

WHITE PAPER: President Donald J. Trump's 2021 Budget Request: *Impact on Civilian Agencies*

EDITOR'S NOTE: This analysis is independent of the U.S. Federal Government's recent one-time, \$2.2 trillion Coronavirus (COVID-19) Pandemic Stimulus Package.

By KEVIN P. YOUNG

U.S. President Donald J. Trump had barely found his White House Oval Office in January 2017 before ordering a hiring freeze of (mostly) U.S. Federal Government Civilian Agency employees – and then recommending the transition of \$54 billion from (mostly) Civilian Agencies from the FY17 Budget to the U.S. Department of Defense (DOD), the Department of Veterans Affairs (VA) and the Department of Homeland Security (DHS) – the latter to be a catalyst for the expansion of the U.S. Southern Border Wall.

In addition, many of the Administration's original Cabinet Members came into their jobs with what can be described as a "*slash-and-burn*" approach – including, but not limited to, the Secretaries of Education, Environmental Protection Agency (EPA), Health and Human Services (HHS), Interior, State and Treasury. It was no secret why many career Federal Government employees, including many from the valued Senior Executive Service (SES), resigned their respective positions; many more were forced out of their posts.

More than three years later, the U.S. Civilian Agencies remain in the President's crosshairs in his 2021 Budget request as the President's recommendations include some \$20 billion in Agency program reductions and \$28 billion in existing program eliminations.

It's unclear how the proposed Civilian Agency reductions and cuts would fare with Speaker Nancy Pelosi and her Democratic-controlled U.S. House of Representatives, as Congress has largely ignored them during the previous three years. But the President's FY21 priorities for a few of the largest Civilian Agencies are undeniably clear in his final year of his first term in the office.

News, Notes and Observations:

- The U.S. Department of Veterans Affairs (VA) was the big winner among Civilian Agencies, with the submission of another record-high \$105 billion budget request for FY21. The VA's recommendations include investments in Veterans Health Administration (VHA) programs, as well as a significant funding increase for its major electronic health records modernization initiative. The President also requested \$94.2 billion in advanced VA / VHA appropriations for future years, most of which would fund community care programs.

- Depending on the outcome of a reorganization proposal, the U.S. Department of Homeland Security (DHS) may also see a relatively small budget boost in FY21. Notably, the President has proposed transferring the U.S. Secret Service (USSS) from DHS back to the U.S. Department of Treasury under Secretary Steven Mnuchin. The proposal is aimed at improving the Federal Government's response to high-tech financial crimes as well as terror financing. The Secret Service had been a part of Treasury since its inception in 1865; however, Congress moved the Agency in 2003 with the establishment of DHS.
- Several modernization initiatives are driving a proposed budget boost at the U.S. Department of Treasury's Internal Revenue Service (IRS), which would receive \$300 million to continue needed IT upgrades and several projects aimed at digitizing the Agency's interactions with taxpayers. In addition, the President's FY21 budget also proposes \$15 billion in investments to improve IRS tax enforcement, which the White House estimated would generate \$64 billion in net savings over 10 years. (NOTE: Watchdog groups found the IRS improperly paid \$18.4 billion through the earned income tax program last year alone.)
- Other Civilian Agencies do not fare as well under the President's FY21 budget request as the U.S. Department of Housing and Urban Development (HUD) would see a 15.2% budget cut while funding for the U.S. Department of Health and Human Services (HHS) would drop by 10%. Also receiving "haircuts" are the Departments of Agriculture, Commerce, Education, Environmental Protection Agency, Energy, Interior, Justice, Labor, State, and Transportation. Also, there would be tougher reviews and approvals for recipients of Medicare, Medicaid and Social Security Disability Insurance (SSDI) payments.
- On the President's "*chopping block*" for elimination include more than a dozen smaller Agencies, such as the Corporation for Public Broadcasting (to be privatized), AmeriCorps, U.S. Chemical Safety and Hazard Investigation Board, and U.S. Trade and Development Agency. Also, the Public Service Loan Forgiveness (PSLF) program, which has been a key topic for many of the Democratic nominees for the 2020 U.S. President election.
- Finally, the President's FY21 budget request again includes funding to support a proposed merger of the U.S. Office Personnel Management (OPM) with the U.S. General Services Administration (GSA), both Federal Government independent agencies, despite recent defense policy language calling for a temporarily pause with the plan as well as the need for Congress to authorize a merger of this sort. (NOTE: The OPM manages the Government's civilian workforce; provides human resources policy, oversight and support; and tends to healthcare, life insurance and retirement benefits for Federal employees, retirees and their dependents ... The GSA manages and supports the basic functioning of Agencies; supplies products and communications; provides transportation and office space to employees; and develops Government-wide cost-minimizing procurements, policies and other management tasks.)

The President's FY21 budget request looks to bring down deficits each subsequent year, and put the Federal Government on a path to a balanced budget in 15 years. Most agree that unsustainable Federal spending is a serious threat to America's prosperity as our Gross Federal debt is now more than \$23 trillion; and the White House says it's imperative that the U.S. Congress, House as well as Senate, take meaningful action to refocus Federal priorities and reign in spending.

As noted, the last time the United States actually posted a balanced budget was 2001, which saw a surplus of \$127.3 billion. Since that fateful year – re: September 11's four coordinated terrorist attacks by the Islamic terrorist group al-Qaeda – the U.S. Congressional Budget Office (CBO) reports the country has been on a path of 20 straight years of spending deficits and unbalanced budgets.

While these Civilian budget reductions are considered needed by many members of the Republican Party and considered draconian by many members of the Democratic Party, there remains significant obstacles between the reception and acceptance of the President's overall FY21 budget, including a:

- Worldwide epidemic of Coronavirus Disease 2019 (COVID-19);
- Democratic-controlled U.S. House of Representatives;
- Republican-controlled U.S. Senate;
- Democratic Party National Conventions (and Platforms) this Summer; ▪ Republican Party National Conventions (and Platforms) this Summer; and ▪ U.S. Presidential Election this Fall.

It's going to be a very dynamic year in Washington, DC.

(Sources: U.S. White House; U.S. Congressional Budget Office (CBO); U.S. Office of Management and Budget (OMB); The Associated Press; CNBC; Federal News Network; *FORBES* magazine; *THE HILL*; *POLITICO*; *The Washington Post*; and *The Washington Times*.)

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