

# ISSUE BRIEF

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## How Will the President's Plan to Restructure the Federal Government Work?

*Rachel Greszler*

President Donald Trump has issued an executive order to implement a reorganization of the executive branch that will eliminate outdated and inefficient agencies and programs—something that has not been done for decades. The executive order invites comments from individuals and organizations on how to achieve a leaner, more efficient, and more accountable federal government that provides uniquely federal services not available in the private sector or through state or local governments.

### **Purpose**

Just about everyone in America agrees that the federal government does not function as it should. Taxpayers are frustrated when they see their hard-earned tax dollars going toward wasteful, inefficient, duplicative, or unnecessary government programs. For example, the government operates 43 different job-training programs that have provided little to no benefit to workers, and the government issues \$144 billion in “improper payments” each year.<sup>1</sup>

Individuals who benefit directly from government services are often irritated by nonsensical rules, obstacles, and perverse incentives. Even federal employees who believe strongly in their agency's mission can cite a long list of complaints about

inefficiencies, waste, duplication, and seemingly pointless—even counterproductive—policies and procedures that make their own jobs much harder than they need to be.

That is why the President—dubbed the “businessman-in-chief” by Office of Management and Budget (OMB) Director Mick Mulvaney—wants to make the government work better for its people. Instead of remaining mired in the status quo, the executive order directs agencies and departments to think about starting from scratch to rebuild a properly functioning government.<sup>2</sup> In many areas, such as the Disability Insurance program, the problems are so pervasive that a blank sheet is necessary to make the government work for the people instead of for the bureaucracy.

### **Replacing the Hiring Freeze with Smart Hiring**

As of April 12, 2017, the Administration replaced its January 22 hiring freeze with a smart-hiring plan—one consistent with the President's budget priorities.<sup>3</sup> According to guidance issued by the Administration, agencies are to look at the President's America First Budget Blueprint and adapt their hiring or paring down of employment to make them consistent with that Blueprint.<sup>4</sup>

For some agencies such as the Department of Defense and the Veterans Administration, this will mean filling vacant positions and adding some new ones. For others, such as the Environmental Protection Agency (EPA), it will mean not filling vacancies and further reducing current employment. For many, it will mean shifting resources from low-priority or non-priority programs or departments to higher-priority ones. For all government entities, it will mean making

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214 Massachusetts Avenue, NE  
Washington, DC 20002  
(202) 546-4400 | [heritage.org](http://heritage.org)

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better use of current employees and seeking to attract and retain the best and brightest employees possible.

The OMB plans to check in with agencies throughout the year to make sure they are making progress toward achieving their goals, but Mulvaney has made clear that OMB does not intend to micromanage agencies' decisions.

### Everyone Is Invited to Participate

The President does not want ideas only from Congress or existing government agencies, and he does not want ideas only from conservatives. As Director Mulvaney has said:

We are not just asking conservative, right-wing think-tanks to give us ideas on how to fix this. We're asking the general public—intellectuals, academia, and the private sector—to give us ideas. And it may well be that they come in and make a very good case for the exact opposite of what might be the preconceived notion of a former right-wing member of Congress.<sup>5</sup>

Director Mulvaney has emphasized significant areas for common ground with liberals because nobody likes bad government. When asked who in Congress the Administration is currently working with, Mulvaney said "everybody, at this point."<sup>6</sup> Individuals and organizations can submit their ideas on the [WhiteHouse.gov](http://WhiteHouse.gov) website through June 12, 2017.<sup>7</sup>

### Changes to Expect

The agencies' guidance directs them to begin implementing changes immediately to achieve the

levels of agency workforce changes and cost savings specified in the President's Budget Blueprint. Most important, agencies are to develop high-level draft reform plans by June 30, 2017. Those plans should accomplish the Administration's primary objectives:

- Creating a leaner, more efficient, and accountable government;
- Identifying the highest-need citizens and focusing on uniquely federal roles to meet their needs;
- Modernizing the federal workforce; and
- Removing barriers to delivery of effective government services.<sup>8</sup>

Director Mulvaney has provided some examples of input he has received on how to rebuild the federal government effectively. One such idea is to restructure the government based on function as opposed to the centuries-old practice of organization according to appropriations committees.

Another example gets at the need for greater accountability. Currently, there are 43 different workforce training programs spread across 13 different agencies, yet they continue in part because there is no one person or agency to ask why these programs are not working and how we can better serve displaced workers. Here is where individuals and organizations can submit ideas on how to consolidate duplicative programs and make them more effective.<sup>9</sup>

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1. U.S. Government Accountability Office, *Financial Audit: Fiscal Years 2016 and 2015 Consolidated Financial Statements of the U.S. Government*, GAO-17-283R, January 12, 2017, <http://www.gao.gov/assets/690/682081.pdf> (accessed April 26, 2017).

2. Mick Mulvaney, Director, Office of Management and Budget, "A Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce," press briefing, The White House, April 11, 2017, <https://www.whitehouse.gov/the-press-office/2017/04/11/record-press-briefing-comprehensive-plan-reforming-federal> (accessed April 26, 2017). Cited hereafter as Mulvaney Press Briefing.

3. Rachel Greszler, "How Many Will Be Affected by Trump's Government Hiring Freeze," *The Daily Signal*, January 24, 2017, <http://dailysignal.com/2017/01/24/how-many-will-be-affected-by-trumps-government-hiring-freeze/> (accessed April 17, 2017).

4. Memorandum from Mick Mulvaney, Director, Office of Management and Budget, to Heads of Executive Departments and Agencies, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce," April 12, 2017, <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-22.pdf> (accessed April 26, 2017). Cited hereafter as Mulvaney Memorandum.

5. Ibid.

6. Mulvaney Press Briefing.

7. News release, "Reorganizing the Executive Branch: We Need Your Input!" The White House, March 13, 2017, <https://www.whitehouse.gov/reorganizing-the-executive-branch> (accessed April 26, 2017).

8. Mulvaney Memorandum.

9. For example, see David B. Muhlhausen, "Federal Job Training Fails Again," Heritage Foundation *Backgrounder* No. 3198, March 10, 2017, <http://www.heritage.org/jobs-and-labor/report/federal-job-training-fails-again>.

## Government Will Be Smaller

Although President Trump's directive has been interpreted as slashing government spending and the numbers of employees, Mulvaney has emphasized that this is not about big government or small government. It is about "good government," and a good government is "more efficient, more accountable and more effective at providing the services we need."<sup>10</sup> Overall, according to Mulvaney, "it probably goes without saying that, net, we think we can run the government more efficiently than the previous administration can, and we think we can run the government with fewer people than the previous administration had."<sup>11</sup>

Where the President proposes reductions, such as for the EPA, he recognizes that across-the-board slashes are not the way to go. Instead, agencies will have the discretion to come up with the best ways to implement the President's priorities.

## Some Power Is Within the Presidency, Some with Congress

While the President has already demonstrated that he has the power to enact some significant changes, his power is ultimately limited, and some aspects of the plan will require buy-in from Congress. The President and Congress do not necessarily have the same priorities in all cases, but the President plans to use his existing authority and any discretion in the law to implement his priorities.

For example, Congress has the power of the purse to fashion overall spending levels. The President, however, chooses the heads of government agencies and has directed them to submit their own restructuring plans. Inherent in those plans are overall employment and spending levels. While they could ignore agency requests and continue to fund government at its current level, many Members of Congress support enacting at least some of the President's priorities.

## Timeline

Agencies are to submit their initial proposals to the OMB by June 30, 2017.<sup>12</sup> Between June and September, the OMB will review the proposals (including those from the public and private organizations) and work with the agencies to finalize their restructuring plans.

Final plans will be completed in September, and from there, the OMB will work with the President to implement the plans in the beginning of 2018.<sup>13</sup> With the OMB already working on its 2019 budget (which begins in September 2018), Mulvaney has said that "what grows out of this will be hardwired into the 2019 budget."<sup>14</sup>

## Conclusion

Led by the OMB, President Trump has embarked on what he intends to be an unprecedented restructuring of the executive branch. The goal is a leaner, more efficient, and more accountable federal government that provides uniquely federal services not available in the private sector or through state and local governments. In structuring these reforms, the OMB seeks input from anyone and everyone with ideas to improve the federal government's operations. The restructuring plan replaces the temporary federal hiring freeze with a smart-hiring plan under which some agencies will increase employment and resources while others will reduce them. Overall, the federal government will be smaller.

The President will use all means within his legal authority to pursue his priorities, including working with Congress to pass necessary changes to meet individual agencies' and overall restructuring goals. If all goes according to plan, agencies and government workers could see immediate changes, and Americans across the country will likely notice changes beginning in early 2018.

—*Rachel Greszler is Research Fellow in Economics, Budget, and Entitlements in the Thomas A. Roe Institute for Economic Policy Studies, of the Institute for Economic Freedom, at The Heritage Foundation.*

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10. Mulvaney Press Briefing.

11. Ibid.

12. Mulvaney Memorandum.

13. Ibid.

14. Mulvaney Press Briefing.