

# BUDGET AND PROGRAM

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House Appropriations Committee... has released a hybrid continuing resolution that lasts through January 19.

But HJ Res 124... is no ordinary CR.

It runs for 252 pages - and includes FY 2018 funding for Department of Defense, reflecting what was passed by the lower chamber in mid-September. Also contains additional monies for missile defense.

What doesn't it include?

- FY 2018 non-defense funding.
- Emergency aid for hurricane and wildfire devastation.
- A legislative solution for the Deferred Action for Childhood Arrivals (DACA) program, which Democrats are insisting on.

As reported out... the CR appears to have no chance of passage due to the 60 votes needed in the Senate.

One senior GOP appropriator clarified the outlook - "It is delusional for anyone to think that we will pass a bill with the defense piece in it, and think that the Senate will just swallow it. It is not going to happen."

Furthering that sentiment... Minority Leader, Chuck Schumer (D-NY) called it a "spectacle" - "it is a perilous waste of time as the clock ticks closer and closer and closer to the end of the year."

First hurdle... is a floor vote in the House early this coming week. If that succeeds, then over to the Senate where it is poised to be rejected.

That will almost certainly entail an extensive rewrite.

With the defense portion likely stripped out, and potential add-ons inserted, the revamped legislation would then head back to the House where it would have to be passed to avoid a partial shutdown on December 22.

As Christmas looms... a new CR drama is unfolding on the floors of Congress.

The backdrop... is that no new budget pact is set to shower money on federal agencies. As the 2<sup>nd</sup> quarter of FY 2018 nears, that key link remains elusive.

Republican tax writers... have signed off on a compromise plan, bringing House and Senate negotiations to a close.

Among other changes, corporate tax rate would be lowered from 35% to 21% - a bit higher than the 20% in the original House & Senate legislation.

Over the weekend, rank-and-file Republicans were to be briefed on the details of the largest tax overhaul in 31 years.

If no problems appear... the Senate could bring it to the floor on Tuesday with the House doing likewise. Who will go first has not been determined. If it is the House... it would eliminate the ability of Senate Democrats to draw out debate with procedural motions to refer the conference report back to committee.

With the Alabama special election going to Doug Jones - first Senate Democrat to prevail in that state since 1991 - Republicans are scrambling to finish the tax measure by Christmas before their majority shrinks to 51-49.

Islamic State occupation... is no more in Iraq.

The final push... involved clearing a huge but sparsely populated desert region in western Iraq - taking control of its border with Syria.

What about Syria?

After the war against ISIS formally ends there... the United States plans to have some forces remain indefinitely - under a "conditions-based" presence.

Just disclosed - the open-ended commitment will fall under the umbrella of counterterrorism operations. Having first arrived about 15 months ago, roughly 2,000 troops are currently present. They will be assigned to small bases and outposts - potentially rotating out to other bases in the region.

U.S. military says it has the legal authority to remain - supporting local partners to stabilize liberated areas. Beyond this, their presence could be a bulwark that prevents Iran from furthering its military strength in Syria (estimated at roughly 125,000) or securing a route for advanced weapons across to Hezbollah.

The plans being outlined - are the most concrete to date regarding a post-ISIS Syrian strategy. For the White House, the debate over how best to approach U.S. security in the region has seemingly been fleshed out - with an emerging focus on containing significant Iranian expansion across the Middle East.

A new space policy directive... has been released by the White House.

Representing a shift - it provides for the United States - "to lead an innovative and sustainable program of exploration with commercial and international partners to enable human expansion across the solar system." This is to start with the Moon "for long-term exploration and utilization" followed by human missions to Mars and beyond.

Also... it ends existing efforts to send humans to an asteroid, which was envisioned by 2025 via Presidential policy directive-4 of the Obama Administration.

The new words - signal a change to a back-to-the-moon first approach. One purpose - to create an experimental testbed for further reaches into the Solar System.

In addition... it specifically places a greater emphasis on the use of commercial and internat'l partners than the previous directive.

No additional information... beyond the policy goals was given regarding budgets, schedules or milestones. However, NASA said the initiative would be reflected in the FY 2019 budget submission.

It is... "Presidential Memorandum on Reinvigorating America's Human Space Exploration Program."

No layoffs... at Department of State.

This is according to the Secretary, Rex Tillerson.

At the same time... the goal of cutting 8% of the workforce still stands, amounting to roughly 2,000 employees. The intent is to reach that figure thru separation incentives and attrition.

As it is... State has continued the hiring freeze that the President ordered when he assumed office, but lifted on a gov't-wide basis in April so that agencies could take a more "surgical" approach.

Mr. Tillerson... says he has authorized 640 buyouts and estimates 1,340 would quit or retire by Sept, 2018.

In the bigger picture... OMB instructed agencies earlier this year to cut employees. Was to be the first step in a broad downsizing of the federal workforce. But so far - no agency has announced plans to lay any employees off.

However... beyond State, some have offered a form of buyouts such as Interior, EPA, Social Security - while others have extended the hiring freeze to keep FTE counts lower... like HHS and TSA. Your agency may have its own specifics.

Let's take a further look... into the FY 2018 defense authorization bill.

The conference report... contains hundreds of provisions broken out in an index that runs no less than 33 pages. In large part... it lays out the detailed direction that conferees intend to have followed - where the policy emphasis is being placed - new entities being stood up - expansion of certain areas to address growing concerns - etc.

Some of the deadlines... are short.

By Feb 1, 2018... Army is to submit a plan to congressional defense subcommittees on building a new ground combat vehicle prototype. Conferees are "interested" in how the Army intends to exploit the latest technologies "that have the potential to dramatically change basic combat vehicle design and improve lethality, protection, mobility, range and sustainment."

By April 1, 2018... DOD is to assess its U.S. Pacific posture - including deployment plans and realignment needs to not only accomplish military priorities but be able to respond to complex crises.

Cognizant of the growing N. Korea threat... the text lays out requirements for the Missile Defense Agency (MDA) to develop a "highly reliable" space-based sensor architecture - one that could be integrated with all other elements of the current U.S. ballistic defense system.

Furthermore - conferees instruct that if it is consistent with the recommendations of the Missile Defense Review that began in 2017 - MDA shall develop a space-based ballistic missile intercept layer achieving "an operational capability at the earliest practical date." This is to include R&D to establish a "space test bed" with respect to space-based interceptors and directed energy platforms.

Despite hearing testimony denoting its importance - conferees note that few large-scale, joint Army and Air Force exercises exist to "stress interoperability in contested air and land domains." Termed as "vital" - within 180 days DOD is to report on current exercises that meet this need and "any plans to expand the scale and scope" of them. Other requirements also listed.

Secy of Defense, in consultation with OMB... is directed to update the guidelines regarding the budget items that may be covered by OCO accounts. Due within 270 days.

These guidelines... were last revised in Sept, 2010.

The backdrop... is that DOD budget submissions from the service branches and defense agencies address dollar requirements for both OCO and base budget needs.

To do so... they refer to two things - directives from the Comptroller and internal organizational guidance... including criteria for deciding whether funding belongs in the base budget or OCO accounts.

The Under Secy of Defense (Comptroller) reviews the submissions - along with senior OMB budget examiners who work together to ensure that funding aligns with current policy and criteria specifications.

The problem is - that the system is working off 2010 instructions, which need to be formally updated to reflect the enlarged scope of OCO operations since then. They do not address combat operations in Syria or the European Reassurance Initiative or monies intended to fund base budget requirements such as readiness.

So... instructions for current & future activities previously unanticipated is what needs to be authoritatively codified.

For FY 2017... it is estimated that 30% of the \$59B OCO request may not have been specifically tied to OMB's 2010 guidance.

This single instruction (section 1524) - is highly important. It gives DOD the opportunity (with OMB) to rewrite the requirements regarding the budget items that may be covered by OCO accounts. After seven years... a chance to shape the OCO budget construct that reflects a changing world and BCA ceiling environment.

How do you feel about your job?

If you are like most federal employees... that question will be met with a positive response.

OPM's massive 2017 survey - garnered 486,105 respondents out of 1,068,151 queried. It is a trove of data, which can flesh out workforce perceptions.

An interesting question - who answered?

It varied greatly - 48,993 at Dept of Agriculture alone - at 63.6%, the highest response rate of any "very large" federal agency. Meanwhile...DOD was on the low-end at 30.3%, just behind VA at 30.7%.

Exceeding everyone - the tiny Inter-American Foundation at 97.2% - a single employee didn't participate, but 35 others did.

Overall... who got involved? GS 13-15 employees responded at a significantly higher rate than anyone else (58.5%) - as did executives (65.3%). Largest bloc was GS 7-12... 189,826 (45%).

As for the findings - they are remarkable.

Slightly over 2/3rds of employees report they are satisfied with their job. 71% say their latest performance appraisal "is a fair reflection of my performance."

Higher still... 81% like the kind of work they do, while a whopping 91% feel that what they are doing is important.

And workers also seem to be getting along famously... with their supervisors.

Reflecting that - 80% say their supervisor supports "my need to balance work and other life issues." 78% say they "listen to what I have to say" while 82% state they..."treat me with respect."

So everything - is great among the federal workforce. Right?

Not exactly. There are less flattering appraisals in other areas - another side to the work experience.

One of these concerns steps being taken to deal with a poor performer "who cannot or will not improve." Only 31% believe it occurs in their work unit. It is the second lowest positive response in the entire survey.

Tied to this... is the lowest positive - just 25% believe pay raises depend on how well they perform their jobs.

Also in the basement:

- Only 36% believe promotions in their work unit are "based on merit."
- Only 36% feel that differences in performance "are recognized in a meaningful way."

A couple of thoughts -

Number one... the problem of dealing with poor performers, or lack thereof, appears to have a negative impact across the spectrum. Not only in the drawbacks to accomplishing work within units but also in perceptions. Basically, it appears that employees generally feel it is unfair that a more measured playing field doesn't exist and that their best efforts may be diluted because of it. An observer might conclude that such a perception exists - if you look at the lowest four positive responses of the survey listed above.

And there is another query - "I have trust and confidence in my supervisor." 69% affirmed in the positive.

So for any manager or supervisor wrestling with taking action or at least identifying a poor performer - he/she should know that they probably have the support of their work unit.

Knowing that... may be of help. Employees may want you to act - depend on you to act. Wherever you are located, understand this awareness likely exists.