of work into a very comprehensive document about transition and what they should be looking for and so on and so forth.

Are you doing that, or is that something that——

Mr. JOHNSON. I believe the White House Office of Presidential Personnel—I know they have engaged both campaigns, and both campaigns are very committed to preparing to govern. And I know that Presidential Personnel is providing information to both major party candidates that they need to begin to think through the people part of this now before the election, to give them knowledge that they would be hard pressed to get otherwise about the positions, the kind of qualities you look for, the process, the confirmation process, the clearance process, the timing involved, the process and so forth.

My impression is that both major party campaigns, candidates, are very pleased with the support that they are getting from the White House. I also believe it is the first time that both candidates for President have been reached out to by the existing Administration. It is fairly customary to go to a like party, but I believe it is the first time that an exiting Administration has reached out to candidates from both parties.

Ms. LOVELACE. Senator Voinovich, I would like to answer that question as well. GSA did not send a standard form letter of any type to both campaigns, but we, much like the White House, have reached out to both campaigns in preparation for Presidential transition, have been actively sharing information with them and asking questions of them to make sure that we are making it a smooth transition for them. So we have been actively working with them and with PPO and the Office of Administration and Mr. Johnson to make sure that we are meeting their needs for transition.

Senator VOINOVICH. Well, it sounds like a lot of communication, but I am kind of shocked that there is not some document that you put together for transition to the nominees.

Mr. JOHNSON. Right. Oh, I recall.

Senator VOINOVICH. When was it that we finally learned who the President——

Mr. JOHNSON. December 13.

Senator VOINOVICH. December 13. I will never forget President Milosevic, when I congratulated him, said, "It took me a shorter time to become President than your President to get elected"—or find out who it was.

Mr. JOHNSON. There is one document that explains what somebody preparing for a transition needs to think about, and it is not an official document. It is my own personal advice on what—it is one of the attachments that I provided you, and I do know that

both campaigns, their transition people have read it and appreciate it and are using it to structure their transition organizing.

Senator VOINOVICH. Thank you.

Ms. LOVELACE. And, Senator, if I could add to that as well, to add to what Mr. Johnson is saying, we also have the responsibility under the Transition Act of 2000 to create a transition directory that pulls together a host of information from different agencies to help the transition. We actually pull information from the OGE, from GAO, from OPM, and other places to pull it all together in one place for the incoming Administration. We shared with both campaigns an outline of that directory and some information that will be part of that directory, in addition to Mr. Johnson's memo that he has attached to his testimony, which I think is actually very well written.

Senator VOINOVICH. Thank you.

Senator AKAKA. Thank you.

Mr. Johnson, in your suggestions for a successful 2008 transition, you mentioned that the White House Personnel Office is working to set up road maps for the next Administration to work 100 appointees through by April 1, 2009. Is this something that you think the next Administration will use? And is there any coordination with GSA on these plans and how they can get it to the transition teams?

Mr. JOHNSON. What the White House has recommended—and I think very persuasively—to both candidates, and they have agreed wholeheartedly, is that they have to nominate more people faster to the Senate than ever before. And the most number of people that have been confirmed by the Senate by April 1st is 25, which is just not enough. And what we have suggested they think about is that instead of being 25 or 30, it be something closer to 100. It would be great if it was 200, but it is hard to make the math work if it is 100.

They have agreed that they need to be both committed to that, and we have provided them—the White House is in the process of providing them information which they can use to pick the most important 100 positions, to focus on what those people in those positions do, what the appointment process consists of, what the clearance process, what the confirmation process consists of, so that the people working on this before the election, during the transition, and after the inauguration will be very knowledgeable about what is involved and so that they can assemble the appropriate people to do the appropriate work to try to do it multiple times faster than it has ever been done before.

My impression and understanding is that both candidates are really engaged and really eager to tackle this assignment. They understand the importance of it. They understand that our enemies understand that we are potentially weak at this time in a transfer of power and that we need to be well prepared to respond and deal with just about any national security or homeland security matter that could arise.

Senator AKAKA. What steps, Mr. Johnson, outside of relying on the Archives will you take to get this information to the next Administration?

Mr. JOHNSON. Well, the White House is in communication with this and lawyers are involved, as they are with everything—campaign lawyers and White House lawyers—and my understanding is they are asking lots of questions, the candidates are, the candidates' representatives are, and the White House is producing answers very quickly. So there is a good communication there. The specifics I do not know about. This is something that the White House specifically is in charge of, but there is lots of engagement and lots of transfer of information back and forth.

Both candidates, my impression is, are very committed to put their team on the field much, much faster than ever before, primarily because they understand the need.

Senator AKAKA. Thank you.

Mr. CUSICK. Mr. Chairman, may I comment on that point?

Senator AKAKA. Yes.

Mr. CUSICK. I have been familiar for some time with Mr. Johnson's proposal of 100 by April and 400 by August. We, at OGE, are prepared for those numbers. We believe that the financial disclosures can be completed on time, assuming they are received at appropriate intervals, appropriately early in the Administration, or even before inauguration.

Senator AKAKA. Mr. Cusick, the Presidential Transition Act of 2000 required that the Office of Government Ethics submit a report to our Subcommittee with recommendations for improving the vetting process. One of the recommendations in that report was the simplifications of the SF–278 financial disclosure form. After 7 years, the forms and the process have not changed. Why is this?

Mr. CUSICK. Well, Senator, we have made a legislative draft proposal that we submitted earlier this year that would simplify the form. We are not able to simplify it because it is a creature of statute. But we have made proposals to simplify it.

I agree that for the purpose of the Office of Government Ethics in identifying and resolving conflicts, the form is unnecessarily complex, and we would like to see it simplified to some degree in line with our proposal submitted several months ago.

Senator AKAKA. You have given thought to this. On this can there be other steps that can be taken without a new law?

Mr. CUSICK. Not with respect to simplifying that form, Senator. I think that requires legislation. But we would welcome a form that was more simple in its structure and detail.

Senator AKAKA. Thank you for that.

Ms. Lovelace, GSA now provides orientation for incoming appointees. Could you talk more about what specific orientation GSA will be providing and how that orientation was developed?

Ms. LOVELACE. Senator Akaka, the Transition Act of 2000 does give us the authority to provide for appointee orientation. We actually work with the incoming Office of the President-elect and the incoming transition team to determine what will be included in that orientation, how it will be given, who it will be given to, and when.

In the change of Administration from the Clinton Administration to the Bush Administration, we actually worked with Mr. Johnson in making sure that appointee orientation was, in fact, carried out.

There were specific details that were put in place and an action plan to carry forward.

We have already provided both campaigns with preliminary information on what is required as part of the act and are just beginning preliminary conversations with both in terms of what they are looking for in orientation. We more so play a facilitator role than an actual provider role.

Senator AKAKA. Well, thank you very much for that. Senator Voinovich.

Senator VOINOVICH. As you know, we have been very interested in developing metrics to judge the performance of the Department of Homeland Security. Mr. Dodaro, you probably remember that there was a difference of opinion about whether or not DHS was complying with what GAO thought they should be. I understand that GAO is working conscientiously with DHS to develop this metric system so that we will have something next year to look at to see how they are doing.

Mr. DODARO. As a result of the hearing that you are referring to, there was an effort made by DHS to begin to seek our input as they put together the performance measures that they were going to use, and we were providing informal comment in that. And we provided correspondence to the Senate saying that had been completed and that DHS was soon to complete their strategic plan. I believe they have finished that, and we are in the process of reviewing it now, Senator, going forward.

But there was, as you mentioned we had created some metrics using some material that had been in congressional documents and other documents to judge the performance. In many of those areas, there were not performance measures that everybody agreed to. So we are in the process of providing them input, recognizing that it is their responsibility to put the metrics in place. And GAO is not going to put itself in a position of management, but we are providing our input and then are critiquing their strategic plan.

Senator VOINOVICH. I would be interested, Mr. Johnson, in your thoughts about the interpersonal relationship between OMB and GAO because they are the group that comes and looks over your shoulder at the feasibility or the opportunity that is there in terms of getting good communication going back and forth so that you do not run into a situation where, when it comes time for the reporting, that there is a big difference about what the metrics are and what people are being judged as to.

Mr. JOHNSON. Yes, for sure. And that is one thing I am planning to do is, here is the way I think you should relate to GAO and here is the relationship you should aspire to create and here is how to relate to the IG community and the Federal employee community and this Subcommittee and so forth and so on.

I think that the important thing is not that DHS adopts the metrics that GAO recommends because there it is always territoriality and not invented here and it is just human nature to want to develop your own metrics. So the role I would suggest for GAO is that they insist that metrics be developed that can allow you and the agency, with their help, GAO's help, to monitor performance at DHS, and performance is defined by this and this and this, and they be challenged to come up with the metrics to do that,

and then you provide the agency with the appropriate commentary about the adequacy of those metrics, and they can choose to improve them or double them or something.

But I know that Homeland Security is very measure- and manage-oriented with a lot of prodding from you, and that Paul Schneider is committed to the success of the transition, which is written into law, I think the only agency that has that written into law, and to have lots of good measures they can use to manage performance.

Senator VOINOVICH. Too bad we did not get a term, but we will keep working on it.

One of the things that I remember telling Mitch Daniels and his successors, was that, if I were in his shoes, I would really work on the high-risk list.

To my knowledge, the corrective action plans tied to the high-risk list are not a part of the Government Performance and Results Act. In other words, Mr. Dodaro, I think you said something about the fact that if you look at the high-risk list, it pretty well reflects some overall management problems that need to be addressed in the Federal Government across the board, not just one agency. But I think there are about seven or eight of them that are agency-wide.

What about the feasibility of requiring that there be a plan to deal with those problems that they are confronted with, a written plan, a part of their Government Performance and Results Act work?

Mr. DODARO. One of the things that we have been very supportive of over time—and, actually, the problems on the high-risk list led to the creation of some statutory management reforms because of the pervasive nature of the problems, for example, the Chief Management Officer Act, the act that put in place Chief Information Officers in Government, and in part that led to some reforms, which information technology, financial management technology, human capital—we put that on the high-risk list, and there were a lot of reforms made there, my point being, Senator, that one of the ways to guarantee continuity between Administrations is to have some of these management reforms in a basic statutory framework that transcends Administrations. And certainly I would support the possibility of that being focused on some of these areas that we have discussed. Some of them have been on our list for a number of years. Other ones are new and they are changing. As you know, we just added the 2010 census to the list, and early in the next Administration, they are going to have some critical issues there.

So I think having a statutory underpinning for management reforms conceptually is a good idea.

Senator VOINOVICH. One of the things that we have yet to do is reach agreement on how to streamline the financial disclosure form for Executive Branch employees. Mr. Cusick, I believe you have some ideas on how to do that.

Mr. CUSICK. Yes, Senator, we do.

Senator VOINOVICH. Our last attempt required agencies to examine the number of appointed positions requiring Senate confirmation; allowed Presidential candidates to receive a list of appointed

positions after they receive the nomination, and required the Office of Government Ethics to review the Federal Government's conflict-of-interest laws. We never did get this passed, so shame on us.

Do any of you want to comment on that? Mr. Johnson.

Mr. JOHNSON. I have forgotten why we were asked to present a list of potential positions that could be reclassified from PAS to PA. But I had forgotten that there was actually legislation that had prompted that question. And I think it was in 2003, we submitted a list of positions that we thought it could be argued they should not require Senate confirmation. And I thought that number was 80-some. I think it was 150-some-odd positions, full-time positions, and the Senate took that list of positions and considered these positions that were not policy positions, they were legislative affairs, government affairs, communications positions, general counsels. We recommended CFOs, some CIOs—not policy, not critical operational——

Senator VOINOVICH. I remember that, and the people that were charged to do that were Harry Reid, who was running for leadership, and Mitch McConnell. With all due respect to both those gentlemen who encouraged me to do this. And then when the time came to look over the appointment process what happened was they ran into the jurisdiction of some of the committee chairmen who wanted to bring these people before them. Would you agree we ought to revisit that? And, by the way, Senator Akaka, I sent a letter off to them about a month ago asking them if they might be willing to review that now that they are both leaders.

Mr. JOHNSON. Well, I think the White House would welcome a revisit of that issue.

Senator VOINOVICH. Thank you.

Senator AKAKA. Mr. Johnson, as I said in my opening statement, I am concerned about maintaining effectiveness oversight of the large numbers of contracts and contractors during the transition. It is possible that the next Administration may greatly scale back on contracting or have different contract priorities than the current Administration has now.

Has the Administration scaled back on seeking bids for new contracts? Or has OMB given any guidance to agencies in this area of contracting?

Mr. JOHNSON. The percentage of contracts that are competitively bid has remained remarkably constant over the last period of time, from the prior Administration into this Administration. I could not tell you what the percentage is, but it has moved almost not at all. So there is as much competition in our contracting as there has always been. But there needs to be more. There are always opportunities to buy things better with the help of competition.

I think prompted by some hearings on this subject last year, our Office of Federal Procurement Policy issued guidance to agencies and suggested best practices on—creating a competition officer, I think, in each agency to study this and monitor this and to facilitate this. So, again, we are raising the focus on it in response to concerns about our ability to contract effectively. We need to be better at managing contracts, whether competitively bid or not, but also continuing to inject—I mean, inject even more competition into the process.

One of the comments you made, sir, at the beginning was that we are doing more contracting for government work. I think it is true that the work we are contracting for is not inherently governmental work. It is work that can be done by Federal employees in some cases, but it is commercial in nature work that is being contracted for. I am not aware of inherently governmental work that we contract for.

Senator AKAKA. Thank you. Ms. Lovelace, GSA has an interesting position in the transition. It manages the transition for the President-elect and at the same time is under the leadership of the current Administration. Do you foresee any problems with gaining the trust of all parties involved in these orientation programs and training for new appointeeS?

Ms. LOVELACE. Senator Akaka, I do not see any issues coming forth in terms of working with the current Administration or the incoming Administration. We are actively working with Mr. Johnson, with Presidential Personnel, with the Office of Administration at the White House, as well as both campaigns, to make sure that we meet the spirit and intent of appointee orientation. We are also starting to get engaged with the Office of Government Ethics, with the Office of Personnel Management, and other parts of the government to make sure that we are ready to provide orientation for new appointee orientations. I actually see no problems whatsoever.

Senator AKAKA. Thank you. Mr. Dodaro, your statement generally made the point that management needs to be a priority in the next Administration. Can you tell us any specific management issues or projects that the next Administration should be concerned about or what we should be concerned about?

Mr. DODARO. I think, first, as I mentioned in my statement and we talked about earlier, the No. 1 priority from my perspective is to get people in these senior management positions that have the experience of managing large enterprises. And I think people underestimate some of the size and in terms of the budgets and the dollars and also the ability to manage for results, to have detailed plans, performance measures, etc., but also to work across departments and agencies. It is not only managing nowadays within a department or agency, but managing with colleagues throughout the Federal Government, throughout State and local government. So that is No. 1, get the right people in these right positions that are experienced and can handle the tasks ahead of them because these are large enterprises with difficult issues.

Two, there is more reliance on contracting. You need to have people who can effectively set requirements. Part of the problems with the contracts is that there is not enough management direction as to what the type of requirements are that the government is trying to buy and trying to ensure is put in place and that there is effective oversight over these contracts so that they properly deliver on what the government really needs and the government is not pursuing a contract that is not well defined and is not adequately monitored. So there needs to be senior people in the agencies to manage those contracts, and that is to include information technology contracts as well going forward.

The other issue really, I think, is the question of capacity in the human capital area. We have put that on the high-risk list. I think

during the 1990s there was a lot of downsizing in some management functions in departments and agencies, and I think given what the agendas are that need to be pursued, there really needs to be good succession planning in identifying what are the right skills that you need to have in the departments and agencies. It is fine to contract out for services, but you need senior people that can manage those contracts effectively for you to get the results.

So the right skill level, the right mix of people, and really the people who are best positioned to do that are senior department leaders that understand what it takes and have run large enterprises before. So those would be the efforts.

Then one last point I would make is that there has been progress made in a number of areas, and that progress needs to be sustained. We now have the 24 largest departments and agencies. At least 18 get clean opinions on their financial statements, and there have been efforts made to improve internal controls. That is largely due to the efforts of this Administration and a prior Administration to implement some of these statutory reforms, and I would encourage the next Administration to build on the progress that has been made because I think that is pivotal to have them have better financial information to make good decisions.

Senator AKAKA. Mr. Dodaro, what about projects? What projects would you recommend or signal to the new Administration to set those priorities?

Mr. DODARO. I think, Mr. Chairman, our transition work will highlight for every department and agency what particular management challenges are unique to that agency and what they need to do to focus on this.

For example, let's take NASA. They are retiring the Space Shuttle. That to me is a huge project that needs to be focused on because they are going to have a gap in that process going forward.

This whole issue for the Federal Housing Finance Agency, who is now going to be in conservatorship for Fannie Mae and Freddie Mac, that is a huge activity going forward.

It was just announced today that the Department of Defense is deferring the contract on the tanker provision into the next Administration. That is a very important decision that needs to be made.

So we will highlight for every major department and agency, we are planning to make our information available through our website so it is electronically available, publicly available as well, because I think that Mr. Johnson's point that providing some transparency over these issues is really important.

The census is another project that is terribly important to apportionment and also to the distribution of hundreds of billions of dollars in Federal assistance, and that needs to be attended to.

So we will have those projects, and, of course, our high-risk list provides a real helpful listing and prioritization as well.

Senator AKAKA. Before I call on Senator Voinovich, let me follow up with Mr. Johnson on this same question and on projects that he would recommend as a priority to the Administration.

Mr. JOHNSON. The most important thing that I believe is missing in the Federal Government is the proper—what we need more of is we need clearer goals and we need more accountability for accomplishing them. Too often, employees will answer the question,

"What do you do?" Well, I work on this or I work on that. We have to get beyond that. We need to be trying to accomplish specific goals in specific time frames, and people really need to be held accountable for doing—that does not mean punish them if they miss them, but that means that the goals are real and that you and the leaders in the Executive Branch really want them to be accomplished by the dates that the agency leadership said they can be accomplished, and that there be a level of purposefulness that today does not exist in the Federal Government.

We had the beginnings of that. The first thing you have to have is every program has to have a goal, an outcome goal. That exists. It took 5 years to do it and then another 2 years to improve it. But every program has outcome goals and efficiency goals. They have a plan for accomplishing them. These are public so that agencies can be held accountable for accomplishing them.

If you could only ask one question of an agency head or a program head up here, the question I would suggest you ask is: What are you being held accountable for accomplishing this next year? And then when the year is up, how did you perform relative to your goals? You missed them or you did better? What are you going to do as a result of that? That question is not asked often enough within the Executive Branch or by Congress of the Executive Branch.

And so the goals are not clear enough—they are not outcome-oriented enough, they are not clear enough, and there is not enough real accountability for it.

We have goals now—when we first started evaluating programs 8 years ago, half the programs in the Federal Government that we looked at could not demonstrate a result—good or bad. Nobody had ever asked the question. That is different now. So a foundation has been laid to go to the next level, which is continue to improve the goals, but continue to build more "So what?" into the fact that we have goals, and we can now start holding managers, leaders, employees accountable for accomplishing the goals. So that the level of purposefulness to get to a desired outcome is real and significant. To me, that is the primary—whether it is high-risk weapons systems acquisition, adult literacy, whatever it is. To me, that is the primary thing that we need to add to what goes in the Federal Government that does not exist now, to the extent to which we desire it to exist.

Senator AKAKA. Thank you very much for that. Senator Voinovich.

Senator VOINOVICH. I am interested in following up on that. As you know, we passed legislation to strengthen pay for performance for the Senior Executive Service, and implementation is still a little bit uneven. But if you really get at management, what you were just talking about, it begins with your Senior Executive Service and the whole idea of a performance evaluation is to sit down with an individual and talk about the goals and what is expected of them and then continue to have a dialogue with them.

Maybe you can answer this next question privately sometime. I wonder how often were the Secretaries of the various Federal agencies evaluated by anybody—you or anyone else? One of the hardest things I had to do when I was mayor and governor, was the evalua-

tion of the people who ran the department. So I started out with them about what it was that I expected of them and held their feet to the fire and we have that.

I've introduced legislation to strengthen performance management that includes a provision whereby if somebody's performance was not acceptable, they would not get a pay increase. Of course, there was a lot of noise about this provision. But it seems to me that one of the ways you can accomplish what you have just been talking about, Mr. Johnson, is to follow up on that kind of a program. I would like to get the comments here of all four of you in terms of what you think about that.

Mr. JOHNSON. Well, one thing, the legislation that called for pay for performance for SES was really important, and we are now in the second or third year, I guess, of the implementation of it, and the implementation quality is not what it needs to be, but it is a priority of OPM to work with agencies to make sure that there are meaningful distinctions being made between the evaluation of the performance of all the senior executives. I agree with you. If you can get those 7,000 career and 700 political SESs moving in the right direction at the right speed, the whole government will follow.

And so we have the legislation we need now, and I think we know what we need to do, led by OPM, to implement it more effectively this next year than the year before.

Along the same lines, but there is no pay tied to it, every agency for every employee by the end of fiscal year 2009 is being held accountable by OPM to implement a—I forget the title. It is something like an "Effective Performance Management System," so that every employee is evaluated on their performance, a significant portion on their performance, not just on competencies. That is a big step forward. There is no pay tied to it, but most people would agree that the primary value of a pay-for-performance system is the performance management part of the pay for performance. The pay part of it is a way to drive the seriousness of it because you have to give someone an $800 raise versus a $600 raise, so they have to take it really seriously and explain why they are getting $600 and not $800 or $800 and not $600. But the key is that you be able to evaluate performance and define goals effectively and so forth with every employee.

Every agency will be formally committed to do that by the end of fiscal year 2009. That was a pipe dream 8, 10 years ago.

So the foundations are being put in place to do what you are talking about, and the key going forward will be not to get it launched, but to get it implemented and realize the full potential of it.

Senator VOINOVICH. I think it would really be interesting, too, Mr. Dodaro, if GAO looked at the TSA. I have gotten to know a lot of these people because I have a pacemaker, and so I just stop and say, "How is your pay system coming along—PASS?" I would say about two-thirds of them think it is a good idea, and some really complain that they do not like it, it is arbitrary and so forth. But I would really like to know what difference that kind of thing has made, if any. I think it has made a difference on how we get things done.

Are there any other comments from the other two witnesses?

Mr. CUSICK. Senator, we have in OGE what we refer to as the Leadership Initiative. What we try to do is to push discussions of ethical conduct as high in an agency as we can get it, often with the Secretary of the agency. And we believe that the good example of senior leaders is the single biggest driver of ethical conduct in an organization.

With that in mind, the Interior Department has been particularly responsive to our suggestions that performance of employees—in particular, senior employees—include the ethical dimension. If you have a lackadaisical approach to deadlines on disclosures, for example, or if you are perhaps enduring or tolerating something in your division or agency that you should not be from an ethical point of view, in the Interior Department, Secretary Kempthorne has made important policy changes.

Now, it is a little difficult when you are talking about pay for performance to take my narrower ethical scope and make generalizations about it, but——

Senator VOINOVICH. I have to tell you that to me would be maybe the No. 1 criteria. The problems we have seen in government have been ethical breakdowns that have embarrassed individuals and departments.

Mr. CUSICK. I could not agree more, and that is why we think the engagement of leaders—in particular, senior leaders—is essential to the reputation of the government, its individuals departments, its various levels of leadership. And so we encourage the active involvement—Secretary Kempthorne has in particular taken our suggestions and I think made them work in the Interior Department.

I am not as well informed about other departments, but I know that the general notion has been well received when we have presented it.

Senator VOINOVICH. Thank you.

Ms. LOVELACE. Senator Voinovich, we work very actively in GSA, and I know in other government agencies, to implement the SES pay-for-performance system.

Senator VOINOVICH. Well, I know one thing, that Steve Perry did it.

Ms. LOVELACE. Yes, he did.

Senator VOINOVICH. Because he worked with me, my goal when I came here, we were going to do Total Quality Management, and it got lost somewhere. I guess we were worried about the human capital crisis that we had. But I know at least Mr. Perry worked on that pretty hard when he came in.

Ms. LOVELACE. You may remember that Mr. Perry and I came up and briefed you several times in terms of what we were doing. We both talked—and Mr. Perry actually helped us design our system within GSA when the act was first implemented for us to implement pay for performance. The cornerstone for that system then and the cornerstone for it now is having a really strong performance management part of the system.

Senator VOINOVICH. You have cascaded it down all the way through the department, I know, not connected with pay increases, but just letting folks know that you like what they are doing and

you have a feeling that they belong to the organization and are making a difference. Yes?

Ms. LOVELACE. You gave my answer for me. [Laughter.]

I am thrilled that you remember that, yes, and we have actually strengthened our goals and our measures, both at the Senior Executive Service level and down throughout the organization, and a very clear connection with our strategic plan. And, clearly, as Mr. Johnson, I think, suggested, we can all make improvements on this, but we think we have made great strides to implement pay for performance.

Senator VOINOVICH. Meaning that some other agencies could do it without legislation if they wanted to.

Ms. LOVELACE. At the SES level, we needed legislation in order to be able to do that. Below, we are cascading it down, but it is not linked directly to compensation changes.

Mr. JOHNSON. They all are doing it.

Senator VOINOVICH. This is a question—and this will be my last one—that I think Senator Akaka will like. At the beginning of this Administration—first of all, in the Clinton Administration, they had a labor-management partnership, and I recall recommending to Mitch Daniels that they should continue it, because my experience was when I was mayor and when I was governor that I had—I wanted communication with my labor unions. And as you know, we have been up and down on some of this. Early on, I think, Senator Akaka, we were doing pretty good. A lot of that legislation we got passed was only passed because the labor leaders went along with it. And since that time, I think things have kind of gotten a little bit tight.

You are on your way out. What are your thoughts about the next Administration putting together a labor-management partner where even the President would meet periodically with the labor leaders to hear what they have to say to soften things up? Because I think in many instances—I mean, I am not telling you how you should answer this, but I think in many instances there were real concerns that the communication really was not there. They felt like they did not have access to the people that they needed. And in some instances, I have to say that it was just an excuse not to go along with something. So it is both of it. But it would seem to me that if you have some kind of a dialogue going on that level, that would help matters and maybe a lot more could be accomplished because there would be a better dialogue between management and labor.

Mr. JOHNSON. I have made efforts when I first went over to OMB to reach out and establish strong lines of communication with the heads of the two unions, and what I found it to be a function of was not whether they had a union or not, but which one it was. And so I found I was able to establish a strong line of communication with one but not the other. So it is personality driven, not subject driven, topic driven, or union/non-union driven.

I also found that as soon as the leadership of the Congress changed from Republican to Democrat, union leadership's interest in communicating at all with my office went to zero. But there are examples of it working very effectively. When Homeland Security was developing their personnel system, when DOD and Gordon

England was developing their personnel system, Mr. England went to great lengths to establish an effective working relationship with union leadership, and I think did so. And they had the difference of opinion, and agreed and disagreed and so forth. But that would never have happened if Mr. England had not been as effective as he was, Secretary England, working with union leadership.

Senator VOINOVICH. I am familiar because I told them to slow the thing down because they were moving too quickly on that. And I said it will never work, it will blow up in your face. But I still think today that had we provided in that legislation that there would be a more robust dialogue back and forth and that if there were differences between management and labor and had it gone to an arbitration and let that decide, I think both parties would have done a better job of putting their best foot forward because there would be some downside if they did not; and then once it was done, no one could complain afterward that we did not have our say. And to this day, if you talk to the labor leaders, they say they just did what they wanted to do, in spite of the fact that for sure I know Mr. England really worked at it conscientiously.

One last thing. I know I am taking too much time, but, Mr. Dodaro, you did pay for performance, and Senator Akaka and I just passed legislation dealing with some people in your shop that were unhappy with what you did. And I think that it was kind of a shock to your predecessor about—would you like to comment on it?

Mr. DODARO. Yes. As a result of some of the dissatisfaction of our employees—as you know, we have a union now at GAO. I just had a meeting with them this afternoon. I have opened up the dialogue. I am trying to create a constructive dialogue with them. We have these meetings. We are in our first effort to structure an interim collective bargaining agreement. So I think only good can come from good constructive communications, and that is the tenor that I am taking at the GAO as a follow-up to the creation of a union within our organization.

I would also like to go back to your point on the SES performance evaluation process and pay for performance. We would be happy to take a look at that, but when we do, I think the most important thing would be to see how that is anchored and the clear goals and objectives of the agency from the very beginning because if that is not there, then you are not going to have an outcome-oriented link going forward. And I would relate what Mr. Johnson said before, and I would agree with him, that the single biggest problem is not clear goals and objectives with clear outcomes to know where you are going to be at the end of the day. If you have that, the SES pay-for-performance system can be a powerful tool to ensure that it is implemented and cascaded throughout the organization. That is how we run the GAO, and it is a very effective system.

Senator VOINOVICH. Senator Akaka, thank you for entertaining this long questioning, but I thought you might be interested.

Senator AKAKA. Thank you very much, Senator Voinovich. This has been a great hearing for us, and I just want to mention that I have a labor-management partnership bill that I would be glad to have passed this year. Unfortunately, it is not the way the

schedule is set up at the present time, but I think we need to continue to pursue that.

Let me say that your statements will be included in the record for all of our witnesses. And at this time, Senator Voinovich and I would like to thank all of you for appearing here today and for your service to our country. The upcoming transition is a critically important issue, and you are critical players in making sure that it succeeds.

I also want to especially thank again Deputy Director Johnson for coming before this Subcommittee many times over the years, as well as thank you to GAO. While we have often disagreed, it has proven that working together can achieve results, and I hope that we can all come back a year from now and look back on a successful transition.

At this point let me ask, Senator Voinovich, whether you have any compelling remarks?

Senator VOINOVICH. No. Thank you.

Senator AKAKA. Otherwise, the record of this hearing will be open for 2 weeks for additional statements or questions other Members may have pertaining to this hearing.

This hearing is adjourned.

[Whereupon, at 4:17 p.m., the Subcommittee was adjourned.]

APPENDIX

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, the Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 2:30 p.m. EST
Wednesday, September 10, 2008

THE UPCOMING TRANSITION

GAO's Efforts to Assist the 111th Congress and the Next Administration

Statement of Gene L. Dodaro
Acting Comptroller General of the United States

GAO-08-1153T

GAO
Accountability·Integrity·Reliability

Highlights

Highlights of GAO-08-1153T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The upcoming 2009 transition will be a unique and critical period for the U.S. government. It marks the first wartime presidential transition in 40 years. It will also be the first administration change for the relatively new Department of Homeland Security operating in the post 9/11 environment. The next administration will fill thousands of positions across government; there will be a number of new faces in Congress as well. Making these transitions as seamlessly as possible is pivotal to effectively and efficiently help accomplish the federal government's many essential missions.

While the Government Accountability Office (GAO), as a legislative branch agency, has extensive experience helping each new Congress, the Presidential Transition Act points to GAO as a resource to incoming administrations as well. The Act specifically identifies GAO as a source of briefings and other materials to help presidential appointees make the leap from campaigning to governing by informing them of the major management issues, risks, and challenges they will face.

GAO has traditionally played an important role as a resource for new Congresses and administrations, providing insight into the issues where GAO has done work. This testimony provides an overview of GAO's objectives for assisting the 111th Congress and the next administration in their all-important transition efforts.

To view the full product, including the scope and methodology, click on GAO-08-1153T. For more information, contact J. Christopher Mihm, Managing Director, Strategic Issues, at (202) 512-6806 or mihmj@gao.gov.

September 10, 2008

THE UPCOMING TRANSITION

GAO's Efforts to Assist the 111th Congress and the Next Administration

What GAO Found

GAO will highlight issues that the new President, his appointees, and the Congress will confront from day one. These include immediate challenges ranging from national and homeland security to oversight of financial institutions and markets to a range of public health and safety issues. GAO will synthesize the hundreds of reports and testimonies it issues every year so that new policy makers can quickly zero in on critical issues during the first days of the new administration and Congress. GAO's analysis, incorporating its institutional memory across numerous administrations, will be ready by the time the election results are in and transition teams begin to move out.

Objectives for GAO's Transition Efforts

- Provide insight into pressing national issues.
- Highlight the growing need for innovative, integrated approaches to solve national and global challenges.
- Document targeted opportunities to conserve resources that can be applied to new initiatives.
- Underscore critical capacity building needs in individual agencies that will affect implementation of whatever new priorities are pursued.
- Help inform the management improvement agendas of Congress and the new administration.
- Monitor the implementation of the Presidential Transition Act provisions and identify potential improvements for future transitions.

GAO will provide congressional and executive branch policy makers with a comprehensive snapshot of how things are working across government and emphasize the need to update some federal activities to better align them with 21st century realities and bring about government transformation. In keeping with its mission, GAO will be providing Congress and the executive branch with clear facts and constructive options and suggestions that elected officials can use to make policy choices in this pivotal transition year. GAO believes the nation's new and returning leaders will be able to use such information to help meet both the nation's urgent issues and long-term challenges so that our nation stays strong and secure now and for the next generation.

GAO's transition work also will highlight the need to modernize the machinery of government through better application of information technology, financial management, human capital, and contracting practices. GAO also will underscore the need to develop strategies for addressing the government's serious long-term fiscal sustainability challenges, driven on the spending side primarily by escalating health care costs and changing demographics.

Chairman Akaka, Senator Voinovich, and Members of the Subcommittee:

I am pleased to be here today to contribute to your hearing on the upcoming transition. As agreed with the Subcommittee, I will discuss the preparations under way at the Government Accountability Office (GAO) to meet our responsibilities under the Presidential Transition Act to assist the incoming administration as well as the 111th Congress.

The 2009 presidential transition will be a unique and critical period for the United States. Our nation faces a wartime presidential transition for the first time in 40 years. In addition, this will be the first post-9/11 transition, with a relatively new Department of Homeland Security (DHS) grappling with the threats we face here at home while experiencing its first change in administration. The White House will need to fill thousands of appointments, some of which will be subject to Senate confirmation, across the federal government. And on Capitol Hill, with 26 House members and 5 Senators deciding not to seek reelection, there will also be congressional newcomers.

While as a legislative branch agency GAO has extensive experience helping each new Congress, the Presidential Transition Act points to GAO as a resource to incoming administrations as well. The Act specifically identifies GAO as a source of briefings and other materials to help inform presidential appointees of the major management issues, risks, and challenges they will face. The Act's 2000 amendments to clearly bring GAO into the transition picture are consistent with the role we traditionally have played as an important resource for Congress and new administrations during transitions. For example, we update our High-Risk list with the start of each new Congress to focus attention on areas in need of broad-based transformation or susceptible to waste, fraud, abuse, and mismanagement. During the last presidential transition, we identified for Congress and the then new administration key program and management issues in the major departments and across government. More recently, we assisted the 110th Congress by suggesting 36 areas for oversight based on our work. We take our role under the Presidential Transition Act very seriously; our planning to effectively perform this role is well under way. To do this, we will use our institutional knowledge and broad-based work on matters across the spectrum of government activities.

My comments today center on the six objectives of our efforts to assist the upcoming transition as policy makers take on the serious challenges facing our country.

Objectives for GAO's Transition Efforts

- Provide insight into pressing national issues.
- Highlight the growing need for innovative, integrated approaches to solve national and global challenges.
- Document targeted opportunities to conserve resources that can be applied to new initiatives.
- Underscore critical capacity-building needs in individual agencies that will affect implementation of whatever new priorities are pursued.
- Help inform the management improvement agendas of Congress and the new administration.
- Monitor the implementation of the Presidential Transition Act provisions and identify potential improvements for future transitions.

Provide Insight into Pressing National Issues

The next Congress and new administration will confront a set of pressing issues that will demand urgent attention and continuing oversight to ensure the nation's security and well-being. The goal of our transition planning is to look across the work we have done and across the scope and breadth of the federal government's responsibilities to offer insights into areas needing immediate attention. A few examples follow:

- **Oversight of financial institutions and markets:** As events over the past few days have underscored, oversight over the U.S. housing and financial markets will certainly be among the priority matters commanding the attention of the new administration and the 111th Congress. These sectors of our economy have been going through a period of significant instability and turmoil. Congress has taken a number of steps to address some of the immediate effects of the market turmoil including enactment of the Federal Housing Finance Regulatory Reform Act of 2008, which, among other things, strengthens regulation of the housing government-sponsored enterprises (GSE) and provides authority to the Treasury to purchase any amount of Fannie Mae and Freddie Mac securities. We are closely monitoring a range of implications of the current market turmoil including the financial condition of GSEs and the implications of the Treasury exercising this new authority to stabilize GSEs. In addition,

recent bank failures and growing numbers of banks on the "Watchlist" raise questions about the impact on the banking system and future federal exposures as well as on the bank insurance fund. We have a larger body of work that involves auditing the Federal Deposit Insurance Corporation, the newly created Federal Housing Finance Agency, and the consolidated financial statements of the U.S. government, as well as evaluating ongoing developments in the housing and financial markets. We will draw on this work to provide observations and advice, as appropriate, on how best to ensure the stability of our nation's financial system.

While these serious disruptions require immediate attention and careful monitoring, ongoing turmoil in the housing and financial markets has renewed concerns about whether the current system for overseeing and regulating financial institutions and markets is best suited to meet the nation's evolving needs and 21st century challenges. Later this year we plan to issue a report describing the evolution of the current regulatory structure and how market developments and changes have introduced challenges for the current system. We believe this reassessment is needed to ensure that these types of serious disruptions can be minimized in the future. As part of this work, we are also developing a framework to assist Congress in evaluating alternative regulatory reform proposals.

- **U.S. efforts in Iraq and Afghanistan:** Policy and implementation issues will remain on the horizon for these and other international challenges. Hundreds of billions of dollars have been provided to the Department of Defense (DOD) for military operations in Iraq and Afghanistan as well as U.S. efforts to help address security, stabilization and reconstruction, and capacity-building efforts in these countries. These efforts include developing security forces, rebuilding critical infrastructure, and enhancing the countries' capacity to govern. Since 2003, we have issued more than 175 reports on military operations and various aspects of U.S. efforts to achieve the goals in Iraq and Afghanistan. Our transition work will highlight the major implementation issues that need to be addressed to ensure accountability and assess progress regardless of what policies are pursued.

- **DOD's readiness and capabilities:** Extended operations in Iraq, Afghanistan, and elsewhere have had significant consequences for military readiness, particularly with regard to the Army and Marine Corps. Current operations have required the military to operate at a persistently high tempo with the added stress of lengthy and repeated deployments. In addition, because of the significant wear and tear on equipment, refocusing of training on counterinsurgency operations, and other factors, rebuilding readiness of U.S. forces is a major challenge for DOD. At the

same time, DOD faces competing demands for resources given broad-based initiatives to grow, modernize, and transform its forces. We will offer our perspective on the competing demands DOD faces and the need to develop sound plans to guide investment decisions, as it reassesses the condition, size, composition, and organization of its total force, including contractor support, to protect the country from current, emerging, and future conventional and unconventional security threats.

- **Protection at home:** DHS must remain prepared and vigilant with respect to securing the homeland, particularly during the transition period when the nation can be viewed as being particularly vulnerable. In doing so, it is important that the new administration address key issues that, as we reported, have impacted and will continue to impact the nation's security and preparedness, including better securing our borders, enforcing immigration laws, and serving those applying for immigration benefits; defining key preparedness and response capabilities and building and maintaining those capabilities through effective governmental and external partnerships; and further strengthening the security and resiliency of critical infrastructure to acts of terrorism. In achieving its critical mission, we found that DHS needs to more fully integrate and strengthen its management functions, including acquisition and human capital management; more fully adopt risk-based principles in allocating resources to the areas of greatest need; and enhance the effectiveness of information sharing among federal agencies and with state and local governments and the private sector.

- **The decennial census:** The results of the 2010 census are central to apportionment, redistricting congressional boundaries, and distributing hundreds of billions of dollars in federal aid. Soon after taking office, the new administration will face decisions that will shape the outcome of this central effort. Next spring the first nationwide field operation of the 2010 decennial census will begin. During address canvassing, the Census Bureau will rely, for the first time, on hand-held computers to verify address and map information. Earlier this year, we designated the decennial census as a high-risk area, in part, because of ongoing challenges in managing information technology—including hand-held computers—and uncertainty over the total cost of the decennial census and the Bureau's plans for rehearsing its field operations. The Bureau has taken some important steps to get the census back on track but did not rehearse its largest and most costly field operation—non-response follow-up—and has little time for further course correction as it prepares to carry out the national head count.

While facing pressing issues, the next Congress and new administration also inherit the federal government's serious long-term fiscal challenge—driven on the spending side by rising health care costs and changing demographics. This challenge is complicated by the need to timely address developments such as the recent economic pressures and troubles in the housing and financial markets. Ultimately, however, the new administration and Congress will need to develop a strategy to address the federal government's long-term unsustainable fiscal path.

Highlight the Growing Need for Innovative, Integrated Approaches to Solve National and Global Challenges

Planning for the transition will necessarily need to address the fact that achieving meaningful national results in many policy and program areas requires some combination of coordinated efforts among various actors across federal agencies, often with other governments (for example, internationally and at state and local levels), non-government organizations (NGO), for-profit and not for-profit contractors, and the private sector. In recognition of this fact, recent years have seen the adoption of a range of national plans and strategies to bring together decision makers and stakeholders from different locations, types of organizations, and levels of government. For example, the National Response Plan is intended to be an all-discipline, all-hazards plan that establishes a single, comprehensive framework for managing domestic incidents where involvement is necessary among many levels of government, the private sector, and nonprofit organizations. The response and recovery efforts after 9/11 and natural disasters, the nation's preparations for a possible pandemic influenza, and the need to address global food insecurity are some of the many public issues that vividly underscore the critical importance of employing broad governance perspectives to meet global and national needs. Our transition work will highlight challenges the new Congress and next administration face in devising integrated solutions to such multi-dimensional problems. Some examples follow:

- **Care for servicemembers:** Over the last several years, more than 30,000 servicemembers have been wounded in action; many with multiple serious injuries such as amputations, traumatic brain injury, and post-traumatic stress disorder. We have identified substantial weaknesses in the health care these wounded warriors are receiving as well as the complex and cumbersome DOD and VA disability systems they must navigate. While improvement efforts have started, addressing the critical continuity of care issues will require sustained attention, systematic oversight by DOD and VA, and sufficient resources.

- **Health care in an increasingly global market and environment:** The spread of severe acute respiratory syndrome (SARS) from China in 2002, recent natural disasters, and the persistent threat of an influenza pandemic all highlight the need to plan for a coordinated response to large-scale public health emergencies. Federal agencies must work with one another and with state and local governments, private organizations, and international partners to identify and assess the magnitude of threat, develop effective countermeasures (such as vaccines), and marshal the resources required for an effective public health response. Our transition work on these topics—including work related to such emergencies as SARS, Hurricane Katrina, pandemic influenza, bioterrorism, and TB—will highlight that federal agencies still face challenges such as coordinating response efforts and developing the capacity for a medical surge in mass casualty events.

- **Food safety:** The fragmented nature of the federal food oversight system undermines the government's ability to plan more strategically to inspect food production processes, identify and react more quickly to outbreaks of foodborne illnesses, and focus on promoting the safety and integrity of the nation's food supply. Fifteen federal agencies collectively administer at least 30 laws related to food safety. We have recommended, among other things, that the executive branch reconvene the President's Council on Food Safety to facilitate interagency coordination on food safety regulation and programs.

- **Surface transportation:** The nation's transportation infrastructure—its aviation, highway, transit, and rail systems—is critical to the nation's economy and affects the daily lives of most Americans. Despite large increases in federal spending on America's vital surface transportation system, this investment has not commensurately improved the performance of the system. Growing congestion has created by one estimate a $78 billion annual drain on the economy, and population growth, technological change, and the increased globalization of the economy will further strain the system. We have designated transportation finance a high-risk area and have called for a fundamental reexamination and restructured approach to our surface transportation policies, which experts have suggested need to recognize emerging national and global imperatives, such as reducing the nation's dependence on foreign fuel sources and minimizing the impact of the transportation system on the global climate change.

- **Disaster response:** Hurricane Katrina demonstrated the critical importance of the capability to implement an effective and coordinated response to catastrophes that leverages needed resources from across the

nation, including all levels of government as well as nongovernmental entities. While the federal government has made progress since Katrina, as shown in the recent response to Hurricane Gustav, we have reported that the administration still does not have a comprehensive inventory of the nation's response capabilities or a systematic, comprehensive process to assess capabilities at the local, state, and federal levels based on commonly understood and accepted metrics for measuring those capabilities. We have work under way to identify the actions that DHS and the Federal Emergency Management Agency (FEMA) have taken to implement the provisions of the Post-Katrina Emergency Management Reform Act, which charged FEMA with the responsibility for leading and supporting the nation in a comprehensive risk-based emergency management system—a complex task that requires clear strategic vision, leadership, and the development of effective partnerships among governmental and nongovernmental entities.

- **Cyber critical infrastructures:** Cyber critical infrastructures are systems and assets incorporating information technology—such as the electric power grid and chemical plants—that are so vital to the nation that their incapacitation or destruction would have a debilitating impact on national security, our economy, and public health and safety. We have made numerous recommendations aimed at protecting these essential assets and addressing the many challenges that the federal government faces in working with both the private sector and state and local governments to do so—such as improving threat and vulnerability assessments, enhancing cyber analysis and warning capabilities, securing key systems, and developing recovery plans. Until these and other areas are effectively addressed, our nation's cyber critical infrastructure is at risk of the increasing threats posed by terrorists, foreign intelligence services, and others.

Also, more broadly, the Government Performance and Results Act of 1993 (GPRA) calls for a governmentwide performance plan to help Congress and the executive branch address critical federal performance and management issues, including redundancy and other inefficiencies. Unfortunately, the promise of this important provision has not been realized. The agency-by-agency focus of the budget does not provide for the needed strategic, longer range, and integrated perspective of government performance. A broader performance plan would provide the President with an opportunity to assess and communicate the relationship between individual agency goals and outcomes that transcend federal agencies.

Document Targeted Opportunities to Conserve Resources That Can Be Applied to New Initiatives

Our transition work will identify opportunities to limit costs and reduce waste across a broad spectrum of programs and agencies. While these opportunities will not eliminate the need to address more fundamental long-term fiscal challenges the federal government faces, concerted attention by the new administration could conserve resources for other priorities and improve the government's image. Examples of areas we will highlight and for which we will suggest needed action follow:

- **Improper payments:** For fiscal year 2007, agencies reported improper payment estimates of about $55 billion—including programs such as Medicaid, Food Stamps, Unemployment Insurance, and Medicare. The governmentwide estimate has steadily increased over the past several years; yet even the current estimate does not reflect the full scope of improper payments. Further, major management challenges and internal control weaknesses continue to plague agency operations and programs susceptible to significant improper payments. Addressing these challenges and internal control weaknesses will better ensure the integrity of payments and minimize the waste of taxpayers' dollars.

- **DOD cost overruns:** Total acquisition cost growth on the 95 major defense programs in DOD's fiscal year 2007 portfolio is now estimated at $295 billion, and of the weapon programs we assessed this year, none had proceeded through development meeting the best practice standards for mature technologies, stable design, and mature production processes—all prerequisites for achieving planned cost and schedule outcomes. DOD expects to invest about $900 billion (fiscal year 2008 dollars) over the next 5 years on development and procurement, with more than $335 billion, or 37 percent, going specifically for new major weapon systems. Yet, much of this investment will be used to address cost overruns rooted in poor planning, execution, and oversight. By adopting best practices on individual programs and strengthening oversight and accountability for better outcomes, as we have consistently recommended, cost and schedule growth could be significantly reduced.

- **DOD secondary inventory:** DOD expends considerable resources to provide logistics support for military forces, and the availability of spare parts and other critical items provided through DOD's supply chains affects military readiness and capabilities. DOD officials have estimated that the level of investment in DOD's supply chains is more than $150 billion a year, and the value of its supply inventories has grown by tens of billions of dollars since fiscal year 2001. However, as we have reported over the years, DOD continues to have substantial amounts of secondary inventory (spare parts) that are in excess to requirements. Most recently, in 2007, we reported that more than half of the Air Force's secondary

inventory, worth an average of $31.4 billion, was not needed to support required inventory levels from fiscal years 2002 through 2005, although increased demand due to ongoing military operations contributed to slight reductions in the percentage of inventory on hand and the number of years of supply it represents. In ongoing reviews of the Navy's and the Army's secondary inventory, we are finding that these services also continue to have significant amounts of inventory that exceeds current requirements. To reduce its investment in spare parts that are in excess of requirements, DOD will need to strengthen the accountability and management of its secondary inventory.

- **Oil and gas royalties:** In fiscal year 2007, the Department of Interior's Minerals Management Service collected over $9 billion in oil and gas royalties, but our work on the collection of federal royalties has found numerous problems with policies, procedures, and internal controls that raise serious doubts about the accuracy of these collections. We also found that past implementation of royalty relief offered some oil and gas companies during years of low oil and gas prices did not include provisions to remove the royalty relief in the event that oil and gas prices rose as they have, and this failure to include such provisions will likely cost the federal government tens of billions of dollars over the working lives of the affected leases. Finally, we have found that the federal government ranks lowest among the nations in terms of the percentage of total oil and gas revenue accruing to the government. We have ongoing reviews of Interior's oil and gas leasing and royalty policies and procedures and reports based on this work should be publicly released within the next few months.

- **The tax gap:** The tax gap—the difference between taxes legally owed and taxes paid on time—is a long-standing problem in spite of many efforts by Congress and the Internal Revenue Service (IRS) to reduce it. Recently, IRS estimated a net tax gap for tax year 2001 of about $290 billion. We have identified the need to take multiple approaches to reduce the tax gap, and specifically have recommended ways for IRS to improve its administration of the tax laws in many areas, including payroll taxes, rental real estate income, the tax preparation industry, income sent offshore, collecting tax debts, and the usefulness of third-party information reporting.

Ultimately, long-term fiscal pressures and other emerging forces will test the capacity of the policy process to reexamine and update priorities and portfolios of federal entitlement programs, policies, programs, commitments, and revenue approaches. In that regard, the "base" of government—spending and revenue—also must be reassessed so that

emerging needs can be addressed while outdated and unsustainable efforts can be either reformed or eliminated. Tax expenditures should be part of that reassessment. Spending channeled through the tax code results in forgone federal revenue that summed to an estimated $844 billion in 2007 and has approximated the size of total discretionary spending in some years. Yet, little is known about the performance of credits, deductions, and other tax preferences, statutorily defined as tax expenditures, which are often aimed at policy goals similar to those of federal spending programs. Because tax expenditures represent a significant investment of resources, and in some program areas are the main tool used to accomplish federal goals, this is a significant gap in the information available to decision makers.

Underscore Critical Capacity Building Needs in Individual Agencies That Will Affect Implementation of Whatever New Priorities Are Pursued

While some progress has been made in recent years, agencies still all too often lack the basic management capabilities needed to address current and emerging demands. As a result, any new administration will face challenges in implementing its policy and program agendas because of shortcomings in agencies' management capabilities. Accordingly, our transition effort will synthesize our wide range of work and identify the key management challenges unique to individual departments and major agencies. Additionally, our transition work will emphasize five key themes common to virtually every government agency.

- **Select a senior leadership team that has the experience needed to run large, complex organizations:** It is vitally important that leadership skills, abilities, and experience be among the key criteria the new President uses to select his leadership teams in the agencies. The Senate's interest in leveraging its role in confirmation hearings as evidenced by Senator Voinovich's request to us to suggest management-related confirmation questions and your interest in hearings such as this one will send a strong message that nominees should have the requisite skills to deal effectively with the broad array of complex management challenges they will face. It is also critical that they work effectively with career executives and agency staff.

  Given that management improvements and transformations can take years to achieve, steps are needed to ensure a continuous focus on those efforts. Agencies need to develop executive succession and transition-planning strategies that seek to sustain commitment as individual leaders depart and new ones arrive. For example, in creating a Chief Management Officer (CMO) position for DHS, Congress has required the DHS CMO to develop a transition and succession plan to guide the transition of management

functions with a new administration. More broadly speaking, though, the creation of a chief operating officer (COO)/CMO position in selected federal agencies can help elevate, integrate, and institutionalize responsibility for key management functions and transformation efforts and provide continuity of leadership over a long term. For example, because of its long-standing management weaknesses and high-risk operations, we have long advocated the need for a COO/CMO for DOD to advance management integration and business transformation in the department. In the fiscal year 2008 National Defense Authorization Act, Congress designated the Deputy Secretary of Defense as the department's CMO.

- **Strengthen the capacity to manage contractors and recognize related risks and challenges:** Enhancing acquisition and contracting capability will be a critical challenge for many agencies in the next administration in part because many agencies (for example, DOD, DHS, the Department of Energy, and the Centers for Disease Control and Prevention) are increasingly reliant on contractors to carry out their basic operations. In fiscal year 2007, federal agencies spent $436 billion on contracts for products and services. At the same time, our high-risk list areas include acquisition and contract management issues that collectively expose hundreds of billions of taxpayer dollars to potential waste and misuse. To improve acquisition outcomes, we have stated that agencies need a concentrated effort to address existing problems while facilitating a reexamination of the rules and regulations that govern the government-contractor relationship in an increasingly blended workforce. For example, since agencies have turned to contractor support to augment their capabilities, they need to ensure that contractors are playing appropriate roles and that the agencies have retained sufficient in-house workforce capacity to monitor contractor cost, quality, and performance.

- **Better manage information technology (IT) to achieve benefits and control costs:** A major challenge for the federal government is managing its massive investment in IT—currently more than $70 billion annually. Our reports have repeatedly shown that agencies and the government as a whole face challenges in prudently managing major modernization efforts, ensuring that executives are accountable for IT investments, instituting key controls to help manage such projects, and ensuring that computer systems and information have adequate security and privacy protections.

  The Office of Management and Budget (OMB) identifies major projects that are poorly planned by placing them on a Management Watch List and requires agencies to identify high-risk projects that are performing poorly. OMB and federal agencies have identified approximately 413 IT projects—

totaling at least $25.2 billion in expenditures for fiscal year 2008—as being poorly planned, poorly performing, or both. OMB has taken steps to improve the identification of the Management Watch List and high-risk projects since GAO testified last September, including publicly disclosing reasons for placement on the Management Watch List and clarifying high-risk project criteria. However, more needs to be done by both OMB and the agencies to address recommendations GAO has previously made to improve the planning, management, and oversight of poorly planned and performing projects so that potentially billions in taxpayer dollars are not wasted.

- **Address human capital challenges:** Governmentwide, about one-third of federal employees on board at the end of fiscal year 2007 will become eligible to retire on the new administration's watch. Certain occupations—air traffic controllers and customs and border protection personnel among them—are projected to have particularly high rates of retirement eligibility come 2012. As experienced employees retire, they leave behind critical gaps in leadership and institutional knowledge, which could adversely affect the government's ability to carry out its diverse responsibilities. Agencies must recruit and retain employees able to create, sustain, and thrive in organizations that are flatter, results-oriented, and externally focused, and who can collaborate with other governmental entities as well as with the private and nonprofit sectors to achieve desired outcomes. The Office of Personnel Management needs to continue to ensure that its own workforce has the skills needed to successfully guide agency human capital improvements and agencies must make appropriate use of available authorities to acquire, develop, motivate, and retain talent.

- **Build on the progress of the statutory management framework:** Over the last 2 decades, Congress has put in place a legislative framework for federal management that includes results-based management, information technology, and financial management reforms. As a result of this framework and the efforts of Congress and the Bush and Clinton administrations, there has been substantial progress in establishing the basic infrastructure needed to create high-performing organizations across the federal government. However, work still remains and sustained attention by Congress and the incoming administration will be a critical factor in ensuring the continuing and effective implementation of the statutory management reforms.

Help Inform the Management Improvement Agendas of Congress and the New Administration

Initiated in 1990, GAO's high-risk program has brought a much greater focus to areas in need of broad-based transformations and those vulnerable to waste, fraud, abuse, and mismanagement. It also has provided the impetus for the creation of several statutory management reforms. GAO's current high-risk list covers 28 areas. Our updates to the list, issued every 2 years at the start of each new incoming Congress, have helped in setting congressional oversight agendas. The support of this Subcommittee and others in Congress has been especially important to the success of this program. Further, administrations have consistently turned to the high-risk list in framing their management improvement initiatives. The current administration in particular, working with this Subcommittee, has provided a valuable and focused effort in requiring agencies to develop meaningful corrective action plans for each area that we have designated as high-risk. As a consequence of efforts by Congress, the agencies, OMB, and others, much progress has been made in many high-risk areas, but key issues need continuing attention. Sustained efforts in these areas by the next Congress and administration will help improve service to the American public, strengthen public confidence in the government's performance and accountability, potentially save billions of dollars, and ensure the ability of government to deliver on its promises.

Monitor the Implementation of the Presidential Transition Act Provisions and Identify Potential Improvements for Future Transitions

The world has obviously changed a great deal since the Presidential Transition Act of 1963. And while there have been periodic amendments to the Act, neither the Act nor the transition process itself has been subject to a comprehensive or systematic assessment of whether the Act is setting transitions up to be as effective as they might be. We will be monitoring the transition and reaching out to the new administration, Congress, and outside experts to identify lessons learned and any needed improvements in the Act's provisions for future transitions.

In summary, our goal will continue to be to provide congressional and executive branch policy makers with a comprehensive snapshot of how things are working across government and to emphasize the need to update some federal activities to better align them with 21st century realities and bring about government transformation. In keeping with our role, we will be providing Congress and the executive branch with clear facts and constructive options and suggestions that our elected officials can use to make policy choices in this pivotal transition year. The nation's new and returning leaders will be able to use such information to help address both the nation's urgent issues and long-term challenges so that our nation stays strong and secure now and for the next generation.

Chairman Akaka, Senator Voinovich, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to respond to any questions you may have.

Testimony of
The Honorable Clay Johnson III
Before the
Subcommittee on Government Oversight, the Federal Workforce, and the District of Columbia
of the
Senate Committee on Homeland Security and Government Affairs

Wednesday, September 10, 2008

Mr. Chairman, thank you for inviting me to testify on the Administration's efforts to manage the challenges of the transition. I served as Executive Director of the 2000-2001 Presidential Transition, and am part of this Administration's efforts to prepare the next Administration to take office and especially to help ensure its continued attention to our management challenges.

The Bush Administration's primary transition goal is to do a better job than has ever been done before to help the next Administration prepare to govern. One of the most important parts of this is to ensure continued strong commitment to spending the taxpayers' money effectively and **more effectively every year**, as established by Executive Order 13450.

On July 18, the Administration delivered specific Transition guidance to agencies (Attachment A). On September 24, we are meeting with each agency's senior career transition coordinator to discuss best practices, answer questions, and ensure that these individuals understand the needs of the incoming and outgoing Administrations (Attachment B). The White House staff has met with certain transition representatives for the major party candidates and will continue to do so in order to assist and advise them to prepare to get their team "on the field" much faster than ever before. In addition, I have shared my experiences with these representatives (see Attachment C).

To help ensure the next Administration is prepared to effectively address both management and human capital challenges, by January 20, 2009, all agencies will have established their FY09 program, GAO high risk, and management practice goals, and plans to achieve them. They will have made them publicly available to all employees, Members of Congress, other stakeholders, and the general public, and made their accomplishment a significant part of every relevant Senior Executive's performance goals. In this manner, agencies will continue to focus on

their desired program, high risk, and management outcomes while the new Administration is assembling and preparing to establish its own priorities.

I welcome your questions and any suggestions on what further we might do to help the next Administration best prepare itself to govern effectively.

Attachment A

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

July 18, 2008

To: PMC Members

From: Clay Johnson

CC: Josh Bolten, White House Chief of Staff

Transition Direction

I provide you minimum transition preparation guidance, which you helped develop. I ask each of you to formally assure me (by brief, return email to Sarah Greer, SGreer@omb.eop.gov) that your agency will perform these tasks by the dates indicated. I know that most of you have already done this and more to ensure the continuity of public services during the transition to the new Administration, and to assist the current non-career employees to exit successfully.

Goal 1: Help ensure continuity of public services during the transition to the new Administration

- By 8/1: Identify a knowledgeable, capable career official to lead/coordinate the transition, and communicate internally and externally.
- By 10/15: Indentify the career official who will be responsible for acting in place of the departing/departed political official, for each major bureau and office of the department/agency, and communicate internally and externally. Ensure compliance with your agency's delegation of authorities and the Vacancies Act.
- By 11/1: Ensure all COOP and NRF procedures are tested and understood by the senior career officials referenced above.
- By 11/1: Prepare a brief summary of the department's basic organization, current mission/function/performance goals, and key personnel.
- By 11/1: Identify and summarize the "hot" policy, internal management, legal and infrastructure issues to require immediate attention by the new Administration officials. Ensure the information is approved for release to the intended audience.

Attachment A

- By 11/1: Prepare to provide the work tools and new employee briefings: badges, computers, blackberries, parking, work spaces, access to secure information and areas, ethics briefings and the like.
- In mid-October and, if desired, again after the election: OMB DDM to create the opportunity for career transition leads to meet to confer with each other and others from whom they seek counsel.
- In general:
    - Work to ensure every program/initiative is as you are proud to have it, as of 1/20/09.
    - Ensure all program improvement, high risk improvement and management improvement goals and plans are as all stakeholders are proud to have them, and available to the public, as planned.
    - Do transition planning with (not to) career officials

Goal 2: Help current non-career employees exit successfully

- By 8/04, develop for delivery as needed a briefing on what a departing political can and cannot take with them.
- By 8/04, develop for delivery as needed a briefing on "exit ethics" and post-service health benefit coverage, retirement estimates, etc. Include information about who to contact with related questions after they have left government service.

Attachment B

Potential Agenda Outline
Meeting with Agency Transition Contacts

- **Agencies with special Presidential Transition responsibilities**
  - Office of Presidential Personnel (PPO)
  - GSA
  - OPM
  - NARA
  - Office of Government Ethics (OGE)
  - DHS (security of electees/nominees)?
- **What to expect after election results are "apparent"**
  - Presidential Transition Team
    - What things do they do?
    - Where will they be?
    - Will I have any contact with them?
  - "Parachute Teams"
    - Who are they? (usually not Federal employees)
    - What do they do?
    - How many?
    - When will we know? When do they start? For how long?
    - What do we need to provide?
    - Security issues (bldg access, info access)
  - Inaugural Committee
  - Authority of President-elect (none)
    - Who will they get direction from? (current Administration)
  - Avoiding disruption of ongoing agency activities
    - Succession plans
    - Capture of appointee knowledge & commitments
    - Guidance to agency employees
- **Outgoing Appointees**
  - Who leaves and who doesn't? (type/length of appointment)
  - When do they leave?
    - After election? On January 19?
  - What support do they need?
    - Sensitivity/empathy
    - HR support (pay, benefits, etc.)
    - Travel & other
    - Ethics
  - What do we need to ensure? (return equipment, records, etc.)
- **Nominees & Incoming Appointees**
  - Background
  - Interaction with PPO
  - Interaction with nominees (e.g., temporary appointment)
  - Role in confirmation process
  - Types of appointments (EX, ES, Schedule C, etc.)

Attachment B

- What support do they need?
  - HR support
  - Security
  - Office space
  - Travel & other
  - Moving expenses
  - Briefing materials
  - Agency orientation
  - COOP/COG preparation
  - Ethics
- Appointee Orientation
  - Program for top-level officials (e.g., cabinet members, agency heads, key EOP positions)
  - OPM lead for other appointees & Schedule Cs
  - Agency-level orientation

- **Available Resources**
  - Within current Administration
  - Presidential Transition Directory
  - "Dance Card"
- **What to expect on January 21st?**
- **What should I be doing now to prepare?**

Attachment C

Recommendations for an Effective 2008 Transition
by Clay Johnson

This is to lay out my personal thoughts and recommendations regarding the upcoming Presidential Transition of 2008, based on my experience as the Executive Director of the Presidential Transition of 2000, the research I did to prepare for that assignment, and the resources I know this next Administration will inherit.

General

- Six months or so before the election, designate someone to, at a minimum, plan the Transition, and preferably, prepare to be the Executive Director or Chief Operating Officer of the Transition. Don't worry about jinxing the campaign or being too presumptuous: it is irresponsible for anybody who could be President not to prepare to govern effectively from Day One.

- Set specific goals for the Transition and assign specific people to be responsible for the accomplishment of each. Without goals to drive the preparation to govern, the transition period will be spent responding to the tremendous inflow of advice, job seekers, volunteers, well-wishers, and press inquiries. I suggest the following generic Transition goals for whomever is elected President:
  - Clearly communicate that you are aggressively preparing to govern, you are operating without hubris or triumphant partisanship, you are experienced and not a neophyte, you are ethical, and you understand that the President-elect is not the President until noon on January 20.
  - Select the senior White House staff and an organizational structure and decision-making process by mid-December.
  - Select the Cabinet members by Christmas and have them briefed and ready for confirmation hearings by about January 10, the timetable that has been met by prior Administrations. The Senate will be anxious to hold hearings even before the new President is sworn in; so they can confirm the new Cabinet members within a day or two of Inauguration Day.
  - Summarize the new Administration's priorities for each Cabinet department, and the primary issues, facts, and campaign promises related to each: it is important to prepare each Secretary-designee to be the new President's Secretary, versus merely the Secretary.
  - Prepare to proactively reach out to Congress, supporters, trade associations, well-wishers, and job seekers in order to show your interest in them and to connect with them how you choose to do so and according to your timetable.

Attachment C

Especially work to establish a strong working relationship with Congressional leadership.
- Develop a preliminary 20-day, 100-day, and 180-day schedule for the new President to guide the initial focus for his or her energies and time.
- Prepare to present the new Administration's proposed budget by early-February, which is when the FY10 Budget is to be presented to Congress.
- Review the executive order and regulatory issues requiring immediate attention from your new Administration.

- Plan on the Transition costing at least $9 million, in 2000 dollars, which is what the 1992 and 2000 Transitions each cost. Have the Campaign Fund Raising group ready to field a direct mail solicitation shortly after the election for the difference between forecasted costs and what the General Services Administration provides.

- Count on needing and having to organize at least 800 people at the peak of the Transition. The Reagan and Clinton Transitions each used 1000+ people, but a lot of these extra people were needed to do work like data entry and correspondence that can be done more efficiently today with the help of technology and the internet. The majority of these can be volunteers, as there will be plenty of people available to provide general support, and Congressional staffers, who will be in fall recess, to work on policy and governance matters.

- It is a good idea to use private Transition monies to pay for temporary housing for Transition workers, and to provide some relocation assistance. For legal reasons all of this support must be provided and paid out before the Inauguration. In 2000, Senior White House Staff-to-be were given the estimated cost of their physical moves, while all other staff members relocating to DC from the Campaign or Governor's office were given $1000 each.

Manage the "Incoming"

- Expect a large number of job seekers, at least 40,000 in the first few weeks and at least 75,000 in the first few months. Make an on-line application available on a transition web site; so the applicants can apply directly (and, by the way, do their own data entry). I suggest the Transition incorporate into its website the functional on-line application currently used by the Office of Presidential Personnel (PPO), as is or with modifications, or formally decide months before the election that it wants to develop its own.

Attachment C

Also use the transition website to help potential applicants begin to understand the reality of public service and that it's not for everyone: the pay is low and the hours are long, divestiture of assets is often called for, there are post service employment and lobbying restrictions, and there is a lot of public and Congressional scrutiny.

- Expect a lot of advice, from members of previous Administrations, "experts", interest groups, lobbyists, Governors, Legislators, donors and the like. Organize to receive this information: "partner" with them but in such a way as not to be consumed by the partnership. Designate separate people to serve as contact points for Governors, donors, and members of Congress.

- Send separate communiqués to Governors, Mayors, Members of Congress, donors, supporters, etc, to tell them how best to communicate with the Transition. Differentiate between how they apply for a position, recommend someone for a position, provide input, and volunteer.

- Be aggressively proactive in connecting with Congress. Members from the President-elect's party, in particular, want to know if the new Administration intends do it <u>with</u> them or <u>to</u> them. Designate senior people with established credibility to actively seek input, and set up a system for ensuring timely responses to Congressional recommendations and questions.

<u>Assemble the New Administration's Team</u>

- Select someone to be in charge of Presidential Personnel at least 6 months before the election, if at all possible. Have him/her confer with appropriate subject matter principals and policy people, and use the generic position description materials compiled by PPO, to reach preliminary conclusions about the type of person the President-elect should be seeking for each Cabinet position; and when conferring with subject matter principals, solicit suggestions about who should be considered for each senior position. Then initial discussions about Cabinet member and senior sub-Cabinet selections can be substantive and goal oriented, and not just about who did what during the campaign. A significant challenge in assembling any new Administration's team is balancing the need to select the best people to do the work ahead and the natural desire to reward key people who helped get the new President elected.

Attachment C

- Begin early enough before the election, plan and organize, assemble the necessary resources, and set as a high priority to put in place by about April 1 the 100 or so most important Cabinet and sub-Cabinet personnel. Every Administration might prioritize the positions differently but everyone agrees that it will be very important for this next Administration to work with the Senate to put into place as quickly as possible the key national and homeland security sub-Cabinet.

  No previous Administration has had confirmed more than about 25 Cabinet and sub-Cabinet personnel by April 1; so this goal is a significant challenge. PPO is currently defining the resources, timetable, and organization they believe the new Administration would have to employ to help the new President select these 100 people in time to get them cleared and confirmed by the Senate by April 1. Also White House Counsel, PPO and the Office of Management and Budget (OMB) are working to significantly expedite the clearance process to make it possible to accomplish that goal. These same offices are working with the Senate to get to them much faster the information on the nominees they need to accomplish the goal.

  (Along these same lines, the new Administration should set as its goal to have working by the August recess the entire Cabinet and sub-Cabinet, which is about 400 people. No previous Administration has had confirmed more than about 240 Cabinet and sub-Cabinet personnel by this date.)

- Make every effort to designate senior White House staff by January 1; so the senior group can get comfortable working together and used to managing the President-elect's schedule in the weeks leading up to the inaugural like they will manage it after he/she takes the oath of office. They also need to be in position to provide guidance and counsel to the new Cabinet Secretaries. The new President's Chief of Staff-to-be is the best person to lead this effort, separate from but in coordination with the effort to identify the Cabinet and sub-Cabinet.

- Have early conversations with Secretary-designees about the collaborative nature of the sub-Cabinet selection process. Some Presidents have allowed their Secretaries to select their sub-Cabinets, while other Presidents have mandated who would serve in each Secretary's sub-Cabinet. It is important that each appointee is loyal to the President, knows the President selected him or her, and is someone the Secretary can work with. Therefore the recommended but more challenging approach to sub-Cabinet selection is for Presidential

Attachment C

Personnel and the Secretaries to collaborate: both have to agree on who to recommend to the President.

Prepare the New Team to Govern

- Focus on getting the new Cabinet Secretary-designees off to an informed, confident start. Provide them basic briefing material on the Department, the President-elect's campaign promises on their subject area, a group to support them during the confirmation process (a chief shepherd who's helped previous nominees get confirmed, a public affairs person, a Presidential Personnel contact, and a cabinet affairs person), a lot of contact information, and temporary office space (preferably so all the Secretary-designees can be near and get to know each other).

- Use small teams of five or so people to interact with Department personnel to put together focused briefing books for the Secretaries-to-be. Minimize potential conflicts of interest in interacting with the Departments, and maximize the quality of the briefing material. Therefore, exclude lobbyists and overt job seekers from these teams, but assemble them and other "experts" into advisory groups for each new Secretary, and allow them to submit individual but not group recommendations on any issue they desire to comment on.

- Designate a small team to work with OMB to ensure the FY10 Budget reflects the new Administration's priorities. OMB is very experienced at working with budget-knowledgeable representatives of new Administrations to accomplish their budget-related goals in the 2 months or so they have to work together.

- Designate a few people to research all current Executive Orders (EOs) to determine if there are any that the new President wants to rescind or replace with EOs of his or her own to define new courses of action right away.

A Presidential Transition is very, very intense and full of conflicting emotions and pressures.

- The candidates naturally want to wait until after the election to prepare to govern, but it is irresponsible to do so.
- The President-elect's staff and advisers want to celebrate and recover from the grueling campaign, but they can't: the new Administration only has about 75 days to prepare to govern and deliver what they said they would if elected.

Attachment C

- The President-elect's staff and advisers have been focusing on the 50+% of the people they need to vote for their candidate, but now they need to focus on the entire populace they have been elected to serve.
- The President-elect's natural desire is to reward key people who helped get him or her elected, but his or her focus really needs to be on selecting the best people to do the governing work ahead.

Every candidate must prepare to govern, starting months before the conventions when each officially becomes the candidate. And every Transition must organize and prepare to focus on what they must get done if they want the President-elect to be well prepared to govern at noon on January 20, 2009.

Testimony of the Honorable Robert I. Cusick, Director,
United States Office of Government Ethics,
before the Senate Committee on Homeland Security and Governmental Affairs,
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia

September 10, 2008

Chairman Akaka, Senator Voinovich, and distinguished members of the Subcommittee, thank you for the opportunity to describe the Office of Government Ethics' (OGE) role in and preparation for the upcoming Presidential transition.

As you know, OGE was established in 1978 by the Ethics in Government Act to prevent and resolve conflicts of interest on the part of executive branch employees and to provide leadership for executive branch agencies to foster for employees high ethical standards that strengthen the public's confidence in the impartiality and integrity of their Government. As a key part of its mission, OGE has the privilege of playing a role during what -- to so many countries around the world -- is an amazing feat: the peaceful transfer of power in our country.

There are over 1100 Presidentially-appointed, Senate-confirmed (PAS) positions in the executive branch. The Ethics in Government Act requires that the vast majority of appointees to PAS positions complete public financial disclosure reports, which are reviewed by OGE for financial conflicts of interest. As the Director of OGE, it is my responsibility under the law to certify that a nominee's financial interests do not conflict with his or her prospective Government duties or to certify that, upon taking certain steps after confirmation (for example, the sale of conflicting assets), the individual will have no financial conflicts of interest. These determinations are made in consultation with the Office of White House Counsel and the executive branch agencies in which the individuals will serve. While the filling of PAS positions continues throughout an Administration, the highest volume of these filings occurs in the first year. Although the outcome of the 2000 election was not finally resolved until mid-December of that year, OGE worked with the President-elect's transition team and had certified the financial disclosure reports of the Cabinet members by Inauguration Day. Following the initial Cabinet certifications during the 2001 transition, OGE's records indicate that OGE had completed review and conflicts of interest analysis for just over 400 potential appointees by the August recess.

During the upcoming transition, it will be essential for the new Administration's national security and other key positions to be filled as expeditiously as possible without compromising conflicts of interest analysis. Along with the other measures described below, OGE is mobilizing nearly its entire professional staff in this effort, and I am confident that OGE has processes in place to meet the demands of this transition.

Agency ethics programs are the vital link between the nominees and OGE. The ethics offices in the receiving agencies assist the nominees with filling out the financial disclosure reports and analyze the disclosures for potential conflicts of interest. The agency ethics officials play a key role in the conflicts analyses because they are in the best position to know the

potential nominees' duties and, therefore, where potential conflicts of interest may arise. OGE provides the expert legal, technical, and financial evaluation of potential nominees' reports and works closely with the agencies to make any necessary revisions and to draft ethics agreements for the prospective nominees to remedy any potential conflicts. Neither OGE's nor the agencies' work is possible without vetting and decision-making at the White House. The White House determines whom to nominate and when potential nominees will be sent forward for review by OGE and coordinates with OGE staff to establish the priority of those reviews.

Not to be overlooked during the process is the departure of many current appointees. OGE has responsibility for the laws and regulations governing job seeking and post-Government employment of these individuals. Among the steps OGE has taken to help this aspect of the transition is the publication in June 2008 of a comprehensive new post-Government employment regulation. OGE has also conducted training for the outgoing Administration's senior leadership.

Assisting in a smooth transition of power is an immense responsibility and requires a great deal of effort. In recognition and in anticipation of this, OGE has been preparing since I became Director two and a half years ago and continues its active preparation to fulfill the role of ethical leader and active participant in the Presidential transition. I would like to highlight some of what OGE has done up to this point to prepare for the transition; activities that will take place in September and October; and, finally, what I anticipate will occur following the election.

In preparation for the next Presidential transition, OGE has:

- Prepared a detailed presentation and briefing books for transition teams and President-elect representatives on such topics as OGE's role (generally and during transition); the executive branch ethics program; the PAS nominee financial disclosure process; transition team codes of conduct; ethical obligations of transition team members; and potential traps for the unwary as incoming officials go through the confirmation process and begin their positions in the new Administration.

- Contacted representatives of Senator McCain's and Senator Obama's campaigns to offer briefings at their earliest convenience concerning OGE's role and responsibilities, the PAS nominee financial disclosure process, and other ethics issues which will arise during transition. OGE hopes to meet with incoming transition teams before the election.

- Fully staffed and trained OGE's pool of public financial disclosure report reviewers and increased the size and capacity of this pool to handle the increased volume of PAS reports during the transition.

- Stressed to other executive branch agency ethics officials the importance of filling positions and making sure their staffs are trained as well.

- Presented a regional training event in Washington, DC, for over 250 experienced ethics officials from more than 70 departments and agencies on financial disclosure issues related to

PAS nominees, in order to prepare them for the increased volume and complexity of financial disclosure reports that are expected during the transition.

- Distributed a bound volume containing over 250 pages of instructional material and contact information designed to prepare executive branch ethics officials for the anticipated surge in the volume of nominee and termination financial disclosure reports associated with the Presidential transition. Nearly all of the material in this volume was new material that OGE developed specifically for this purpose.

- Issued a written manual that provides extensive guidance on drafting ethics agreements for PAS nominees. OGE distributed this manual both at its February 2008 regional conference on public financial disclosure and through the electronic notification mailing system (List Serve), to which over 2,000 executive branch ethics officials subscribe. OGE also has made this manual available to both agency ethics officials and the general public by posting it on OGE's website.

- Issued written guidance on key transition-related ethics issues, including complex financial instruments, hedge funds, seeking employment, regulations governing book deals, ethics agreements, and post-employment restrictions.

- Supplied financial disclosure reviewers at executive branch agencies with an electronic compilation of new guidance on public financial disclosure requirements for complex financial instruments. This compilation supplements OGE's "Financial Disclosure: A Reviewer's Reference" manual and will be posted on OGE's website.

- Submitted the draft legislation to the 110th Congress to streamline the Public Financial Disclosure Report (SF 278) in response to concerns about the complexity of the public financial disclosure requirements.

- Published comprehensive post-Federal employment ethics regulations and conducted training on these regulations.

- Published several new pamphlets on substantive ethics requirements.

- Met with the OMB Deputy Director for Management to identify ways to expedite and improve the transition process. In addition, OGE has met with or has scheduled meetings with key personnel who will be involved in transition activities at the Department of State, the Department of Defense, and the Department of Homeland Security.

- Conducted training for several hundred senior White House staff on post-Government employment.

- Expedited the Certificate of Divestiture request process by issuing a new sample format for requests. Certificates of Divestiture are commonly requested when appointees must sell assets to avoid potential conflicts of interest.

- Issued guidance on the heightened scrutiny of PAS nominee reports and the need for agency ethics officials to seek additional information, rather than relying on standard review assumptions, when reviewing these reports.

- Launched the initiative of conducting focused reviews at select agencies to evaluate the agencies' processes and procedures for collecting, reviewing, and certifying financial disclosure reports, including those reports filed by PAS officials. Information gathered through the reviews is used to identify model practices and to develop recommendations to enhance the executive branch ethics program. Identifying model practices and recommending program enhancements is essential at a time when there will be a significant surge in the number of new entrant and termination financial disclosure reports received from incoming and departing Government officials.

- Continued outreach efforts to meet regularly with agency leadership. The leadership meetings are intended to promote the importance of the ethics program and to help ensure personal commitment to the program by agency leadership, as well as to define and allocate sufficient agency resources for the program.

During September and October, OGE will:

- Conduct the Sixteenth National Government Ethics Conference. The week-long conference will provide training to over 600 agency ethics officials. Many of the dozens of sessions focus on transition-related matters such as agency preparation for transition, post-employment restrictions, seeking private sector employment, writing and publication of books, and nominee financial disclosure. In addition to the 600 members of the ethics community expected to attend, OGE has invited key members of the campaign staffs of the two major-party Presidential candidates to attend. OGE hopes to sensitize the transition teams to ethics and disclosure requirements and to establish working relationships with transition staff as early in the transition process as possible.

- Complete a short video presentation introducing the financial disclosure process and conflicts of interest analysis to potential PAS appointees.

After the election and before Inauguration Day, OGE will begin an intense review of financial disclosure reports of potential nominees for the new Administration's top priority positions and to resolve any potential conflicts. This early review will enable potential nominees to advance as expeditiously as possible through the financial disclosure portion of the clearance process and -- from an ethics perspective -- to be ready for Senate confirmation hearings before Inauguration Day. In addition, OGE will:

- Coordinate with the President-elect's transition team to establish clear channels of communication between members of the transition team, OGE, agency ethics officials, and potential PAS nominees.

- Discuss with the President-elect's transition team how the PAS nominee financial disclosure process can be expedited, as well as offer information about past transition teams' codes of

conduct, financial disclosure requirements for transition team members, and transition Memoranda of Understanding.

- Provide specialized financial disclosure training to executive branch agency ethics officials who will be directly involved in their agencies' transitions.

- Communicate with the President-elect's transition team and Senate oversight committees to establish pre-Inauguration logistics and deadlines for transmitting certified financial disclosure reports of potential Cabinet members to the Senate.

- Offer briefings to high-level members of the new Administration's transition team on applicable ethics requirements.

- Ensure the expeditious clearance and certification of financial disclosure reports for key executive branch officials and identify potential conflicts of interest between their official duties and their personal financial interests and remedies to resolve those issues.

- Continue to provide training to high-level officials from the outgoing Administration with information on the rules regarding seeking post-Government employment and any applicable restrictions on their post-Government activities.

Once the Inauguration has taken place, the intense pace for OGE continues as the Office strives to provide guidance, clear financial disclosure forms of PAS nominees, and work with agencies to provide leadership and training. OGE will operate at peak capacity to accomplish its role in the successful transition of the new Administration. It will continue to coordinate with agencies and the White House Counsel's Office to review, resolve conflicts, and otherwise process hundreds of PAS nominee financial disclosure reports (and related ethics agreements) in a thorough, expeditious, and non-partisan manner. It will also review and certify financial disclosure reports of very senior White House staff after the White House Counsel's certification. As unique issues arise during the transition, OGE will issue legal guidance for their resolution, continue to refine its internal processes, and make OGE staff available to brief senior Administration officials and staff and agency ethics officials about Government ethics and related topics.

CONCLUSION

Public service is a public trust. The ethics laws and rules are the very corner posts of values that are part of the air we breathe in Government. The Presidential transition is not just a challenge, but a rare opportunity. It is an opportunity to assist those who will enter Government in understanding the ethical principles and standards that are required of Government officials. It is an opportunity to prevent and resolve conflicts of interest on the part of Government employees and to ensure that the public's interests prevail over private interests. It is an opportunity to strengthen the public's confidence in the impartiality and integrity of Government. OGE is ready to seize these opportunities.

Thank you, Mr. Chairman and members of the Subcommittee, for this opportunity to testify. I would be pleased to answer any questions you may have.

Statement of Gail T. Lovelace

Before the Senate Committee on Homeland Security and Governmental Affairs

Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia

September 10, 2008

Introduction

Good afternoon Chairman Akaka, Ranking Member Voinovich, and Members of the Subcommittee. Thank you for the opportunity to appear before you today on behalf of the General Services Administration (GSA). My name is Gail Lovelace and I serve as GSA's Chief Human Capital Officer and have been asked to serve as GSA's Senior Career Executive for Presidential Transition. The Presidential Transition is the top priority for GSA, as stated by our Acting Administrator, Mr. Jim Williams, during his confirmation hearing before the full Homeland Security and Governmental Affairs Committee. Acting Administrator Williams, and all of us at GSA, are fully committed to a successful and smooth transition from the current Administration to the next.

As a former Political Science major, I believe that the transition from one administration to the next is an exciting time for our government. I am honored to be able to play a role in ensuring a smooth transition as envisioned by the Presidential Transition Act of 1963. As stated in that Act –

> *"The Congress declares it to be the purpose of this Act to promote the orderly transfer of the executive power in connection with the expiration of the term of office of a President and the inauguration of a new President....."*

As an agency, part of GSA's mission is to leverage the buying power of the federal government to acquire best value for taxpayers and our federal customers. We exercise responsible asset management. We deliver superior workplaces, quality acquisition services, and expert business solutions. In accordance with the Presidential Transition Act of 1963, our responsibility during Presidential Transitions is to provide many of these same services, including providing suitable office space appropriately equipped, furnished and supplied to the President-elect, Vice President-elect and members of the incoming and outgoing Presidential Transition Teams, upon request. We started early in our preparation for the upcoming transition and have good teams in place. We have secured suitable space in Washington, D.C. for a Presidential Transition Team and are currently well-positioned to provide furniture, parking, office equipment, supplies, telecommunications, mail management, travel, financial management, vehicles, information technology (IT), human resources management, contracting and other logistical support as necessary and appropriate. A key component will be the use of IT resources. We have also partnered with the Secret Service and the Federal Protective Service, both part of the Department of Homeland Security (DHS), so they can provide security for the President-elect, Vice President-elect, other protected persons, and the Presidential Transition space. We recognize that a transition can be perceived as a time of vulnerability for our country and so we are taking appropriate steps along with DHS and other national security agencies to ensure continuity of government during this time as

well as having identified alternate locations and workplace solutions for the Presidential Transition Team in the event of an emergency.

In accordance with our statutory responsibilities, under 40 U.S.C. 581(e), GSA also provides space, services and logistical support to the Presidential Inaugural Committee (PIC) and the team that plans and stages the various events that make up a Presidential Inauguration. Our GSA Inaugural Support Team began preparations in August 2007 and has been in full operation since April 2008. Approximately 200 employees of the Armed Forces Inaugural Committee (AFIC) have occupied the workspace we provided since June. GSA provided space, IT and telecommunications support as well as several hundred pieces of surplus furniture. AFIC has been very appreciative of GSA preparing their space in a timely fashion so they can prepare for the Inaugural events. AFIC has also stated their specific appreciation for the money GSA has saved them by diligently searching for and providing surplus furniture. GSA currently is preparing space and other logistical support for up to 600 staff members of the PIC.

GSA provides similar logistical support services to President Bush and Vice President Cheney to help them establish their offices when they depart the White House. These services are provided for a 7-month period beginning December 20, 2008. GSA assists in establishing the former President's office and assists in managing the funds for that office, as we do for all former Presidents. Our team devoted to the outgoing Administration has completed preliminary planning and began coordinating with the Executive Office of the

President, the White House Office of Administration, and other agencies in February of this year.

The Presidential Transition Act of 2000 amended the Presidential Transition Act to expand the services that GSA provides to support the incoming Presidential transition. We coordinate and help to plan and implement orientation activities for key Presidential appointees. The objective of orientation is, and I quote from the Act, "to acquaint them with the types of problems and challenges that most typically confront new political appointees when they make the transition from campaign and other prior activities to assuming the responsibility for governance after inauguration." Orientation activities focus on broad-based executive-level information and may include informal discussions, workshops and other group sessions. Other agencies and non-government organizations may assist in the planning and implementation of these activities. The decision on how this will be carried out rests with the incoming President or his designee.

The Presidential Transition Act of 2000 also authorized GSA to develop a transition directory, in consultation with the National Archives and Records Administration (NARA). The directory provides information about the officers, organization, and statutory and administrative authorities, functions, duties, responsibilities, and mission of each department and agency. It also provides a variety of other information that may be useful to appointees and members of the Presidential Transition Team.

GSA has already prepared information about appointee orientation for the Presidential Transition Team. We are actively working with NARA to create a Transition summary document and to design and construct the website that will house more detailed information. We have also reached out to the Office of Presidential Personnel, the Office of Personnel Management, the Office of Management and Budget (OMB) and the Office of Government Ethics to ask for their assistance in completing this directory.

In accordance with GSA's role in supporting Presidential transitions – for both incoming and outgoing Presidents -- the FY 2009 President's Budget requested $8,520,000 for this orderly transfer of executive power. Transition funds become available to the incoming administration beginning the day following the day of the general election and ending 30 days following the Inauguration. Funds are available for expenses of the outgoing President from 30 days before, until 6 months after the term of office expire.

GSA serves as the transition manager and advisor on behalf of the President-elect; however, the allocation of the funds is determined by the President-elect and his designee(s). In the event of a Continuing Resolution (CR), GSA will need to make sure that funds will be available for obligation by the incoming administration the day after the general election, which will require a special provision in the CR. The Appropriations Committee has been notified, and we are hopeful Congress will ensure funds are in place for the transition.

Looking inside Federal agencies, the former and recently retired Acting Administrator and I have met with many agencies, individually and in groups, to

explain GSA's unique role with them and to share our thoughts and ideas about what it takes to be ready for a transition. I will continue to do this as needed. We have created a special section of our *gsa.gov* website to share information about Presidential Transition with other agencies and the public. We are preparing additional guidance for agencies, building upon our past experiences with transitions. We are actively working with Clay Johnson, OMB Deputy Director of Management, to bring all agency Transition Directors together for a special session focused on the upcoming Transition.

This is an exciting time for our government. It is a great testament to our Constitutional system of government, but it can also present many challenges. At the same time, agencies must pave the way for a smooth and orderly departure of outgoing appointees, as well as prepare information and orientation activities for incoming appointees, they must ensure that essential programs and services continue unimpeded. As one of our GSA employees recently described it, "We have to keep the train on the tracks and running on time."

Like all other agencies, GSA is diligently working to ensure a smooth transition within our agency. We started early in preparing for the transition of our agency's political leadership; we have already conducted several briefings for our current political appointees on what the change of Administration may bring. Transition guidance that was issued by the Executive Office of the President on July 18, 2008, provided us and our fellow agencies with excellent reinforcement on the importance of ensuring a smooth transition. This guidance established target dates for specific activities that will help to ensure an orderly succession in

leadership, continuity of operations and public service, and also help non-career employees exit successfully.

In addition to our incoming and outgoing Presidential transition teams and our Inaugural team, GSA empowered four teams to plan for a successful internal agency transition. The first team is focused on support to current GSA political appointees who will be leaving. The second team is identifying the actions that must be taken prior to and during the Transition to ensure the continued success of GSA programs, operations and service, including continuity of leadership, transfer of knowledge, and communication with employees. Our leadership succession plan outlines a detailed set of recommendations to make sure there are no gaps in organization leadership. The third team is identifying necessary logistical and information support to members of the Presidential Transition Team that gather information about our agency, such as organization, policies, programs and key issues. And the fourth team is focusing on how to ensure a smooth transition of new appointees into leadership positions within our agency. As an agency, I believe we are well-positioned to ensure a smooth transition inside GSA.

Closing

Chairman Akaka, Ranking Member Voinovich, and Members of the Subcommittee, I want to thank you again for the opportunity to address you this afternoon. Working together as a team, I am sure that the federal government will continue with the smooth system of Presidential transitions that began when George Washington departed and John Adams assumed the office of the President of the United States.

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