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<u>For a second time</u>...Donald Trump has emerged victorious in a Presidential election. Concerning the office - to previously win it, then lose it - and then return, has not happened in over 125 years.

<u>Significantly bolstering his governance</u>...the Senate will now be under Republican control, with at least 53 seats. Among other things...it means his cabinet picks can be approved quickly and potentially every high-level appointee that needs upper chamber confirmation.

As for the House...coming into the weekend, it looked to be leaning toward retaining GOP control. If so, it would usher in a new era of overall Republican dominance.

<u>In the immediate</u>...is the lame-duck session. It convenes this coming week. If they keep control of the lower chamber - it is more likely Republicans would wait until the new Congress is seated to write their appropriation bills. For a glimpse of the possible - including the policy riders, refer to the FY 2025 House-passed bills that were never considered in the Senate.

And within any trifecta result...look for the FY 2025 House budget resolution to potentially explode in importance. That document, a kind of GOP baseline, calls for balancing the budget over a decade.

Of importance to you...it assumes a discretionary spending cap of \$1.6T in FY 2025 (flat) and all outyear baseline growth from there to 2034, at +1% annually.

Beyond that...the blueprint claims to save \$8.7T in mandatory spending thru a variety of means.

<u>Tied to this...Speaker Mike Johnson (R-La)</u> - a close ally of the incoming chief executive - has already put forward a 100-day plan.

One proposal among many - is cutting the size of the federal workforce and "root out a long list of nonessential jobs through the federal bureaucracy."

Possibly at the forefront of it all...Elon Musk - who claims he can save \$2\$ trillion in a single year, not far from $1/3^{rd}$ of annual federal outlays.

<u>His idea</u>...is a government efficiency commission, which Mr. Trump has defined as "conducting a complete financial and performance audit of the entire federal government and making recommendations for drastic reforms."

In talking about his role...as head of a new Department of Government Efficiency, the highly successful entrepreneur absolutely believes in staff cutting, (he fired 80% of the X workforce), stating that companies which run leaner, run more productively.

In his view:

"If Congress has created an agency, then often, if you look at the law - the agency has a very simple task but then that agency over time vastly increases its authority and starts doing things that were never authorized by Congress. You can curtail the agencies to be much smaller and say - You got to stick to what Congress authorized instead of doing all this other stuff you are doing."

Could history repeat itself?

<u>In 1992</u>...with the election of Bill Clinton - a Nat'l Performance Review, (NPR) was undertaken with Vice President Al Gore at the helm.

<u>It's motto</u> - create a gov't that "works better and costs less."

The NPR staff...numbered 250, who wrote - in part - dozens of reports and hundreds of recommendations after meeting with agency heads.

<u>In late 1993</u>, President Clinton signed a number of their directives, including cutting the federal workforce by 252,000 employees.

 $\underline{\text{In 1994}}...\text{Congress}$ enacted about $1/4^{\text{th}}$ of its recommendations needing legislative actions. Most significant among them...was the "buyout" bill which allowed agencies to offer financial incentives to select employees.

<u>Within it...</u>the number of positions to be cut over five years - was actually increased to 272,900.

To avoid as many RIFs as possible...\$25,000 buyouts were offered.

Many of them...were offered to upper tier GS-pay grades. At that time, OPM was first out of the gate offering every career GS-13 and higher a buyout, roughly 20% of its entire staff. The goal was "delayering" - or getting rid of some management echelons.

Things moved fast...decisions were expected almost immediately from employees.

The choice - if offered - was to either resign or retire and the agreement signed, served as a "non-rescindable commitment."

<u>So drastic reforms</u>...have occurred before - would not be unprecedented. <u>Whether some version of all this reappears</u>...is unknown, time will tell.

As it is...according to people familiar with the incoming President's plans - his allies have drafted more than 300 executive orders that are considered in line with his policy views.

If he chooses...they would be ready for him to sign - on day one.

<u>Under a normal transition process</u> - a shadow gov't would likely be formed by early Dec...getting ready to exercise authority...gathering information...making preliminary decisions.

However...Mr. Trump has not yet completed the pre-election transition process, has not signed the "memorandum of understanding" that in part - would specify those who will be on the deploying transition teams.

<u>Normally this protocol</u> takes place in advance of the election and now delays are possible as a screening process is needed to vet the group's members.

<u>For their part</u>...federal agencies had until Nov 1 to complete the relevant briefing materials that outline their basic operations and present details on various projects moving forward.

<u>Historically</u>...the job of the transition teams is to report and make recommendations, to get things off to a running start.

They are important to both the new Administration and to departments and agencies. Moving forward - if you are working with any of the teams...don't underestimate them, some of them may be jockeying for jobs and seeking to bring themselves to the attention of higher ups.

A few other points:

1) You know your program inside out...they don't. This is different from your contacts with the Hill, where knowledge of the program may go back several decades.

- 2) Anything that ties your program to their interests...could be useful. Many programs are so large there are innumerable areas that can be brought up... pick yours carefully.
- 3) Worth noting...avoid an appearance of condescension. Too many technical terms or rapid-fire abbreviations may create a negative impression.

Remember...the situation will be fluid. Ideas you have had for years may find a reception or may not. But the person taking the initiative will have the edge. Deadlines are always short but if you have already done work in advance... you can be a lap ahead of the others.

And don't forget...reorganization can include budget structure. If you're working on a consolidation plan...include budgetary implications, perhaps even a new financing array. It's impressive...shows you have thought the problem through.

<u>Furthermore</u>...in any review of current staffing & organizations - develop a plan to consolidate subunits with similar functions.

<u>In terms of what policy initiatives to expect</u>...let's take look at what his priorities were eight years ago when he assumed the oval office.

<u>Prior to the 2016 election</u> - he released a 100-day action plan which gave you a broad look at his governing philosophy - his intentions.

Here were a few of them:

- <u>For every new federal regulation</u> two must be eliminated. Of note, three decades ago, NPR sought to cut internal regulations by half and emphasized that agencies proposed eliminating 16,000 pages of regulations.
- <u>Begin</u> "removing" more than two million "illegal aliens" and cancel visas of countries that won't take them back.

<u>In this go-round</u>...his advisers are writing plans - still in flux - to initiate mass deportations and consider the use of a nat'l emergency declaration to repurpose military properties to detain and remove them, including using DOD funds to resume building a border wall. During the current Administration, record numbers have entered illegally. Priority would first center on the 1.3M who have received final deportation orders as well as those with criminal charges.

<u>Such an effort</u>...would require committees with policy making responsibilities, such as authorizing panels - to move the process forward via reconciliation, where legislation can be approved with a simple majority, instead of needing 60 votes to pass on the floor. Reconciliation instructions pertaining to allowing such, could essentially proceed unimpeded with control of both chambers.

Dept of Homeland Security...would be at the center of it all. During the campaign, the President-elect promised to hire 10,000 additional border patrol and seek a 10% across-the-board raise for all agents. Moreover, \$10,000 recruitment and retention bonuses for new hires and current staff.

Reconciliation...also pertains to tax bills. One upcoming pivotal example is the extension of the Tax Cuts and Jobs Act of 2017, the largest overhaul of the tax code in three decades - portions of which are scheduled to expire in 2025.

Also on his 2017 list:

- <u>Cancel billions in payments</u> to U.N. climate change programs and use it for nat'l infrastructure.

Coming into the new Administration...John Paulsen, a strong candidate for Treasury Secy, says if appointed to the post - he will work with Elon Musk to get rid of subsidies for green energy provided in the Inflation Reduction Act. Repeal of its tax credits alone would reap nearly \$1 trillion over a decade. But to do so would require an act of Congress.

<u>Next week</u>...among other issues, we will look at the possible ramifications concerning foreign policy - it's a much more dangerous global environment relative to eight years ago. Within the complexities...decisions will carry more weight.

Are you familiar...with DOD's Transportation Command - otherwise known as Transcom?

Not everyone is.

<u>In short</u>...it is a crucial link - perhaps the most crucial - in military logistics. Created in 1987, it's responsible for providing air, land & sea transportation across the world - to meet nat'l security needs.

Of note...its current capabilities were described as "woefully inadequate" during a House committee meeting in February.

Regarding a wartime scenario...its bailiwick is moving equipment; cargo; food; fuel; ammunition; troops; spare parts; etc.

<u>Without this complex link in the chain</u>...which may have to function continuously for years, no army can fight. In the words of its recently retired commander, "logistics underwrites everything."

And it is the growing threat of Beijing - which has the world's largest logistics operation - by far...that exposes our vulnerabilities like no other.

A look at what's faced...in a potential war with China:

- 90% of the logistical provisions would need to be transported by sea.
- <u>Distances are vast</u>...relative to any Atlantic crossings to Europe or the Middle East. This means supplies are subject to more opportunity for attacks, more uncertainty. They are prime targets.
- Transcom has 44 ships it can immediately summon, with roughly 60% of them set for retirement by 2032. Including them...it has guaranteed access to about 200 ships at most. To grasp the scale of this, consider that the Gulf War required over 165 ships which transited across an uncontested Atlantic Ocean.
- <u>Boring down</u>, Transcom has a fleet of only 10 fuel-transport ships while some analysts say it may need over 100 in wartime.
- <u>To bolster the numbers</u> current efforts are to incorporate U.S. flagged merchant ships into supply lines potentially taking up to 80% of military freight outside of war zones with DOD handling logistics closer to potential combat action.
- <u>But as it is...</u>there is also a dearth of them (ocean-going cargo carrying vessels of at least a 1,000 gross tons). There were nearly 3,000 operating in 1960, falling to about 600 by the end of the Cold War and having shrunk at this point, to under 200.

Also available - in an emergency - are gov't ships on standby, roughly 50 in what's called the Ready Reserve Fleet.

What about China?

They have by far the largest fleet of commercial ships in the world...over 7,000 - dwarfing U.S. numbers.

<u>Moreover</u>...Beijing is a gov't-controlled economy, which has these ships at its disposal and by some extension foreign port facilities that China has a hand in.

<u>It means these vessels</u> and likely these ports could be repurposed for military needs.

The logistics goliath being faced - is that China possess one in every six commercial vessels on the oceans, including some under foreign flags.

<u>Pushing back...</u>Congress has given authority for the Maritime Commission to purchase used foreign-made vessels and upgrade them into working ships.

So far...nine have been budgeted.

<u>It is an effort</u>...described by one Navy deputy undersecretary from the 1980s - as a "bandage for a cancer patient."