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What's coming?

The intention - including concrete steps - was presented via the Wall Street Journal late this past week.

The long piece...was written by Mr. Musk and Mr. Ramaswamy - the architects of promised sweeping reforms - regulatory rescissions, administrative reductions and cost savings - writ large.

Here are the links in the chain...that directly affect you and your agency.

It leads with stating most legal edicts (rules/regulations)...aren't enacted by Congress, but instead "promulgated by unelected bureaucrats - tens of thousands of them."

And that these individuals - "view themselves as immune to firing."

Within this construct...the DOGE (Dept of Government Efficiency) views the ever-growing bureaucracy as an "existential threat to the Republic."

Moving forward...change will be driven by executive action based on existing legislation rather than passing new laws.

A key link...is that the path will be anchored to two "critical" Supreme Court rulings during the Biden Administration.

The first - West Virginia v. Environmental Protection Agency (2022). As explained by them...the decision held that agencies can't impose regulations dealing with major economic or policy questions unless Congress specifically authorizes them to do so.

The second - Loper Bright v. Raimondo (2024). In this determination, the court overturned the Chevron doctrine "and held that federal courts should no longer defer to federal agencies' interpretations of the law or their own rulemaking authority."

The elucidation...of the two verdicts? "Together, these cases suggest a plethora of current federal regulations exceed the authority Congress has granted under the law."

As such... "legal experts" will be embedded in gov't agencies to apply the above rulings to federal regulations.

The list drawn up from such examinations...will be presented to President Trump, who can by executive action - pause the enforcement of those regulations and "initiate a process for review and rescission."

Anticipating a "drastic reduction" in regulations - provides for "mass head-count reductions."

The blueprint - then explains that the DOGE intends to work "with embedded appointees" - to identify the maximum number of employees required at an agency for it to perform its "statutorily mandated functions."

It is then noted...those whose positions are eliminated “deserve to be treated with respect.”

President Trump...can give them incentives for early retirement and to make voluntary severance payments “to facilitate a graceful exit.”

Put another way - RIFs.

Also in the mix...remote work.

Is viewed...as a “residual privilege” from the pandemic.

Ending it...is a possible early action in the new Administration.

DOGE seeks to require federal employees to work in the office, five days/week.

Of note...Mr. Musk announced a return-to-work policy at Tesla and Space X and Twitter (now X) in 2022, ordering employees back for a minimum of 40 hours a week.

By the numbers...a little over 50% of federal employees already work in-person due to the nature of their job. The remainder qualify for some level of telework. Around 228,000 of them or 10% of the workforce - hold remote positions with no requirements to work on-site.

The rest, who are eligible to telework some of the time, perform an average of 60% of their hours in the office.

Full-time office work...would agitate some federal departments more than others.

For instance...DOD workers who are eligible to work remotely spend about 64% of their time in the office - at State, the figure is 80%.

In contrast...those at HUD, Treasury and Education - perform between 36-39% of their hours on-site.

With every rock...set to be looked under - every dollar to be examined, which departments are more vulnerable to the whirlwind review coming - which personnel are perhaps more exposed?

First...a look at the big picture.

Currently...the most common occupations in the federal gov't are in the medical fields (15%), with over 360,000 physicians, nurses and other public health workers.

Another 15% of federal workers...are in administrative or clerical jobs.

Down the line...6% are in engineering roles, with another 5% in accounting.

In total...the annual payroll amount for federal civilian employees was \$213 billion as of March, 2024.

Within that...the median salary at cabinet-level agencies and military branches - is \$97,024...not taking into consideration the average \$44,000 value of benefits per employee.

Top earners...reside at Dept of Education, which average \$118,410.

In order of progression - average earnings at:

- | | |
|--|---------------------------------------|
| - Dept of Energy - \$116,864 | - Dept of the Navy - \$81,234 |
| - Dept of Transportation - \$114,035 | - Dept of Defense - \$77,545 |
| - Dept of HUD --- \$111,990 | - Dept of the Army - \$72,521 |
| - Dept of State - \$109,596 | - Dept of Interior - \$71,593 |
| - HHS ----- \$103,880 | - Dept of the Air Force - \$70,860 |
| - Dept of Commerce - \$103,088 | - Dept of Veterans Affairs - \$69,060 |
| - Dept of Labor - \$97,293 | - Dept of Agriculture - \$65,778 |
| - Dept of Justice - \$88,050 | - Dept of Treasury - \$59,557 |
| - Dept of Homeland Security - \$88,050 | |

Highest paid profession...is medical officer (\$269,735), far ahead of #2 - securities examiners at \$210,689. Program managers...round out the top 15, at \$159,085. Moreover...federal employees with the highest average salaries work in Wash, DC at \$137,045. The lowest...South Dakota (\$80,020).

How all this will be weighed by the incoming Administration...is unknown.

In a major policy shift...the White House has authorized Ukraine to use the Army Tactical Missile System - to strike inside Russia.

The ATACMS...is a surface-to-surface missile system fired from a mobile-launcher vehicle - with a target range up to 190 miles.

This dramatic change...is something President Zelensky has sought for months. However...up until now, such a decision was viewed by Washington as crossing a red line.

What happened?

For one - the arrival of some 10,000 North Korean troops, an action described as a "significant escalation" by the White House. That signals a new dimension in how Russia is working with international partners to wage war.

For their part...Kyiv immediately undertook a strike, hitting an ammunition-depot some 70 miles over the border.

The next day...they fired British supplied Storm Shadow cruise missiles into the Kursk region where some 50,000 troops are assembled to rid the area of Ukraine troops which still control 100 square miles since August. This was also allowed because the U.S. signed off on the U.K. request to do so, as it needs U.S. companies to support its guidance systems to fly low to the ground.

Russia's reaction - "This is a signal they want escalation."

Earlier...Moscow warned that any such use of long-range missiles used to attack its territory, would equate to an attack by NATO itself - and would lead to a clear response.

In the immediate...Vladimir Putin amended Russia's nuclear doctrine, expanding the range of threats that would allow for a nuclear response, saying that the use of conventional weapons - that pose a threat to its territorial integrity - would meet that threshold. This would include ballistic missiles such as ACTCMS.

The next day...Moscow launched an intermediate range ballistic missile capable of carrying nuclear warheads - the first time such a weapon has been used.

Although the intended target was Ukraine - the message was likely being made to Europe - as the weapon is very expensive relative to standard ballistic missiles and has a range of thousands of miles. In short, it could target many locations throughout the continent.

As for the United States...we are also sending M74 antipersonnel mines which can be delivered by artillery - to only be used in Ukraine - which also reflects an easing of restrictions.

It is estimated that Russia has planted up to two million land mines.

Another \$7B in funding for weaponry & munitions...is still available to the Biden administration - which seeks to get as much as it can to Kyiv before the White House switches hands.

President-elect Trump...has signaled he would push for peace talks, a sharp break from President Biden who said he would arm Ukraine for "as long as it takes."

Peace proposals...generally recommend freezing the war in place - which would cede Russia about 20% of the country - with an 800-mile demilitarized zone.

However, with Russian troops advancing slowly but steadily in the east, Moscow may have little inclination to negotiate.

A quick update - on nominations:

- Matt Gaetz - is out for Attorney General amid broadening Senate opposition.
- Pete Hegseth - faces allegations of sexual assault in 2017, support fading.
- Scott Bessent - for Treasury Secretary, the premier economic policymaking agency. The hedge fund manager has suggested Mr. Trump's tariff threats are a negotiating tool - "It's escalate to de-escalate."
- Russ Vought - for OMB director, who was Mr. Trump's acting director in 2019, full director in 2020. Says he will pursue a "massive deregulatory agenda."

Speaker Mike Johnson (R-La)...says that it's likely the House will punt the FY 2025 appropriations into early next year.

In his words - "I think it would be ultimately a good move because the country would benefit from it because then you'd have Republican control and we'd have more say in what those spending bills are."

Let's take a brief look...at a single bill passed earlier this year - fleshing out concerns/priorities/direction/dollar amounts - in what might be a rough preview:

- Defense...passed in late June, (217-198).

The accompanying committee report...leads off with the bill's \$833B topline adhering to the overall discretionary defense spending limit imposed by the Fiscal Responsibility Act (FRA) of 2023. That legislation allowed for only a 1% increase over FY 2024.

However - "this fails to keep pace with inflation, along with a deteriorating global security environment." In the committee's view, during the past year... U.S. adversaries "have acted with impunity" - adding "the committee notes with grave concern the emboldened and aggressive actions of today's malign actors."

The introductory statements - also include references to the importance of:

- The "multiple valleys of death" corresponding not only to new technology acquisitions but also often overlooked ones..."relating to doctrine, organization, training, material, leadership, personnel, facilities and policy - which remains critical to successful deployment of newly fielded capabilities." DOD to "be alert" to this, with emphasis on the role of the Defense Innovation Unit (DIU), which was allocated \$1.3B in the House-passed bill. Know the acronym.

- The Committee is "incensed again" that "despite repeated rejections by Congress," the Navy is once again proposing to decommission several littoral class combat ships well before the end of their service life. Reporting requirements added.

- Committee "notes with concern" that the Air Force requested to divest 124 more aircraft than will be delivered in FY 2025, a trend that is projected to continue thru 2028, which is strongly viewed as an imbalance of near-term readiness with modernization.

Provides a 4.5% pay raise...for all military personnel and provides \$2.5B for an additional 15% pay raise for junior enlisted personnel.

- Prohibits funding for all DEI offices.
- Cuts \$18B from the White House request.

What about the Senate full committee report - on this bill?

It was adopted on a 28-0 vote, then never came to the floor.

Unlike the House bill...which hewed to the topline so carefully in its June 13 chamber vote - the Senate panel added "additional emergency appropriations" of \$20B, roughly six weeks later - pushing the total to \$852B.

Those emergency priorities include - among others - \$2.7B more for U.S. Indo-Pacific Command; \$3.4B more to make an additional 500 Air Force aircraft available above the requested level; \$2.1B for Navy shipbuilding; \$2.7B to "revitalize" the U.S. defense industry base; \$3.5B for "air, land, cyber and space military capabilities."

The reason - "is to have the proper resources" to counter Russia, deter China, address threats from Iran and other terror groups.

That likely signals...that the FRA ceiling will be bolstered at least this much for DOD in the new Congress. Policy riders will also tilt toward GOP.

OCO funding between 2012 and 2021...was an effective exception from discretionary spending limits set forth in the Budget Control Act of 2011. It was comparable to emergency funding - both being somewhat interchangeable - and analogous to the action taken by the Senate committee.

Either way...it bypasses the caps. With DOD, look for more of it ahead.